HON HAI PRECISION INDUSTRY CO., LTD.

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

JUNE 30, 2013 AND 2012

For the convenience of readers and for information purpose only, 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. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail. The English translation does not include additional disclosures that are required for Chinese-language reports under Guidelines for Securities Issuers's Financial Reporting promulgated by the Securities and Futures Commission of the Republic of China.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To The Board of Directors and Stockholders
Hon Hai Precision Industry Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Hon Hai Precision Industry Co., Ltd. and subsidiaries as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income and of cash flows for the three-month and six-month periods ended June 30, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews. We did not review the financial statements of certain consolidated subsidiaries accounted for under equity method, which statements reflect total assets of these subsidiaries amounting to $155,770,762,000, $147,874,948,000, $161,307,895,000 and $245,803,235,000, representing 7.98%, 7.21%, 8.39%, and 14.17% of the related consolidated total assets as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively, and total revenues amounting to $40,975,344,000, $37,292,266,000, $77,867,553,000 and $74,442,939,000, constituting 4.58%, 4.18%, 4.57% and 3.93% of the total revenues for the three-month and six-month periods then ended, respectively. Those statements were reviewed by other auditors, whose reports thereon have been furnished to us and our conclusion expressed herein, is based solely on the review reports of the other auditors.

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of Company personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As explained in Notes 4(3) and 6(9), we did not review the financial statements of certain insignificant consolidated subsidiaries and investments accounted for under equity method, which statements reflect total assets (including investments accounted for under equity method) of $433,075,648,000 and

$358,852,646,000, constituting 22.19% and 18.67% of the consolidated total assets, and total liabilities of $207,457,003,000 and $184,965,044,000, constituting 16.97% and 14.22% of the consolidated total liabilities as of June 30, 2013 and 2012, respectively, and total comprehensive income (including share of profit (loss) and other comprehensive income of associates and joint ventures accounted for under equity method) of $5,220,099,000, $4,532,782,000, $3,016,255,000 and $5,149,064,000, constituting 20.83%, 38.27%, 5.12% and 31.46% of the consolidated total comprehensive income for the three-month and six-month periods then ended, respectively. These amounts and the information disclosed in Note 13 were based solely on the unreviewed financial statements of these companies as of June 30, 2013 and 2012.

Based on our reviews and the review reports of the other auditors, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries, investments accounted for under equity method and the information disclosed in Note 13 been audited or reviewed by independent accountants and the omission of certain additional disclosures relating to the investee companies, as required by Article 15-1 of the Rules Governing the Preparation of Financial Statements by Securities Issuers, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", IAS 34, "Interim Financial Reporting", and IFRS 1, "First-time Adoption of International Financial Reporting Standards", as endorsed by the Financial Supervisory Commission (FSC).

Pricewaterhouse Coopers, Taiwan
Republic of China
August 13, 2013

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HON HAI PRECISION INDUSTRY CO., LTD.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2013, DECEMBER 31, 2012 , JUNE 30, 2012 AND JANUARY 1, 2012
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

			June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets									
1100	Cash and cash equivalents	6(1)	$ 602,490,947	31	$ 505,526,956	25	$ 637,339,044	33	$ 329,793,633	19
1110	Financial assets at fair value through profit or loss - current	6(2)	430,089	-	140,220	-	139,524	-	70,329	-
1125	Available-for-sale financial assets - current	6(3)	835,126	-	777,410	-	672,254	-	674,287	-
1170	Accounts receivable, net	6(4)	432,318,438	22	597,578,990	29	413,351,344	22	450,757,984	26
1180	Accounts receivable - related parties	7	20,383,827	1	35,469,651	2	14,648,865	1	25,291,811	2
1200	Other receivables	6(5) and 7	48,380,966	3	38,235,975	2	32,275,867	2	34,679,896	2
130X	Inventory	6(6)	325,423,059	17	349,882,643	17	309,969,848	16	380,521,794	22
1410	Prepayments		8,341,639	-	7,647,041	-	5,479,699	-	7,119,919	-
1470	Other current assets	6(7) and 8	2,338,763	-	947,222	-	58,416,794	3	46,741,750	3
11XX	**Total current assets**		1,440,942,854	74	1,536,206,108	75	1,472,293,239	77	1,275,651,403	74
	Non-current assets									
1510	Financial assets at fair value through profit or loss - noncurrent	6(2)	179,300	-	179,300	-	-	-	-	-
1523	Available-for-sale financial assets - noncurrent	6(3)	13,324,381	1	12,498,717	1	14,496,358	1	9,365,511	-
1543	Financial assets carried at cost - noncurrent	6(8)	9,411,632	1	8,591,982	-	4,028,922	-	4,018,056	-
1550	Investments accounted for under equity method	6(9)	43,542,238	2	41,958,943	2	37,577,278	2	37,792,058	2
1600	Property, plant and equipment	6(10)	399,687,780	20	405,155,076	20	357,201,243	19	368,166,092	21
1760	Investment property - net	6(11)	2,425,292	-	1,231,003	-	1,284,306	-	1,345,340	-
1780	Intangible assets	6(12)	3,871,822	-	3,954,469	-	551,166	-	695,266	-
1840	Deferred income tax assets	6(35)	13,036,059	1	10,951,902	1	9,949,962	-	10,560,705	1
1900	Other non-current assets	6(13) and 8	24,944,061	1	29,510,605	1	25,135,062	1	27,340,133	2
15XX	**Total non-current assets**		510,422,565	26	514,031,997	25	450,224,297	23	459,283,161	26
1XXX	**Total assets**		$ 1,951,365,419	100	$ 2,050,238,105	100	$ 1,922,517,536	100	$ 1,734,934,564	100

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HON HAI PRECISION INDUSTRY CO., LTD.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2013, DECEMBER 31, 2012 , JUNE 30, 2012 AND JANUARY 1, 2012
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

			June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities									
2100	Short-term loans	6(14)	$ 357,221,512	19	$ 297,572,165	15	$ 473,585,750	25	$ 260,522,749	15
2110	Short-term notes and bills payable	6(15)	5,593,757	-	7,991,597	-	5,494,490	-	7,989,312	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	84,139	-	82,055	-	4,573,592	-	251,834	-
2170	Accounts payable		451,409,441	23	602,755,794	29	465,309,959	24	519,725,102	30
2180	Accounts payable - related parties	7	26,710,286	2	35,614,847	2	34,541,700	2	28,769,177	2
2200	Other payables	6(16)	138,197,537	7	196,267,554	10	138,101,510	7	123,145,854	7
2230	Current income tax liabilities	6(35)	18,099,660	1	19,177,206	1	11,644,808	1	19,939,503	1
2250	Provisions for liabilities - current	6(23)	2,030,576	-	3,464,280	-	3,536,429	-	7,302,884	-
2300	Other current liabilities	6(17)	103,396,777	5	89,442,390	4	22,542,518	1	25,879,538	2
21XX	**Total current liabilities**		1,102,743,685	57	1,252,367,888	61	1,159,330,756	60	993,525,953	57
	Non-current liabilities									
2500	Financial liabilities at fair value through profit or loss - noncurrent	6(2)	-	-	-	-	7,032	-	470,158	-
2530	Corporate bonds payable	6(18)	90,903,899	5	74,980,461	4	77,326,947	4	62,378,777	4
2540	Long-term loans	6(19)	14,385,724	1	30,707,957	2	53,504,834	3	53,600,100	3
2570	Deferred income tax liabilities	6(35)	4,210,831	-	4,148,965	-	3,409,729	-	3,927,601	-
2600	Other non-current liabilities	6(22)	10,061,572	-	7,119,084	-	7,542,391	1	6,256,685	1
25XX	**Total non-current liabilities**		119,562,026	6	116,956,467	6	141,790,933	8	126,633,321	8
2XXX	**Total liabilities**		1,222,305,711	63	1,369,324,355	67	1,301,121,689	68	1,120,159,274	65
	Equity									
	Equity attributable to owners of parent									
	Share capital	6(24)								
3110	Share capital - common stock		118,358,665	6	118,358,665	6	106,890,967	6	106,890,967	6
3150	Stock dividends to be distributed		18,658,757	1	-	-	16,563,649	1	-	-
	Capital surplus	6(25)								
3200	Captial surplus		59,505,263	3	58,932,078	3	53,215,791	3	53,206,711	3
	Retained earnings	6(26)								
3310	Legal reserve		69,456,739	4	59,980,502	3	59,980,502	3	51,821,402	3
3350	Undistributed earnings		392,799,144	20	399,791,359	19	333,260,941	17	340,192,127	20
	Other equity interest	6(27)								
3400	Other equity interest		31,994,231	1	7,805,557	-	16,266,920	-	25,495,188	1
3500	**Treasury stocks**	6(24)	(18,901)	-	(18,901)	-	(18,901)	-	(18,901)	-
31XX	**Equity attributable to owners of the parent**		690,753,898	35	644,849,260	31	586,159,869	30	577,587,494	33
36XX	**Non-controlling interest**	6(28)	38,305,810	2	36,064,490	2	35,235,978	2	37,187,796	2
3XXX	**Total equity**		729,059,708	37	680,913,750	33	621,395,847	32	614,775,290	35

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HON HAI PRECISION INDUSTRY CO., LTD.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2013, DECEMBER 31, 2012 , JUNE 30, 2012 AND JANUARY 1, 2012
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
Commitments and Contingent Liabilities	9								
Subsequest Events	11								
Total liabilities and equity		$ 1,951,365,419	100	$ 2,050,238,105	100	$ 1,922,517,536	100	$ 1,734,934,564	100

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 13, 2013.

HON HAI PRECISION INDUSTRY CO., LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)
(UNAUDITED)

			For the three-month periods ended June 30				For the six-month periods ended June 30			
			2013		2012		2013		2012	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	6(29) and 7	$ 895,617,497	100	$ 891,917,151	100	$ 1,704,629,448	100	$ 1,893,202,811	100
5000	**Operating costs**	6(6)(32)(33) and 7	(843,684,571)	(94)	(837,980,104)	(94)	(1,606,783,435)	(94)	(1,790,857,910)	(95)
5900	**Net operating margin**		51,932,926	6	53,937,047	6	97,846,013	6	102,344,901	5
	Operating expenses	6(32)(33)								
6100	Selling expenses		(5,655,751)	(1)	(5,765,762)	(1)	(10,640,350)	(1)	(11,508,945)	-
6200	General and administrative expenses		(16,950,476)	(2)	(16,001,053)	(2)	(34,424,614)	(2)	(34,036,506)	(2)
6300	Research and development expenses		(10,723,867)	(1)	(10,772,816)	(1)	(20,271,226)	(1)	(19,938,878)	(1)
6000	**Total operating expenses**		(33,330,094)	(4)	(32,539,631)	(4)	(65,336,190)	(4)	(65,484,329)	(3)
6900	**Operating profit**		18,602,832	2	21,397,416	2	32,509,823	2	36,860,572	2
	Non-operating income and expenses									
7010	Other income	6(30)	4,185,192	-	6,475,854	1	7,125,786	-	9,351,688	-
7020	Other gains and losses	6(31)	4,285,658	1	(8,785,900)	(1)	10,974,131	1	(5,237,311)	-
7050	Finance costs	6(34)	(2,021,279)	-	(3,297,539)	-	(3,916,336)	-	(5,122,622)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(9)	491,414	-	807,729	-	1,447,586	-	1,127,817	-
7000	**Total non-operating income and expenses**		6,940,985	1	(4,799,856)	-	15,631,167	1	119,572	-
7900	**Profit before income tax**		25,543,817	3	16,597,560	2	48,140,990	3	36,980,144	2
7950	Income tax expense	6(35)	(8,613,432)	(1)	(5,753,308)	(1)	(14,860,281)	(1)	(11,053,586)	(1)
8200	**Profit for the year**		$ 16,930,385	2	$ 10,844,252	1	$ 33,280,709	2	$ 25,926,558	1
	Other comprehensive income									
8310	Financial statements translation differences of foreign operations		$ 8,526,477	1	$ 1,496,256	-	$ 25,120,147	1	($ 10,459,708)	-
8325	Unrealized gain (loss) on valuation of available-for-sale financial assets		(885,076)	-	(494,920)	-	(398,364)	-	1,554,942	-
8370	Share of other comprehensive income of associates and joint ventures accounted for under equity method		483,360	-	(1,811)	-	869,649	-	(656,513)	-
8300	**Other comprehensive income for the year**		$ 8,124,761	1	$ 999,525	-	$ 25,591,432	1	($ 9,561,279)	-
8500	**Total comprehensive income for the year**		$ 25,055,146	3	$ 11,843,777	1	$ 58,872,141	3	$ 16,365,279	1
	Profit (loss) attributable to:									
8610	Owners of the parent		$ 16,977,649	2	$ 12,059,161	1	$ 33,330,162	2	$ 27,950,656	1
8620	Non-controlling interest		(47,264)	-	(1,214,909)	-	(49,453)	-	(2,024,098)	-
			$ 16,930,385	2	$ 10,844,252	1	$ 33,280,709	2	$ 25,926,558	1
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 23,808,004	3	$ 13,531,671	1	$ 57,518,836	3	$ 18,722,388	1
8720	Non-controlling interest		1,247,142	-	(1,687,894)	-	1,353,305	-	(2,357,109)	-
			$ 25,055,146	3	$ 11,843,777	1	$ 58,872,141	3	$ 16,365,279	1
	Earnings per share	6(36)								
9750	**Basic earnings per share**		$ 1.30		$ 0.93		$ 2.56		$ 2.15	
9850	**Diluted earnings per share**		$ 1.27		$ 0.91		$ 2.49		$ 2.11	

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 13, 2013.

HON HAI PRECISION INDUSTRY CO., LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	Equity attributable to owners of the parent										
	Capital			Retained Earnings		Other equity interest					
	Share capital - common stock	Stock dividends to be distributed	Capital surplus	Legal reserve	Undistributed earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on valuation of available-for-sale financial assets	Treasury stocks	Total	Non-controlling interest	Total
2012											
Balance at January 1, 2012	$ 106,890,967	$ -	$ 53,206,711	$ 51,821,402	$ 340,192,127	$ 21,047,357	$ 4,447,831	($ 18,901)	$577,587,494	$ 37,187,796	$ 614,775,290
Appropriations of 2011 earnings (Note 1):											
Legal reserve	-	-	-	8,159,100	(8,159,100)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(16,033,645)	-	-	-	(16,033,645)	-	(16,033,645)
Stock dividends	-	10,689,097	-	-	(10,689,097)	-	-	-	-	-	-
Employees' stock bonus	-	5,874,552	-	-	-	-	-	-	5,874,552	-	5,874,552
Consolidated net income for 2012	-	-	-	-	27,950,656	-	-	-	27,950,656	(2,024,098)	25,926,558
Other comprehensive income (loss) for the six months ended June 30, 2012, net of income tax	-	-	-	-	-	(10,805,405)	1,577,137	-	(9,228,268)	(333,011)	(9,561,279)
Changes in equity of associates and joint ventures accounted for under equity method	-	-	9,080	-	-	-	-	-	9,080	-	9,080
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	405,291	405,291
Balance at June 30, 2012	$ 106,890,967	$ 16,563,649	$ 53,215,791	$ 59,980,502	$ 333,260,941	$ 10,241,952	$ 6,024,968	($ 18,901)	$586,159,869	$ 35,235,978	$ 621,395,847
2013											
Balance at January 1, 2013	$ 118,358,665	$ -	$ 58,932,078	$ 59,980,502	$ 399,791,359	$ 1,370,511	$ 6,435,046	($ 18,901)	$644,849,260	$ 36,064,490	$ 680,913,750
Appropriations of 2012 earnings (Note 2):											
Legal reserve	-	-	-	9,476,237	(9,476,237)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(17,753,800)	-	-	-	(17,753,800)	-	(17,753,800)
Stock dividends	-	11,835,866	-	-	(11,835,866)	-	-	-	-	-	-
Employees' stock bonus	-	6,822,891	-	-	-	-	-	-	6,822,891	-	6,822,891
Consolidated net income for 2013	-	-	-	-	33,330,162	-	-	-	33,330,162	(49,453)	33,280,709
Other comprehensive income (loss) for the six months ended June 30, 2013, net of income tax	-	-	-	-	-	24,575,985	(387,311)	-	24,188,674	1,402,758	25,591,432
Changes in equity of associates and joint ventures accounted for under equity method	-	-	564,018	-	-	-	-	-	564,018	-	564,018
Adjustments arising from changes in percentage of ownership in subsidiaries	-	-	9,167	-	(1,256,474)	-	-	-	(1,247,307)	-	(1,247,307)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	888,015	888,015
Balance at June 30, 2013	$ 118,358,665	$ 18,658,757	$ 59,505,263	$ 69,456,739	$ 392,799,144	$ 25,946,496	$ 6,047,735	($ 18,901)	$690,753,898	$ 38,305,810	$ 729,059,708

NOTE 1: Directors' and supervisors' remuneration amounting to $0 and employees' bonus amounting to $5,874,552 had been deducted from the consolidated income statement for 2011.
NOTE 2: Directors' and supervisors' remuneration amounting to $0 and employees' bonus amounting to $6,822,891 had been deducted from the consolidated income statement for 2012.

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 13, 2013.

HON HAI PRECISION INDUSTRY CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated profit before tax for the period	$ 48,140,990	$ 36,980,144
Adjustments to reconcile net income to net cash provided by operating activities		
Income and expenses having no effect on cash flows		
Depreciation	36,841,771	32,908,758
Amortization	423,404	194,480
Provision for doubtful accounts and sales discount	227,523	-
Loss on impairment of non-financial assets	35,376	1,780,642
Loss (gain) on disposal of property, plant and equipment, net	194,316	(213,139)
Loss on financial assets or liabilities at fair value through profit or loss, net	183,588	4,018,802
Share of profit of associates and joint ventures accounted for under equity method	(1,447,586)	(1,127,817)
Gain on disposal of investments	(551,075)	(1,026,809)
Interest expense	3,851,272	4,998,819
Interest income	(3,755,113)	(6,590,196)
Dividend income	(143,927)	(35,676)
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Financial assets held for trading	(209,047)	(194,605)
Notes receivable	56,476	14,416
Accounts receivable	164,976,553	37,392,224
Accounts receivable due from related parties	15,085,824	10,642,946
Other receivables	(10,075,705)	4,303,939
Inventories	24,459,584	64,635,330
Prepayments	(694,598)	1,640,220
Net changes in liabilities relating to operating activities		
Accounts payable	(151,346,353)	(54,415,143)
Accounts payable to related parties	(8,904,561)	5,772,523
Other payables	(46,749,485)	2,072,652
Provisions for liabilities - current	(1,433,704)	(3,766,455)
Receipts in advance	(753,515)	(1,492,901)
Other current liabilities	711,411	(1,844,119)
Accrued pension liabilities	(66,477)	34,284
Cash generated from operations	69,056,942	136,683,319
Income tax paid	(17,484,649)	(17,921,629)
Net cash provided by operating activities	51,572,293	118,761,690
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(34,098,343)	(26,421,730)
Increase in other financial assets	(870,232)	(12,562,205)
Acquisition of available-for-sale financial assets	(132,000)	(7,552,438)
Increase in other non-current assets	(189,503)	(746,361)
Acquisition of investments accounted for under equity method	(1,078,665)	(585,000)
Acquisition of financial assets carried at cost	(248,958)	(338,610)
Increase in land use right	(60,939)	(11,639)
Proceeds from disposal of financial assets carried at cost	39,942	-
Proceeds from disposal of available-for-sale financial assets	147	4,757,151
Proceeds from disposal of investments accounted for under equity method	2,428,216	1,799,326
Proceeds from disposal of property, plant and equipment	879,116	2,783,652
Other investing activities	242,032	-
Interest received	3,844,902	6,095,148
Dividends received	143,927	35,676
Net cash used in investing activities	(29,100,358)	(32,747,030)

(Continued)

HON HAI PRECISION INDUSTRY CO., LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2013 AND 2012
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	$ 46,706,574	$ 213,063,001
Decrease in short-term notes and bills payable	(2,397,840)	(2,494,822)
Proceeds from issuing bonds	15,292,000	15,000,000
Proceeds from long-term debt	3,110,151	4,583,900
Repayments of long-term debt	(5,413,350)	(3,336,750)
Increase in other non-current liabilities	2,766,933	1,251,420
Changes of non-controlling interests	888,015	405,291
Interest paid	(2,933,615)	(3,757,630)
Net cash provided by financing activities	58,018,868	224,714,410
Net effect of changes in foreign currency exchange rates	16,473,188	(3,183,659)
Increase in cash and cash equivalents	96,963,991	307,545,411
Cash and cash equivalents at beginning of period	505,526,956	329,793,633
Cash and cash equivalents at end of period	$ 602,490,947	$ 637,339,044
Supplemental disclosures of cash flow information		
Cash paid for the acquisition of property, plant and equipment		
Increase in property, plant and equipment	$ 11,158,805	$ 26,826,656
Add:payable - beginning	49,996,281	28,177,904
Less:payable - ending	(26,827,183)	(28,246,181)
Effect of changes in foreign currency exchange rates	(229,560)	(336,649)
Cash paid	$ 34,098,343	$ 26,421,730
Investing activities with no cash flow effect:		
Unrealized (loss) gain on financial instruments		
Adjustment for change in value of availabe-for-sale financial assets	($ 391,826)	$ 1,582,248
Valuation of long-term investments accounted for under the equity method	4,515	(5,111)
	($ 387,311)	$ 1,577,137
Financing activities with no cash flow effect:		
Cash dividends payable	$ 17,753,800	$ 16,033,645
Employees' stock bonus	$ 6,822,891	$ 5,874,552

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated August 13, 2013.

HON HAI PRECISION INDUSTRY CO., LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

Hon Hai Precision Industry Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the manufacture, processing and sales of connectors, cable, enclosures, wired/wireless communication products, optical products, power supply modules, and assemblies for use in the IT, communications, automotive equipment, precision molding, automobile, and consumer electronics industries.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on August 13, 2013.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

Not applicable as it is the first-time adoption of IFRSs by the Group this year.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

IFRS 9, 'Financial Instruments: Classification and measurement of financial assets'

A. The International Accounting Standards Board ("IASB") published IFRS 9, 'Financial Instruments', in November, 2009, which will take effect on January 1, 2015 with early application permitted. Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 ("IAS 39"), 'Financial Instruments: Recognition and Measurement' reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Group.

C. The Group has not evaluated the overall effect of the IFRS 9 adoption. However, based on preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as 'available-for-sale financial assets' held by the Group, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognized in other comprehensive income should not be reclassified to profit or loss when such assets are derecognized. The Group recognized loss on equity instruments amounting to ($391,826) in other comprehensive income for the six-month period ended June 30, 2013.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

The following are the assessment of new standards, interpretations and amendments issued by IASB that are effective but not yet endorsed by the FSC (application of the new standards, interpretations and amendments should follow the regulations of the FSC):

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparer received in IFRS 7, 'Financial Instruments: Disclosures' and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
IFRS 9, 'Financial instruments: Classification and measurement of financial liabilities'	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognized in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	January 1, 2015
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognized and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity's date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, 'Financial instruments: Recognition and measurement', prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognize related gains on the date of transition to IFRSs.	July 1, 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11, 'Joint arrangements'	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12, 'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27, 'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IAS 28, 'Investments in associates and joint ventures' (as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11 , 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognized immediately in other comprehensive income. Past service costs will be recognized immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expense, is recognized in other comprehensive income.	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	Stripping costs that meet certain criteria should be recognized as the 'stripping activity asset'. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, 'Inventories'.	January 1, 2013

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
Disclosures-Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendment clarifies criterion that an entity 'currently has a legally enforceable right to set off the recognized amounts' and gross settlement mechanisms with features are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances.	January 1, 2014
Mandatory effective date and transition disclosures (amendment to IFRS 7 and IFRS 9)	The mandatory effective date has been postponed to January 1, 2015.	January 1, 2015
Government loans (amendment to IFRS 1)	The amendment provides exemption to first-time adopters to apply the requirements in IFRS 9, 'Financial instruments', and IAS 20, 'Accounting for government grants and disclosure of government assistance', prospectively to government loans that exist at the date of transition to IFRS.	January 1, 2013
Improvements to IFRSs 2009-2011	Amendments to IFRS 1 and IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other Entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	January 1, 2014

New Standards, Interpretations and Amendments	Main Amendments	Effective Date
IFRIC 21, ‘Levies’	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognized in accordance with IAS 37, ‘Provisions, contingent liabilities and contingent assets’.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014

The Group is currently assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the principal accounting policies applied in the preparation of these consolidated financial statements as set out below have been consistently applied to all the periods presented.

(1) Compliance statement

A. These consolidated financial statements are the first second-quarter consolidated financial statements prepared by the Group in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”, IAS 34, ‘Interim Financial Reporting’, and IFRS 1, ‘First-time Adoption of International Financial Reporting Standards’, as endorsed by the FSC.

B. In the preparation of the balance sheet of January 1, 2012 (the Group’s date of transition to IFRSs) (“the opening IFRSs balance sheet”), the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to the International Financial Reporting Standards, International Accounting Standards, and Interpretations/bulletins as endorsed by the FSC (collectively referred herein as the “IFRSs”) on the Group’s financial position, operating results and cash flows.

(2) <u>Basis of preparation</u>

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

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

(c) Liabilities on cash-settled share-based payment arrangements measured at fair value.

(d) Defined benefit liabilities recognized based on the net amount of pension fund assets plus unrecognized prior period's service cost and unrecognized actuarial losses, less unrecognized actuarial gains and present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) <u>Basis of consolidation</u>

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

(d) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%) 2013.06.30	Ownership (%) 2012.12.31	Description
Hon Hai Precision Industry Co., Ltd.	Foxconn (Far East) Limited and subsidiaries	Investment holdings in companies in Mainland China, Hong Kong, Europe and America primarily engaged in manufacturing, sale, research and development of computer cases, connectors and computer components	100%	100%	(a)
"	Foxconn Holding Ltd. and subsidiaries	Investment holdings in Asia-Pacific and America hi-tech companies	100%	100%	(a)
"	Hyield Venture Capital Co., Ltd. and subsidiaries	Venture capital investments in companies primarily engaged in manufacturing of automobile wires/electronic devices and electronic components, and services of planning, advisory and business management.	98%	98%	(a)
"	Bao Shin International Investment Co., Ltd. and subsidiaries	Domestic investments in companies primarily engaged in development and sale of computer systems, manufacturing and sale of machinery and equipment.	100%	100%	(a)
"	Hon Yuan International Investment Co., Ltd. and subsidiaries	Domestic investments in companies primarily engaged in manufacturing and sale of machinery and equipment.	100%	100%	(a)
"	Hon Chi International Investment Co., Ltd. and subsidiaries	Domestic investments in companies primarily engaged in software and electronic information application services, and manufacturing and sale of machinery and equipment	100%	100%	(a)

			Ownership (%)		
Investor	Subsidiary	Main Business Activities	2013.06.30	2012.12.31	Description
Hon Hai Precision Industry Co., Ltd.	Lin Yih International Investment Co., Ltd.	Investment holdings in R.O.C. companies	100%	100%	(a)
"	Hon Hai/ Foxconn Logistics California LLC.	Logistics services in America	100%	100%	(a)
"	Hon Hai/ Foxconn Logistics Texas LLC.	Logistics services in America	100%	100%	(a)
"	Ambit International Ltd. and subsidiaries	Investment holdings in companies in Mainland China primarily engaged in manufacturing and sale of power supply modules, application modules and network cables assemblies	100%	100%	(a)
"	Foxconn Singapore (Pte) Ltd. and subsidiaries	Asia-pacific sales company	100%	100%	(a)
"	Foxconn International Inc.	Patent applications in America	100%	100%	(a)
"	Altus Technology Inc.	Manufacture and design of cellular phone and camera lens and packaging of sensors	100%	100%	(a)
"	Premier Technology -Hong Kong Limited and subsidiaries	Manufacture and sale of camera	99.96%	99.96%	(a)
"	Foxconn SA B.V. and subsidiaries	Investment holdings of Russian domestic sales companies	97.76%	97.76%	(a)

Investor	Subsidiary	Main Business Activities	Ownership (%) 2013.06.30	Ownership (%) 2012.12.31	Description
Hon Hai Precision Industry Co., Ltd.	Margini Holdings Limited and subsidiaries	Investment holdings in Vietnam export processing and construction services companies and Brazil sales companies	100%	100%	(a)
"	Foxconn Holdings - Netherland and subsidiaries	Investment holdings in companies in Europe.	100%	100%	(a)
"	Syntrend Creative Co., Ltd.	Retail of office machinery and equipment and electronic appliances, and information/ software services.	80%	80%	(a)

Investor	Subsidiary	Main Business Activities	Ownership (%) 2012.06.30	Ownership (%) 2012.1.1	Description
Hon Hai Precision Industry Co., Ltd.	Foxconn (Far East) Limited and subsidiaries	Investment holdings in companies in Mainland China, Hong Kong, Europe and primarily engaged in manufacturing, sale, research development of computer connectors and computer components	100%	100%	(a)(c)
"	Foxconn Holding Ltd. and subsidiaries	Investment holdings in Asia-Pacific and America hi-tech companies	100%	100%	(a)
"	Hyield Venture Capital Co., Ltd. and subsidiaries	Venture capital investments in companies primarily engaged in manufacturing of automobile wires/electronic devices and electronic components, and services of planning, advisory and business management	98%	98%	(a)

Investor	Subsidiary	Main Business Activities	Ownership (%) 2012.06.30	2012.1.1	Description
Hon Hai Precision Industry Co., Ltd.	Bao Shin International Investment Co., Ltd. and subsidiaries	Domestic investments in companies primarily engaged in development and sale of computer systems, manufacturing and sale of machinery and equipment	100%	100%	(a)
"	Hon Yuan International Investment Co., Ltd. and subsidiaries	Domestic investments in companies primarily engaged in manufacturing and sale of machinery and equipment	100%	100%	(a)
"	Hon Chi International Investment Co., Ltd. and subsidiaries	Domestic investments in companies primarily engaged in software and electronic information application services, and manufacturing and sale of machinery and equipment	100%	100%	(a)
"	Lin Yih International Investment Co., Ltd.	Investment holdings in R.O.C. companies	100%	100%	(a)
"	Hon Hai/ Foxconn Logistics California LLC.	Logistics services in America	100%	100%	(a)
"	Hon Hai/ Foxconn Logistics Texas LLC.	Logistics services in America	100%	100%	(a)
"	Ambit International Ltd. and subsidiaries	Investment holdings in companies in Mainland China primarily engaged in manufacturing and sale of power supply modules, application modules and network cables assemblies.	100%	100%	(a)
"	Foxconn Singapore (Pte) Ltd. and subsidiaries	Asia-pacific sales company	100%	100%	(a)

Investor	Subsidiary	Main Business Activities	Ownership (%) 2012.06.30	Ownership (%) 2012.1.1	Description
Hon Hai Precision Industry Co., Ltd.	Foxconn International Inc.	Patent applications in America	100%	100%	(a)
"	Altus Technology Inc.	Manufacture and design of cellular phone and camera lens and packaging of sensors	100%	100%	(a)
"	Premier Technology -Hong Kong Limited and subsidiaries	Manufacture and sale of camera	99.96%	99.96%	(a)
"	Foxconn SA B.V. and subsidiaries	Investment holdings of Russian domestic sales companies	97.76%	95%	(a)
"	Margini Holdings Limited and subsidiaries	Investment holdings in Vietnam export processing and construction services companies and Brazil sales companies	100%	100%	(a)
"	Foxconn Holdings - Netherland and subsidiaries	Investment holdings in companies in Europe	100%	100%	(a)
"	Syntrend Creative Co., Ltd.	Retail of office machinery and equipment and electronic appliances, and information/ software services.	80%	80%	(a)

(a) The financial statements of the entity as of and for the six-month periods ended June 30, 2013 and 2012 were not reviewed by independent auditors as the entity did not meet the difinition of significant subsidiary.

(b) The financial statements of certain consolidated subsidiaries for the six-month period ended June 30, 2012 were not reviewed by independent accountants, which reflect total assets of $424,874,438 and $350,380,414, constituting 21.77% and 18.23% of total consolidated assets, and total liabilities were $207,457,003 and $184,965,044, constituting 16.97% and 14.22% of the consolidated total liabilities as of June 30, 2013 and 2012, respectively, as well as the total comprehensive income of $4,692,149, $3,832,836, $2,567,539, and $5,087,176, constituting 18.73%, 32.36%, 4.36% and 31.09% of the consolidated total comprehensive income for the three-month and six-month periods ended June 30, 2013 and 2012, respectively.

(c) Changes in the consolidated subsidiaries：From July, 2011 to March, 2012, a subsidiary of the Company disposed 70% of Shenzhen Futaihong Bright Real Estate Co., which was excluded from consolidation effective in June, 2012, the date on which the Company lost control over the subsidiary.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Nature and extent of the restrictions on fund remittance from subsidiaries to the parent company: None.

(4) <u>Compliance statement</u>

A. The consolidated financial statements are presented in NTD, which is the Company's functional and the Group's presentation currency.

B. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within other gains and losses.

C. Translation of foreign operations

(a) The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) When the foreign operation as an associate is partially disposed of or sold, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, when the Group still retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

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

A. Financial assets at fair value through profit or loss are financial assets held for trading or financial assets designated as at fair value through profit or loss on initial recognition. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges. Financial assets that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(8) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.

C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets measured at cost’.

(9) Accounts receivable

Accounts receivable are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Impairment of financial assets

A. The Group assesses at balance sheet date whether there is objective evidence that an individual financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the individual financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset directly.

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset directly.

(11) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

A. The cash flows from the financial asset have been received.

B. The contractual rights to receive cash flows from the financial asset expire.

C. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

D. The contractual rights to receive cash flows from the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for under the equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment loss arising through subsequent assessments.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred statutory/constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.

G. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

H. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognized as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant in relation to the total, the cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	51 years
(Buildings auxiliary	6 ～ 11 years)
Machinery and equipment	3 ～ 9 years
Office equipment	4 ～ 6 years
Other equipment	1 ～ 6 years

(15) <u>Investment property</u>

An investment property is stated initially at its cost and measured subsequently using the cost model. Investment property is depreciated on a straight-line basis over its estimated useful life of 6 ~ 51 years.

(16) <u>Intangible assets</u>

A. Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Patent is amortised on a straight-line basis over its estimated useful life of 1~20 years.

(17) <u>Impairment of non-financial assets</u>

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

B. Goodwill for impairment testing purpose is allocated to cash generating units. This allocation is identified based on operating segments. Goodwill is allocated to a cash generating unit or a group of cash generating units that expects to benefit from business combination that will produce goodwill.

(18) Borrowings

A. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(19) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. However, short-term accounts payable without bearing interest, are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

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

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(22) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Financial liabilities and equity instruments - Bonds payable

Ordinary corporate bonds issued by the Group are initially recognized at fair value, net of transaction costs incurred. Ordinary corporate bonds are subsequently stated at amortised cost;

any difference between the proceeds (net of transaction costs) and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares but not by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset or a financial liability ('capital surplus—stock warrants') in accordance with the substance of the contractual arrangement. Convertible corporate bonds are accounted for as follows:

A. Conversion options, call options and put options embedded in convertible corporate bonds are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. Bonds payable of convertible corporate bonds is remaining value of total issue price less amounts of 'financial assets or financial liabilities at fair value through profit or loss' as stated above, and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortised in profit or loss as an adjustment to the 'finance costs' over the period of bond circulation using the effective interest method.

C. Any transaction costs directly attributable to the issuance of convertible corporate bonds are allocated to each liability components in proportion to the allocation of proceeds.

D. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable' and 'financial assets or financial liabilities at fair value through profit or loss') shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the above-mentioned liability component.

(24) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognized in profit or loss.

(25) Provisions for other liabilities

Provisions of warranties are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(26) <u>Employee benefits</u>

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized past service costs. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Actuarial gains and losses arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise.

iii. Past service costs are recognized immediately in profit or loss if vested immediately; if not, the past service costs are amortized on a straight-line basis over the vesting period.

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

C. Employees’ bonus and directors’ and supervisors’ remuneration

Employees’ bonus and directors’ and supervisors’ remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees’ bonus and directors’ and supervisors’ remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders’ meeting subsequently, the differences should be recognized based on the accounting for changes in estimates. The Group calculates the number of shares of employees’ stock bonus based on the fair value per share at the previous day of the stockholders’ meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

(27) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. For the cash-settled share-based payment arrangements, the employee services received and the liability incurred are measured at the fair value of the liability to pay for those services, and are recognized as compensation cost and liability over the vesting period. The fair value of the liability shall be remeasured at each balance sheet date until settled at the settlement date, with any changes in fair value recognized in profit or loss.

(28) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. Tax preference given for expenditures incurred on research and development is recorded using the income tax credits accounting.

G. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(29) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are approved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(30) Revenue recognition

The Group manufactures and sells 3C products. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group’s activities. Revenue arising from the sales of goods should be recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(31) Government grants

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortised to profit or loss over the estimated useful lives of the related assets using the straight-line method.

(32) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

A. Revenue recognition

The determination of whether the Group is acting as principal or agent in a transaction is based on an evaluation of Group's exposure to the significant risks and rewards associated with the sale of goods or the rendering of service in accordance with the business model and substance of the transaction. Where the Group acts as a principal, the amount received or receivable from customer is recognized as revenue on a gross basis. Where the Group acts as an agent, net revenue is recognized representing commissions earned. The following characteristics of a principal are used as indicators to determine whether the Group shall recognize revenue on a gross basis:

a. The Group has primary responsibilities for the goods or services it provides;
b. The Group bears inventory risk;
c. The Group bears credit risk of customers.

B. Financial assets-impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

C. Financial assets carried at cost

For investments held by the Group which have no active quoted market price, sufficient information cannot be obtained, and their fair value cannot be measured reliably. Therefore, they were classified as "financial assets carried at cost".

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of June 30, 2013, the carrying amount of inventories was $325,423,059.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2013	December 31, 2012
Cash on hand and revolving funds	$ 6,017,649	$ 6,157,872
Checking accounts and demand deposits	301,972,808	136,700,562
Cash equivalents		
Time deposits	290,215,801	353,871,385
Sweep fund	4,284,689	8,797,137
Cash and cash equivalents as per consolidated balance sheet	$ 602,490,947	$ 505,526,956

	June 30, 2012	January 1, 2012
Cash on hand and revolving funds	$ 8,758,298	$ 4,201,508
Checking accounts and demand deposits	168,976,643	109,934,189
Cash equivalents		
Time deposits	456,167,220	206,682,107
Sweep fund	3,436,883	8,975,829
Cash and cash equivalents as per consolidated balance sheet	$ 637,339,044	$ 329,793,633

A. The Group associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. The Group's time deposits pledged to others as collateral and over three months had transferred to "other current assets".

(2) Financial assets and liabilities at fair value through profit or loss

Assets	June 30, 2013	December 31, 2012
Current items：		
Open-end funds	$ 162,364	$ 83,265
Forward exchange contracts	267,725	56,955
	$ 430,089	$ 140,220
Non-current items:		
Convertible bonds payable	$ 179,300	$ 179,300
	June 30, 2012	January 1, 2012
Current items：		
Open-end funds	$ 47,860	$ 24,412
Forward exchange contracts	91,664	45,917
	$ 139,524	$ 70,329

Liabilities	June 30, 2013	December 31, 2012
Current items:		
Forward exchange contracts	($ 84,027)	($ 66,767)
Euro-Convertible Bond conversion rights	(112)	(15,288)
	($ 84,139)	($ 82,055)
Current items:		
Forward exchange contracts	($ 60,337)	($ 251,834)
Equity subscription contract	(4,513,255)	-
	($ 4,573,592)	($ 251,834)
Non-current items:		
Euro-Convertible Bond conversion rights	($ 7,032)	($ 470,158)

A. The Group recognized loss of $171,117, $6,028,026, $159,308 and $3,985,567 on the above financial assets and liabilities for the three-month and six-month periods ended June 30, 2013 and 2012, respectively.

B. The counterparties of the Group's debt instrument investments have good credit quality. The maximum exposure to credit risk at balance sheet date is the carrying amount of financial assets at fair value through profit or loss.

C. The non-hedging derivative instruments transaction and contract information are as follows:

	June 30, 2013		
Derivative Financial Assets	Contract amount (Nominal Principal) (in thousands)		Contract period
Current items:			
Forward foreign exchange contracts	HUF (BUY)	149,355	2013.06.06~2013.07.25
	JPY (BUY)	7,010,195	2013.04.08~2013.10.28
	RMB (BUY)	3,069,792	2012.11.05~2013.09.27
	USD (BUY)	177,613	2013.04.09~2013.09.27
	EUR (SELL)	4,200	2013.04.09~2013.09.26
	BRL (SELL)	41,835	2013.05.29~2013.07.25
	INR (SELL)	126,558	2013.04.09~2013.08.30
	USD (SELL)	560,752	2012.11.05~2013.10.28
	RMB (SELL)	925,857	2013.05.08~2013.09.27
Derivative Financial Liabilities			
Current items:			
Forward foreign exchange contracts	BRL (BUY)	7,121	2013.06.20~2013.07.24
	JPY (BUY)	40,000	2013.06.13~2013.08.08
	KRW (BUY)	4,878,060	2013.04.18~2013.09.26
	MXN (BUY)	897,097	2013.04.09~2013.09.19
	USD (BUY)	122,297	2013.04.11~2013.09.20
	USD (SELL)	78,250	2013.04.09~2013.09.26
	BRL (SELL)	20,936	2013.06.13~2013.08.08
	EUR (SELL)	1,000	2013.05.23~2013.08.22
	INR (SELL)	121,346	2013.06.20~2013.09.20
	RMB (SELL)	682,937	2013.04.11~2013.07.24

	December 31, 2012		
Derivative Financial Assets	Contract amount (Nominal Principal) (in thousands)		Contract period
Current items:			
Forward foreign exchange contracts	KRW (BUY)	1,949,780	2012.11.29~2013.05.23
	RMB (BUY)	1,582,660	2012.11.05~2013.08.15
	MXN (BUY)	143,772	2012.10.11~2013.03.07
	USD (BUY)	75,061	2012.10.22~2013.03.22
	EUR (BUY)	68	2012.12.03~2013.01.04
	RMB (SELL)	437,972	2012.11.19~2013.03.20
	INR (SELL)	276,824	2012.10.22~2013.03.22
	USD (SELL)	262,800	2012.10.11~2013.08.15
Derivative Financial Liabilities			
Current items:			
Forward foreign exchange contracts	MXN (BUY)	714,991	2012.10.09~2013.03.21
	USD (BUY)	153,903	2012.10.08~2013.03.21
	JPY (BUY)	7,388	2012.11.16~2013.02.21
	RMB (SELL)	879,519	2012.10.22~2013.03.14
	USD (SELL)	55,950	2012.10.09~2013.03.21
	BRL (SELL)	10,872	2012.10.25~2013.02.28
	EUR (SELL)	6,600	2012.10.08~2013.03.21
	INR (SELL)	1,295	2012.12.03~2013.01.18

	June 30, 2012		
Derivative Financial Assets	Contract amount (Nominal Principal) (in thousands)		Contract period
Current items:			
Forward foreign exchange contracts	BRL (BUY)	3,867	2012.06.28~2012.07.05
	MXN (BUY)	808,310	2012.05.09~2012.10.04
	RMB (BUY)	1,019,316	2012.05.30~2012.09.28
	TWD (BUY)	1,793,160	2012.06.28~2012.07.03
	USD (BUY)	109,211	2012.05.02~2012.09.20
	EUR (BUY)	248	2012.06.07~2012.07.27
	USD (SELL)	280,300	2012.05.09~2012.10.04
	EUR (SELL)	6,000	2012.05.08~2012.09.20
	RMB (SELL)	632,510	2012.05.09~2012.08.10
	INR (SELL)	99,487	2012.05.02~2012.09.04

	June 30, 2012		
Derivative Financial Liabilities	Contract amount (Nominal Principal) (in thousands)		Contract period
Current items:			
Forward foreign exchange contracts	HUF (BUY)	288,430	2012.06.28~ 2012.08.16
	MXN (BUY)	130,688	2012.03.27~ 2012.08.09
	RMB (BUY)	633,800	2012.05.09~ 2012.08.10
	USD (BUY)	243,485	2011.09.29~ 2012.09.28
	EUR (BUY)	463	2012.06.28~ 2012.08.17
	JPY (BUY)	1,487	2012.06.28~ 2012.07.27
	EUR (SELL)	3,000	2012.06.01~ 2012.09.06
	USD (SELL)	110,000	2012.03.27~ 2012.08.10
	INR (SELL)	320,228	2012.05.24~ 2012.09.21
	BRL (SELL)	12,559	2012.06.28~ 2012.07.19
	RMB (SELL)	1,462,666	2011.09.29~ 2012.09.28
Equity subscription contract	JPY	44,628,650	

	January 1, 2012		
Derivative Financial Assets	Contract amount (Nominal Principal) (in thousands)		Contract period
Current items:			
Forward foreign exchange contracts	HUF (BUY)	1,107,070	2011.11.17~2012.02.16
	JPY (BUY)	245,283	2011.12.09~2012.01.13
	MXN (BUY)	28,090	2011.11.29~2012.01.12
	RMB (BUY)	815,616	2011.11.14~2012.01.20
	USD (BUY)	12,249	2011.10.12~2012.02.24
	EUR (SELL)	16,500	2012.01.18~2012.02.16
	INR (SELL)	290,008	2011.10.12~2012.02.24
	USD (SELL)	123,096	2011.11.29~2012.01.13
Derivative Financial Liabilities			
Current items:			
Forward exchange contracts	BRL (BUY)	15,078	2011.11.07~2012.03.07
	CHF (BUY)	2,220	2011.12.22~2012.02.15
	EUR (BUY)	4,137	2011.12.09~2012.02.15
	HUF (BUY)	2,631,660	2011.11.09~2012.02.23
	MXN (BUY)	688,646	2011.10.21~2012.03.22
	USD (BUY)	634,437	2011.09.29~2012.09.28
	EUR (SELL)	8,500	2011.11.09~2012.02.23
	INR (SELL)	39,050	2011.12.09~2012.02.03
	RMB (SELL)	4,035,869	2011.09.29~2012.09.28
	USD (SELL)	65,700	2011.10.21~2012.03.22

(a) Forward foreign exchange contracts

The Group entered into long-term foreign exchange transactions to hedge the following risk of exchange rate:

A. Operating activities: Import of raw materials and export price.

B. Investing activities: Import of machinery and equipment price.

C. Financial activities: Long-term and short-term foreign currency denominated assets and liabilities (Finance).

(b) Equity subscription contract

On March 27, 2012, the Company's board of directors resolved to sign an equity subscription contract for the Company and its subsidiary, Foxconn (Far East) Limited, to acquire 50 million and 31,143 thousand shares of a listed company in Japan, Sharp Corporation, in the amount of JPY 27,500 million and JPY 17,128,650 thousand, respectively, for a total equity interest by the Group of 6.584%. This equity subscription contract meets the recognition criteria of a forward contract specified in IAS No. 39, "Financial Instruments : Recognition and Measurement". The Company and its subsidiary should evaluate gain or loss based on fair value for this arrangement and also recognize related financial assets/liabilities. However, the Company could not get the approval for equity settlement because it was unable to provide related documents before July 31, 2012 as required by the competent authorities. As such, this equity subscription contract no longer met the recognition criteria of a forward contract specified in IAS No. 39. Therefore, the Company and its subsidiary reversed the loss on valuation of financial liabilities and financial liabilities of $4,513,255 and reversed deferred income tax assets and income tax benefit of $501,753, on July 31, 2012 as these amounts had been recognized during the six-month period ended June 30, 2012. The net effect of such reversals was $4,011,502.

(c) The issuance of convertible bonds by the Company was recognized under financial liabilities designated at fair value through profit or loss on initial recognition due to their compound instrument feature. The Group recognized gain on valuation of convertible bonds amounting to $3,336, $19,144, $15,176 and $463,126 for the three-month and six-month periods ended June 30, 2013 and 2012, respectively. Please refer to Note 6(18)A for the terms of the 2010 1st unsecured euro convertible bonds.

D. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

Items	June 30, 2013	December 31, 2012
Current items:		
Listed stocks	$ 59,452	$ 57,610
Adjustment of available-for-sale financial assets	775,674	719,800
Total	$ 835,126	$ 777,410
Non-current items:		
Listed stocks	$ 7,526,402	$ 7,329,485
Emerging stocks	28,740	28,740
Subtotal	7,555,142	7,358,225
Adjustment of available-for-sale financial assets	5,769,239	5,140,492
Total	$ 13,324,381	$ 12,498,717

Items	June 30, 2013	December 31, 2012
Current items:		
Listed stocks	$ 59,222	$ 59,990
Adjustment of available-for-sale financial assets	613,032	614,297
Total	$ 672,254	$ 674,287
Non-current items:		
Listed stocks	$ 9,336,125	$ 6,245,534
Emerging stocks	28,740	28,740
Subtotal	9,364,865	6,274,274
Adjustment of available-for-sale financial assets	5,131,493	3,091,237
Total	$ 14,496,358	$ 9,365,511

The Group recognized net loss of $867,023, $449,291, $391,826 and net gain of $1,582,248 in other comprehensive income due to fair value change for the three-month and six-month periods ended June 30, 2013 and 2012, respectively.

(4) Notes and accounts receivable

	June 30, 2013	December 31, 2012
Notes receivable	$ 720,711	$ 777,187
Accounts receivable	436,026,187	601,002,740
Less: Allowance for sales returns and allowances	(1,976,759)	(1,976,759)
Allowance for doubtful accounts	(2,451,701)	(2,224,178)
	$ 432,318,438	$ 597,578,990

	June 30, 2012	January 1, 2012
Notes receivable	$ 766,872	$ 781,288
Accounts receivable	415,805,057	453,197,281
Less: Allowance for sales returns and allowances	(1,385,030)	(1,385,030)
Allowance for doubtful accounts	(1,835,555)	(1,835,555)
	$ 413,351,344	$ 450,757,984

A. The Company factored its accounts receivable to certain financial institutions without recourse. Under the agreement, the Company is not required to bear uncollectible risk of the underlying accounts receivable, but is liable for the losses incurred on any business dispute, and did not provide any collateral. Accordingly, these accounts receivable meet the derecognition criteria for financial assets. The Company has derecognized the accounts receivable sold to financial institutions, net of the amount estimated for business disputes.

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the balance of accounts receivable factored but unsettled were $6,000,000, $44,721,600, $45,862,800 and $44,382,349, respectively. The relevant information of accounts receivable factored but unsettled were as follows:

June 30, 2013

Purchaser of accounts receivable	Accounts receivable sold	Amount advanced	Collateral
ING Bank, N.V.	$ 6,000,000	$ 6,000,000	None

December 31, 2012

Purchaser of accounts receivable	Accounts receivable sold	Amount advanced	Collateral
Mega International Commercial Bank	$ 8,712,000	$ 8,712,000	None
Taipei Fubon Bank	23,232,000	23,232,000	"
Mizuho Corporate Bank	5,227,200	5,227,200	"
ING Bank, N.V.	7,550,400	7,550,400	"
	$ 44,721,600	$ 44,721,600	

June 30, 2012			
Purchaser of accounts receivable	Accounts receivable sold	Amount advanced	Collateral
Mega International Commercial Bank	$ 9,409,200	$ 9,409,200	None
Taipei Fubon Bank	19,422,000	19,422,000	"
Mizuho Corporate Bank	2,988,000	2,988,000	"
Sumitomo Mitsui Banking Corporation	8,964,000	8,964,000	"
ING Bank, N.V.	5,079,600	5,079,600	"
	$ 45,862,800	$ 45,862,800	

June 30, 2012			
Purchaser of accounts receivable	Accounts receivable sold	Amount advanced	Collateral
Mega International Commercial Bank	$ 3,466,775	$ 3,466,775	None
Taipei Fubon Bank	24,224,000	24,224,000	"
Mizuho Corporate Bank	5,753,200	5,753,200	"
Sumitomo Mitsui Banking Corporation	10,598,000	10,598,000	"
Standard Chartered Bank	340,374	340,374	"
	$ 44,382,349	$ 44,382,349	

B. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Group has signed promissory notes amounting to $1,500,000 (US$50 million), $4,065,600 (US$140 million), $4,631,400 (US$155 million) and $3,542,760 (US$117 million) as guarantee for those accounts receivable in commercial dispute, respectively.

C. For the three-month and six-month periods ended June 30, 2013 and 2012, the financing charges (expenses) incurred from accounts receivable factoring were $13,636, $77,581, $65,064 and $123,803 (shown as “finance costs”), respectively.

D. The maximum exposure to credit risk at June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 was the carrying amount of each class of accounts receivable.

E. The Group does not hold any collateral as security.

(5) Other receivables

	June 30, 2013	December 31, 2012
Tax refund receivable	$ 35,124,286	$ 30,598,424
Receivable from purchases made on behalf of related parties	5,077,469	2,647,448
Others	8,179,211	4,990,103
	$ 48,380,966	$ 38,235,975

	June 30, 2012	January 1, 2012
Tax refund receivable	$ 22,236,809	$ 25,442,053
Receivable from purchases made on behalf of related parties	1,922,431	1,564,834
Others	8,116,627	7,673,009
	$ 32,275,867	$ 34,679,896

The counterparties of the Group’s other accounts receivable are good credit quality enterprises and government agencies. There is no significant compliance concerns and credit risk.

(6) Inventories

	June 30, 2013	December 31, 2012
Raw materials and supplies	$ 106,503,978	$ 87,707,668
Work in process	67,098,092	103,684,540
Finished goods	158,260,978	156,262,122
Inventory in transit	13,558,296	20,496,593
	345,421,344	368,150,923
Less: Allowance for inventory obsolescence and market price decline	(19,998,285)	(18,268,280)
	$ 325,423,059	$ 349,882,643

	June 30, 2012	January 1, 2012
Raw materials and supplies	$ 87,649,967	$ 95,943,901
Work in process	61,218,847	73,841,392
Finished goods	149,746,567	196,627,104
Inventory in transit	27,826,972	29,648,996
	326,442,353	396,061,393
Less: Allowance for inventory obsolescence and market price decline	(16,472,505)	(15,539,599)
	$ 309,969,848	$ 380,521,794

Expenses and losses incurred on inventories for the three-month and six-month periods ended June 30, 2013 and 2012 were as follows:

	For the three-month periods ended June 30, 2013	For the three-month periods ended June 30, 2012
Cost of inventories sold	$ 849,114,723	$ 836,334,076
(Gain from price recovery) loss on inventory obsolescence and market price decline	(4,224,957)	1,632,292
Revenue from sale of scraps	(1,672,312)	-
Others	467,117	13,736
	$ 843,684,571	$ 837,980,104

	For the six-month periods ended June 30, 2013	For the six-month periods ended June 30, 2012
Cost of inventories sold	$ 1,607,796,753	$ 1,789,374,232
Loss on inventory obsolescence and market price decline	487,292	1,561,596
Revenue from sale of scraps	(1,672,312)	-
Others	171,702	(77,918)
	$ 1,606,783,435	$ 1,790,857,910

(7) Other current assets

	June 30, 2013	December 31, 2012
Pledged time deposits	$ 49,188	$ 947,222
Time deposits with maturity over three months	1,129,274	-
Refundable deposits	1,160,301	-
	$ 2,338,763	$ 947,222

	June 30, 2012	January 1, 2012
Pledged time deposits	$ 58,416,794	$ 46,741,750

(8) Financial assets carried at cost

Items	June 30, 2013	December 31, 2012
Non-current items:		
Unlisted stocks	$ 9,411,632	$ 8,591,982

Items	June 30, 2012	January 1, 2012
Non-current items:		
Unlisted stocks	$ 4,028,922	$ 4,018,056

A. According to the Group's intension, its investment in above Corporation stocks should be classified as 'available-for-sale financial assets'. However, as the above Corporation stocks are not traded in active market, and no sufficient industry information of companies similar to above Corporation or above Corporation's financial information can be obtained, the fair value of the investment in above Corporation stocks cannot be measured reliably. The Group classified those stocks as 'financial assets carried at cost'.

B. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, no financial assets measured at cost held by the Group were pledged to others.

(9) Investments accounted for under the equity method

	June 30, 2013	December 31, 2012
Foxconn Technology Co., Ltd.	$ 19,762,409	$ 18,671,104
Zhen Ding Technology Holding Limited	9,126,407	8,444,318
Pan International Industrial Corporation	2,969,215	2,959,223
G-Tech Optoelectronics Corporation	2,852,556	2,943,407
Ways Technical Corp., Ltd.	747,216	722,359
CyberTAN Technology Inc.	547,716	540,819
Others	7,536,719	7,677,713
	$ 43,542,238	$ 41,958,943

	June 30, 2012	January 1, 2012
Foxconn Technology Co., Ltd.	$ 15,590,357	$ 16,680,857
Zhen Ding Technology Holding Limited	8,126,380	7,644,526
Pan International Industrial Corporation	2,801,607	2,797,361
G-Tech Optoelectronics Corporation	2,405,580	2,440,357
Ways Technical Corp., Ltd.	984,679	1,140,685
CyberTAN Technology Inc.	537,409	583,309
Others	7,131,266	6,504,963
	$ 37,577,278	$ 37,792,058

The investment using the equity method, and some of the amounts were based on the financial statements of the investee companies for the same periods which were not audited or reviewed by accountants. The consolidated financial information for the aforementioned unaudited or unreviewed investee companies includes the related investments of $8,201,210 and $8,472,232, constituting 0.42% and 0.44% of the consolidated total assets as of June 30, 2013 and 2012, respectively and the share of profit of associates and joint ventures accounted for under equity method of $527,950, $699,946, $448,716, and $61,888, constituting 2.11%, 5.91%, 0.76%, and 0.38% of the consolidated comprehensive income for the three-month and six-month periods ended June 30, 2013 and 2012, respectively.

The financial information and quoted market price of the Group's principal associates are summarized below:

	% interest held	Assets	Liabilities	Revenue	Profit/(Loss)	Fair value
June 30, 2013						
Foxconn Technology Co., Ltd.	30%	$ 90,248,552	$ 24,371,044	$ 37,737,247	$ 3,015,880	$ 26,987,532
Zhen Ding Technology Holding Limited	41%	58,219,728	36,435,599	24,688,439	1,864,495	20,526,156
Pan International Industrial Corporation	27%	18,705,570	7,175,026	6,518,558	160,339	3,153,868
G-Tech Optoelectronics Corporation	28%	18,497,134	8,599,333	6,099,808	(347,788)	3,919,697
Ways Technical Corp., Ltd. (Note)	13%	7,490,097	3,759,320	1,988,211	138,563	813,473
CyberTAN Technology Inc.	11%	8,656,032	3,565,393	5,542,524	126,516	871,026
December 31, 2012						
Foxconn Technology Co., Ltd.	30%	$ 107,450,183	$ 46,371,312	$ 133,616,593	$ 8,346,276	$ 33,159,570
Zhen Ding Technology Holding Limited	41%	60,400,747	40,088,733	55,368,788	4,055,852	21,456,435
Pan International Industrial Corporation	27%	19,448,878	8,032,587	17,523,052	577,873	3,654,697
G-Tech Optoelectronics Corporation	28%	20,006,396	9,654,438	9,373,868	670,384	5,550,466
Ways Technical Corp., Ltd.	13%	6,917,101	3,358,064	5,760,802	460,853	996,262
CyberTAN Technology Inc.	11%	7,393,095	2,407,448	9,719,472	60,054	876,294

Note: The investee company, an emerging company in Taiwan, has not released 2013 semi-annual financial information before August 13, 2013. Thus, the net income for the first quarter of the investee company should be disclosed instead.

	% interest held	Assets	Liabilities	Revenue	Profit/(Loss)	Fair value
June 30, 2012						
Foxconn Technology Co., Ltd.	30%	$ 87,380,454	$ 33,838,305	$ 39,765,116	$ 526,946	$ 37,953,423
Zhen Ding Technology Holding Limited	41%	55,380,137	37,091,326	24,553,009	1,855,644	28,088,424
Pan International Industrial Corporation	27%	19,017,441	8,302,154	7,912,104	148,745	3,938,951
G-Tech Optoelectronics Corporation	31%	14,466,963	7,041,632	3,415,760	356,271	6,442,636
Ways Technical Corp., Ltd.	17%	5,671,994	2,244,414	2,383,060	184,110	1,182,532
CyberTAN Technology Inc.	11%	8,060,787	3,091,169	4,650,500	35,296	806,050
January 1, 2012						
Foxconn Technology Co., Ltd.	30%	$ 98,084,775	$ 43,770,574	$ -	$ -	$ 32,932,026
Zhen Ding Technology Holding Limited	43%	54,090,528	36,259,248	-	-	15,664,698
Pan International Industrial Corporation	27%	16,185,521	5,444,521	-	-	3,451,570
G-Tech Optoelectronics Corporation	31%	12,928,128	5,407,827	-	-	4,643,670
Ways Technical Corp., Ltd.	21%	6,467,010	2,913,090	-	-	1,824,416
CyberTAN Technology Inc.	11%	8,953,873	3,584,961	-	-	930,733

(10) Property, plant and equipment

At January 1, 2013	Land	Buildings and improvements	Machinery and equipment	Molding equipment	Others	Construction in progress	Total
Cost	$ 3,900,934	$ 166,307,528	$ 285,431,007	$ 31,318,103	$ 91,811,531	$ 30,700,726	$ 609,469,829
Accumulated depreciation and impairment	-	(39,502,668)	(105,825,506)	(10,516,820)	(48,469,759)	-	(204,314,753)
	$ 3,900,934	$ 126,804,860	$ 179,605,501	$ 20,801,283	$ 43,341,772	$ 30,700,726	$ 405,155,076

Six-month period ended June 30, 2013	Land	Buildings and improvements	Machinery and equipment	Molding equipment	Others	Construction in progress	Total
Opening net book amount	$ 3,900,934	$ 126,804,860	$ 179,605,501	$ 20,801,283	$ 43,341,772	$ 30,700,726	$ 405,155,076
Additions	-	-	4,816,194	1,411,101	1,052,076	3,879,434	11,158,805
Transfer	-	8,980,567	8,494,376	24,667	622,639	(14,781,926)	3,340,323
Disposals	(371)	(296,396)	(463,278)	(14,222)	(299,165)	-	(1,073,432)
Depreciation charge	-	(4,124,350)	(20,685,899)	(3,435,114)	(8,596,408)	-	(36,841,771)
Impairment loss	-	-	(35,376)	-	-	-	(35,376)
Net exchange differences	(11,976)	837,172	7,601,429	623,356	4,802,308	4,131,866	17,984,155
Closing net book amount	$ 3,888,587	$ 132,201,853	$ 179,332,947	$ 19,411,071	$ 40,923,222	$ 23,930,100	$ 399,687,780

At June 30, 2013	Land	Buildings and improvements	Machinery and equipment	Molding equipment	Others	Construction in progress	Total
Cost	$ 3,888,587	$ 169,394,809	$ 302,562,742	$ 31,655,085	$ 91,135,603	$ 23,930,100	$ 622,566,926
Accumulated depreciation and impairment	-	(37,192,956)	(123,229,795)	(12,244,014)	(50,212,381)	-	(222,879,146)
	$ 3,888,587	$ 132,201,853	$ 179,332,947	$ 19,411,071	$ 40,923,222	$ 23,930,100	$ 399,687,780

At January 1, 2012	Land	Buildings and improvements	Machinery and equipment	Molding equipment	Others	Construction in progress	Total
Cost	$ 4,225,808	$ 151,455,281	$ 246,249,077	$ 29,013,358	$ 88,059,261	$ 29,270,077	$ 548,272,862
Accumulated depreciation and impairment	-	(31,385,787)	(89,805,376)	(12,519,084)	(46,396,523)	-	(180,106,770)
	$ 4,225,808	$ 120,069,494	$ 156,443,701	$ 16,494,274	$ 41,662,738	$ 29,270,077	$ 368,166,092
Six-month period ended June 30, 2012							
Opening net book amount	$ 4,225,808	$ 120,069,494	$ 156,443,701	$ 16,494,274	$ 41,662,738	$ 29,270,077	$ 368,166,092
Additions	12,301	2,193,254	6,161,258	4,595,625	2,679,710	11,184,508	26,826,656
Transfer	-	1,105,224	4,211,720	1,691	806,925	(5,370,472)	755,088
Disposals	-	(81,085)	(1,323,852)	(1,600)	(1,163,976)	-	(2,570,513)
Depreciation charge	-	(3,439,783)	(16,686,027)	(5,522,455)	(7,260,493)	-	(32,908,758)
Impairment loss	-	-	(1,780,642)	-	-	-	(1,780,642)
Net exchange differences	(69,507)	(268,101)	(216,242)	(613,232)	(43,590)	(76,008)	(1,286,680)
Closing net book amount	$ 4,168,602	$ 119,579,003	$ 146,809,916	$ 14,954,303	$ 36,681,314	$ 35,008,105	$ 357,201,243
At June 30, 2012							
Cost	$ 4,168,602	$ 154,587,408	$ 247,745,283	$ 32,995,842	$ 84,856,363	$ 35,008,105	$ 559,361,603
Accumulated depreciation and impairment	-	(35,008,405)	(100,935,367)	(18,041,539)	(48,175,049)	-	(202,160,360)
	$ 4,168,602	$ 119,579,003	$ 146,809,916	$ 14,954,303	$ 36,681,314	$ 35,008,105	$ 357,201,243

(11) Investment property

	Buildings and improvements	
	2013	2012
At January 1	$ 1,631,839	$ 1,684,567
Cost	(400,836)	(339,227)
Accumulated depreciation and impairment	$ 1,231,003	$ 1,345,340
Opening net book amount	$ 1,231,003	$ 1,345,340
Transfer	1,185,498	-
Depreciation charge	(72,353)	(36,345)
Net exchange differences	81,144	(24,689)
Closing net book amount	$ 2,425,292	$ 1,284,306
At June 30		
Cost	$ 3,215,379	$ 1,653,932
Accumulated depreciation and impairment	(790,087)	(369,626)
	$ 2,425,292	$ 1,284,306

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	For the three-month periods ended June 30,	
	2013	2012
Rental revenue from the lease of the investment property	$ 46,835	$ 23,004
Direct operating expenses arising from the investment property that generated rental income for the period	$ 36,377	$ 18,127

	For the six-month periods ended June 30,	
	2013	2012
Rental revenue from the lease of the investment property	$ 84,526	$ 46,128
Direct operating expenses arising from the investment property that generated rental income for the period	$ 72,353	$ 36,345

B. The fair value of the investment property held by the Group as at June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 was $2,877,911, $1,421,325, $1,460,057 and $1,504,989, respectively, which was revalued by independent appraisers. Valuations were made using the market approach.

(12) Intangible assets

	Goodwill	Patents	Total
At January 1, 2013			
Cost	$ 505,969	$ 3,448,500	$ 3,954,469
Accumulated amortization and impairment	-	-	-
	$ 505,969	$ 3,448,500	$ 3,954,469
Six-month period ended June 30, 2013			
Opening net book amount	$ 505,969	$ 3,448,500	$ 3,954,469
Amortization charge	-	(211,026)	(211,026)
Net exchange differences	16,726	111,653	128,379
Closing net book amount	$ 522,695	$ 3,349,127	$ 3,871,822
At June 30, 2013			
Cost	$ 522,695	$ 3,562,500	$ 4,085,195
Accumulated amortization and impairment	-	(213,373)	(213,373)
	$ 522,695	$ 3,349,127	$ 3,871,822

	Goodwill	Total
At January 1, 2012		
Cost	$ 695,266	$ 695,266
Accumulated amortization and impairment	-	-
	$ 695,266	$ 695,266
Six-month period ended June 30, 2012		
Opening net book amount	$ 695,266	$ 695,266
Net exchange differences	(144,100)	(144,100)
Closing net book amount	$ 551,166	$ 551,166
At June 30, 2012		
Cost	$ 551,166	$ 551,166
Accumulated amortization and impairment	-	-
	$ 551,166	$ 551,166

A. The above amount mainly represents goodwill arising from the Group acquisition of Scientific-Atlanta de Mexico S. de R.L. de C.V. in 2011.

B. The above amount mainly represents patents obtaining NEC panel patent in September, 2012.

C. The details of amortization are as follows:

	For the three-month periods ended June 30,	
	2013	2012
Operating costs	$ 106,188	$ -

	For the six-month periods ended June 30,	
	2013	2012
Operating costs	$ 211,026	$ -

(13) Other non-current assets

	June 30, 2013	December 31, 2012
Long-term prepaid rent	$ 18,995,346	$ 18,493,237
Prepayments for equipment	636,521	5,308,218
Other financial assets - non-current	34,400	854,748
Others	5,277,794	4,854,402
	$ 24,944,061	$ 29,510,605

	June 30, 2012	January 1, 2012
Long-term prepaid rent	$ 18,760,065	$ 21,300,084
Prepayments for equipment	1,897,754	2,309,167
Others	4,477,243	3,730,882
	$ 25,135,062	$ 27,340,133

Long-term prepaid rent pertains mainly to the rental for land use rights in China which was paid in advance when the contract was signed. The Group recognized rental expenses of $114,834, $99,417, $212,378, and $194,480 for the three-month and six-month periods ended June 30, 2013 and 2012, respectively.

(14) Short-term loans

Type of loans	June 30, 2013	Interest rate range	Collateral
Bank loans			
Secured loans	$ 9,866	8.04%	Time deposits and cash
Credit loans	357,211,646	0.45%~5.6%	None
	$ 357,221,512		

Type of loans	December 31, 2012	Interest rate range	Collateral
Bank loans			
Secured loans	$ 20,805	6.9%	Time deposits and cash
Credit loans	297,551,360	0.3354%~5.85%	None
	$ 297,572,165		

Type of loans	June 30, 2012		Interest rate range	Collateral
Bank loans				
Secured loans	$	97,899,240	1.09%~3.859%	Time deposits and cash
Credit loans		375,686,510	0.597%~3.67%	None
	$	473,585,750		

Type of loans	January 1, 2012		Interest rate range	Collateral
Bank loans				
Secured loans	$	70,661,246	0.89%~3.6%	Time deposits and cash
Credit loans		189,861,503	0.55%~3.33%	None
	$	260,522,749		

A. On June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, FOXCONN SLOVAKIA, SPOL S.R.O., a subsidiary of the Company, entered into a short-term loan contract with a financial institution, and the Company is a guarantor of the loan amounting to EUR 131 million, EUR 251 million, EUR 331 million, and EUR 536 million, respectively.

B. On June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, COMPETITION TEAM TECHNOLOGIES LIMITED, a subsidiary of the Company, entered into a short-term loan contract with a financial institution, and the Company is a guarantor of the loan amounting to RMB 1,500 million, RMB 1,500 million, RMB 0, and RMB 0, respectively.

C. On June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, FALCON PRECISION TRADING LIMITED, a subsidiary of the Company, entered into a short-term loan contract with a financial institution, and the Company is a guarantor of the loan amounting to RMB 1,500 million, RMB 0, RMB 0, and RMB 0, respectively.

(15) Short-term notes and bills payable

	June 30, 2013		December 31, 2012	
Commercial paper	$	5,600,000	$	8,000,000
Less: unamortized discount	(	6,243)	(	8,403)
	$	5,593,757	$	7,991,597
Interest rates per annum		0.838%~0.938%		0.948%~1.028%

	June 30, 2012		January 1, 2012	
Commercial paper	$	5,500,000	$	8,000,000
Less: unamortized discount	(	5,510)	(	10,688)
	$	5,494,490	$	7,989,312
Interest rates per annum		1.050%~1.090%		0.998%~1.158%

(16) Other payables

	June 30, 2013	December 31, 2012
Awards and salaries payable	$ 43,372,962	$ 46,680,969
Payables for equipment	26,827,183	49,996,281
Consumption goods expense payable (including indirect materials)	18,701,111	15,697,913
Dividends payable	17,753,800	-
Royalty fees payable	13,313,253	18,565,601
Tax payable (excluding VAT)	3,979,616	4,098,884
Employees' bonuses payable	2,399,772	6,822,891
Others	11,849,840	54,405,015
	$ 138,197,537	$ 196,267,554

	June 30, 2012	January 1, 2012
Awards and salaries payable	$ 29,635,630	$ 27,628,304
Payables for equipment	28,246,181	28,177,904
Dividends payable	16,033,645	-
Royalty fees payable	11,284,319	19,727,839
Consumption goods expense payable (including indirect materials)	4,831,341	4,442,314
Tax payable (excluding VAT)	2,404,193	2,507,583
Employees' bonuses payable	1,982,411	5,874,552
Others	43,683,790	34,787,358
	$ 138,101,510	$ 123,145,854

(17) Other current liabilities

	June 30, 2013	December 31, 2012
Receipts in advance	$ 28,221,177	$ 27,681,170
Deferred income	6,657,707	7,951,229
Bonds payable expiring within one year	33,214,627	31,931,536
Long-term loans expiring within one year	31,008,600	18,295,200
Others	4,294,666	3,583,255
	$ 103,396,777	$ 89,442,390

	June 30, 2012	January 1, 2012
Receipts in advance	$ 5,686,136	$ 5,584,781
Deferred income	12,520,313	14,114,569
Bonds payable expiring within one year	3,000,000	3,000,000
Others	1,336,069	3,180,188
	$ 22,542,518	$ 25,879,538

(18) Bonds payable

	June 30, 2013	December 31, 2012
Convertible bonds payable		
2010 1st unsecured euro convertible bonds payable	$ 31,251,000	$ 31,251,000
Less: Discount on bonds payable	(203,520)	(557,938)
Exchange loss	(1,242,853)	(2,171,526)
	29,804,627	28,521,536
Corporate bonds payable		
First unsecured corporate bonds issue in 2005	2,500,000	2,500,000
First debenture issue of 2009	6,820,000	6,820,000
First debenture issue of 2010	6,000,000	6,000,000
First debenture issue of 2011	6,000,000	6,000,000
Second debenture issue of 2011	7,050,000	7,050,000
Third debenture issue of 2011	4,950,000	4,950,000
First debenture issue of 2012	9,000,000	9,000,000
Second debenture issue of 2012	6,000,000	6,000,000
Third debenture issue of 2012	8,000,000	8,000,000
Fourth debenture issue of 2012	3,300,000	3,300,000
First debenture issue of 2013	11,050,000	-
	70,670,000	59,620,000
Foreign corporate bonds		
Foreign unsecured corporate bonds USD-denominated	19,500,000	18,876,000
Less: Discount on bonds payable	(98,101)	(105,539)
Foreign unsecured corporate bonds JPY-denominated	3,030,000	-
Foreign unsecured corporate bonds JPY-denominated	1,212,000	-
	23,643,899	18,770,461
Total	124,118,526	106,911,997
Less: Current portion	(33,214,627)	(31,931,536)
Bonds payable – long-term	$ 90,903,899	$ 74,980,461

	June 30, 2012	January 1, 2012
Convertible bonds payable		
2010 1st unsecured euro convertible bonds payable	$ 31,251,000	$ 31,251,000
Less: Discount on bonds payable	(913,111)	(1,260,384)
Exchange loss	(1,330,942)	(931,839)
	29,006,947	29,058,777
Corporate bonds payable		
First unsecured corporate bonds issue in 2005	5,500,000	5,500,000
First debenture issue of 2009	6,820,000	6,820,000
First debenture issue of 2010	6,000,000	6,000,000
First debenture issue of 2011	6,000,000	6,000,000
Second debenture issue of 2011	7,050,000	7,050,000
Third debenture issue of 2011	4,950,000	4,950,000
First debenture issue of 2012	9,000,000	-
Second debenture issue of 2012	6,000,000	-
	51,320,000	36,320,000
Total	80,326,947	65,378,777
Less: Current portion	(3,000,000)	(3,000,000)
Bonds payable – long-term	$ 77,326,947	$ 62,378,777

A. 2010 1st unsecured euro convertible bonds

(a) On August 18, 2010, following the approval from the SFB, the Company issued the 1st unsecured euro zero coupon convertible bonds in the amount of US$1 billion. These convertible bonds cover a period of three years from October 12, 2010 to October 12, 2013.

(b) The conversion price shall be adjusted based on the terms of the convertible bonds. As of June 30, 2013, the convertible bonds have not been converted. The adjusted conversion price was $111.592 (in dollars) per share with a fixed exchange rate applicable on bonds of NTD$31.251=USD$1.

(c) Under the terms of the convertible bonds, all the repurchased, previously redeemed or converted bonds will be retired and not to be re-issued.

(d) Under the terms of the convertible bonds, the rights and obligations of the new shares converted from convertible bonds are the same as those of the issued and outstanding common stock.

(e) The effective interest rate of the bonds was 2.02%.

(f) Regarding the issuance of convertible bonds, the non-equity conversion options were separated from their host contracts and were recognized in ‘financial liabilities at fair value through profit or loss’ in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts.

(g) First unsecured corporate bonds issue in 2010 had been reclassified to "Current liabilities" in the fourth quarter of 2012.

B. First unsecured corporate bonds issue in 2005

On September 14, 2005, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $11,500,000. As of June 30, 2013, Bond Aa to Af, Bond Ba to Bf and Bond Ca to Cf had been redeemed in the amount of $9,000,000. The amount of the unredeemed bonds is $2,500,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Normal interest rate	Payment term
Bond Da to De	September 2005	10 years	$ 500,000	2.37%	Principal is due at maturity. Interest is paid annually at simple interest rate.

C. First debenture issue of 2009

(a) On January 12, 2009, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $6,820,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Normal interest rate	Payment term
October 2009	5 years	$ 6,820,000	1.72%	Pay half of principal each in the fourth and fifth year. Interest is paid annually at simple interest rate.

(b) 2009 1st unsecured corporate bonds payable of $3,410,000 had been reclassified to "Current liabilities" in the fourth quarter of 2012.

D. First debenture issue of 2010

On December 17, 2010, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $6,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Normal interest rate	Payment term
December 2010	5 years	$ 6,000,000	1.43%	Pay half of principal each in the fourth and fifth year. Interest is paid annually at simple interest rate.

E. First debenture issue of 2011

On January 7, 2011, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $6,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Normal interest rate	Payment term
March 2011	5 years	$ 6,000,000	1.47%	Pay half of principal each in the fourth and fifth year. Interest is paid annually at simple interest rate.

F. Second debenture issue of 2011

On June 1, 2011, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $7,050,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Normal interest rate	Payment term
Bond A	June 2011	5 years	$ 3,000,000	1.43%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	June 2011	7 years	$ 2,650,000	1.66%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond C	June 2011	10 years	$ 1,400,000	1.82%	Principal is due at maturity. Interest is paid annually at simple interest rate.

G. Third debenture issue of 2011

On July 6, 2011, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $4,950,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Normal interest rate	Payment term
July 2011	5 years	$ 4,950,000	1.51%	Principal is due at maturity. Interest is paid annually at simple interest rate.

H. First debenture issue of 2012

On December 28, 2011, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $9,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Normal interest rate	Payment term
March 2012	5 years	$ 9,000,000	1.34%	Principal is due at maturity. Interest is paid annually at simple interest rate.

I. Second debenture issue of 2012

On May 11, 2012, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $6,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Normal interest rate	Payment term
May 2012	5 years	$ 6,000,000	1.43%	Principal is due at maturity. Interest is paid annually at simple interest rate.

J. Third debenture issue of 2012

On July 27, 2012, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $8,000,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Normal interest rate	Payment term
August 2012	3 years	$ 8,000,000	1.18%	Principal is due at maturity. Interest is paid annually at simple interest rate.

K. Fourth debenture issue of 2012

On September 28, 2012, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $3,300,000. The terms of these domestic unsecured bonds are summarized as follows:

Issuance date	Period	Amount	Normal interest rate	Payment term
October 2012	5 years	$ 3,300,000	1.35%	Principal is due at maturity. Interest is paid annually at simple interest rate.

L. First debenture issue of 2013

On January 7, 2013, following the approval from the SFB, the Company issued domestic unsecured bonds in the amount of $11,050,000. The terms of these domestic unsecured bonds are summarized as follows:

Type of bonds	Issuance date	Period	Amount	Normal interest rate	Payment term
Bond A	January 2013	5 years	$ 7,450,000	1.33%	Principal is due at maturity. Interest is paid annually at simple interest rate.
Bond B	January 2013	7 years	3,600,000	1.45%	Principal is due at maturity. Interest is paid annually at simple interest rate.

M. Foreign unsecured corporate bonds USD-denominated

On December 13, 2012, Competition Team Technologies Ltd., a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of US$650 million, and the Company is the guarantor of the bonds. The terms of these foreign unsecured corporate bonds are summarized as follows:

Issuance date	Period	Amount	Normal interest rate
December 2012	5 years	USD 650 million	2.125%

N. Foreign unsecured corporate bonds JPY-denominated

On March 21, 2013, Foxconn (Far East) Limited, a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of JPY 10 billion, and the Company is the guarantor of the bonds. The terms of these foreign unsecured corporate bonds are summarized as follows:

Issuance date	Period	Amount	Normal interest rate	Payment term
March 2013	3 years	JPY 10 billion	1.28%	Principal is due at maturity. Interest is paid annually at simple interest rate.

O. Foreign unsecured corporate bonds JPY-denominated

On March 21, 2013, Foxconn (Far East) Limited, a subsidiary of the Company, issued foreign unsecured corporate bonds in the amount of JPY 4 billion, and the Company is the guarantor of the bonds. The terms of these foreign unsecured corporate bonds are summarized as follows:

Issuance date	Period	Amount	Normal interest rate	Payment term
March 2013	3 years	JPY 4 billion	Value by floating rate 3-month LIBOR plus 1.10%	Principal is due at maturity. Interest is paid annually at simple interest rate.

(19) Long-term loans

Institution	Loan period	Interest rate range	Collateral	June 30, 2013
Mizuho Corporate Bank Ltd., etc. syndicated loan	2008/08/21~2013/08/21	0.7%	None	$ 12,150,000
〃	2008/09/11~2013/09/11	0.6425%	〃	3,375,000
〃	2011/03/31~2014/03/31	0.6651%	〃	15,483,600
ING Bank, N.V. etc. syndicated loan	2010/10/22~2015/10/22	0.623%	〃	5,676,750
China Development Industrial Bank	2011/08/12~2014/08/12	1.4100%	〃	2,000,000
First Commercial Bank	2011/11/30~2026/11/30	1.6803%	〃	783,000
Mizuho Corporate Bank Ltd., etc. syndicated loan	2012/06/28~2015/06/28	1.07818%	〃	3,365,188
Citibank	2012/09/21~2015/09/20	1.87275%	〃	1,388,984
ING Bank, N.V. etc. syndicated loan	2013/01/7~2020/07/29	1.79%	〃	1,171,802
				45,394,324
Less: Current portion				(31,008,600)
				$ 14,385,724

Institution	Loan period	Interest rate range	Collateral	December 31, 2012
Mizuho Corporate Bank Ltd., etc. syndicated loan	2008/8/21~2013/8/21	0.6570%	None	$ 11,761,200
〃	2008/9/11~2013/9/11	0.6610%	〃	6,534,000
〃	2011/3/31~2014/3/31	0.7685%	〃	17,156,400
ING Bank, N.V. etc. syndicated loan	2010/10/22~2015/10/22	0.6380%	〃	5,581,050
China Development Industrial Bank	2011/8/12~2014/8/12	1.4100%	〃	2,000,000
First Commercial Bank	2011/11/30~2026/11/30	1.6803%	〃	763,000
Mizuho Corporate Bank Ltd., etc. syndicated loan	2012/6/28~2015/6/28	1.1773%	〃	3,742,703
Citibank	2012/9/21~2015/9/20	1.9100%	〃	1,464,804
				49,003,157
Less: Current portion				(18,295,200)
				$ 30,707,957

Institution	Loan period	Interest rate range	Collateral	June 30, 2012
Mizuho Corporate Bank Ltd., etc. syndicated loan	2008/8/21~2013/8/21	0.6388%	None	$ 12,101,400
〃	2008/9/11~2013/9/11	0.6888%	〃	10,084,500
〃	2011/3/31~2014/3/31	0.6960%	〃	19,145,400
ING Bank, N.V. etc. syndicated loan	2010/10/22~2015/10/22	0.871%	〃	5,446,200
China Development Industrial Bank	2011/8/12~2014/8/12	1.4100%	〃	2,000,000
First Commercial Bank	2011/11/30~2026/11/30	1.6803%	〃	591,000
Mizuho Corporate Bank Ltd., etc. syndicated loan	2012/6/28~2015/6/28	1.18455%	〃	4,136,334
				$ 53,504,834

Institution	Loan period	Interest rate range	Collateral	January 1, 2012
Mizuho Corporate Bank Ltd., etc. syndicated loan	2008/8/21~2013/8/21	0.7800%	None	$ 12,263,400
〃	2008/9/11~2013/9/11	0.8300%	〃	13,626,000
〃	2011/3/31~2014/3/31	0.7729%	〃	19,920,600
ING Bank, N.V. etc. syndicated loan	2010/10/22~2015/10/22	1.8040%	〃	5,681,100
China Development Industrial Bank	2011/8/12~2014/8/12	1.4100%	〃	2,000,000
First Commercial Bank	2011/11/30~2026/11/30	1.6803%	〃	109,000
				$ 53,600,100

A. In 2008, Foxconn (Far East) Limited, a subsidiary of the Company, entered into a syndicated credit facility agreement with Mizuho Corporate Bank Ltd. as the lead bank and obtained a credit line in the amount of US$ 1,035 million, of which US$ 405 million had been repaid in advance. As of June 30, 2013, the credit line is US$ 517.5 million, and the Company is the guarantor of the loan.

B. Part of the syndicated loan with Mizuho Corporate Bank Ltd. as the lead bank, amounting to US$ 517.5 million, had been reclassified to ‘current liabilities’ in the first quarter of 2013.

C. The Company entered into a syndicated credit facility agreement with Mizuho Coporate Bank Ltd., etc. as the lead bank and obtained a credit line in the amount of JPY 51 billion on March 21, 2011.

D. Foxconn Slovakia, SPOL. S.R.O., a subsidiary of the Company, entered into a syndicated credit facility agreement with ING Bank N.V. as the lead bank and obtained a credit line in the amount of EUR 410 million, of which EUR 265 million had been repaid in advance. As of June 30, 2013, the credit line is EUR 145 million, and the Company is the guarantor of the loan.

E. The Company entered into a comprehensive credit contract with China Development Industrial Bank on August 3, 2011, and obtained a credit line in the amount of $2 billion.

F. The Company's subsidiary Syntrend Creative Park Co. Ltd., a subsidiary of the Company, entered into a comprehensive credit contract with First Commercial Bank on April 18, 2011, and obtained a credit line in the amount of $2.5 billion.

G. Honfujin Precision Electronics (Chengdu) Limited, a subsidiary of the Company, entered into a syndicated credit facility agreement with Mizuho Coporate Bank Ltd. and Sumitomo Mitsui Banking Corporation on June 11, 2012, and obtained a credit line in the amount of JPY 11 billion. The Company is the guarantor of the loan.

H. Honfujin Precision Electronics (Chengdu) Limited, a subsidiary of the Company, entered into a U.S. dollar regular loan commitment agreement with Citibank (China) Ltd., and obtained a credit line of US$50 million on September 21, 2012, and the Company is the guarantor of the loan.

I. The Company entered into a comprehensive credit facility agreement with ING Bank, N.V. etc. as the lead bank and obtained a credit line of JPY 417 million.

J. Throughout the term of Mizuho Corporate Bank Ltd., ING Bank, N.V., Citibank (China) Ltd., China Development Industrial Bank, etc. syndicated term loan agreement, the Group shall maintain the agreed financial ratios, to be tested semi-annually and annually on consolidated basis.

(20) Pensions

A. Defined benefit plans

(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognized in the balance sheet are determined as follows:

	December 31, 2012	January 1, 2012
Present value of funded obligations	$ 2,174,055	$ 1,946,661
Fair value of plan assets	(645,316)	(621,909)
	1,528,739	1,324,752
Present value of unfunded obligations	-	-
Unrecognised actuarial losses/(gains)	-	-
Unrecognised past service cost	-	-
Net liability in the balance sheet	$ 1,528,739	$ 1,324,752

(c) The Group recognized pension expenses of $13,635, $14,179, $27,270 and $28,358 in the statement of comprehensive income for the three-month and six-month periods ended June 30, 2013 and 2012, respectively.

(d) As of December 31, 2012 and January 1, 2012, cumulative actuarial losses/(gains) recognized in other comprehensive income were $193,854 and $0, respectively.

(e) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of June 30, 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

(f) The principal actuarial assumptions used were as follows:

	2012	2011
Discount rate	1.50%	1.75%
Future salary increases	3.00%	3.00%
Expected return on plan assets	1.50%	1.75%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

(g) Historical information of experience adjustments was as follows:

	January 1, 2012
Present value of defined benefit obligation	$ 2,174,055
Fair value of plan assets	(645,316)
Surplus/(deficit) in the plan	$ 1,528,739
Experience adjustments on plan liabilities	$ 103,383
Experience adjustments on plan assets	$ 5,387

(h) Expected contributions to the defined benefit pension plans of the Group within one year from June 30, 2013 is $49,135.

B. Defined contribution plans

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The subsidiaries in mainland China have defined contribution pension plans and contribute an amount monthly based on 8%~9% of employees' monthly salaries and wages to an independent fund administered by a government agency. The plan is administered by the government of mainland China. Other than the monthly contributions, the Group do not have further pension liabilities.

(c) The pension costs under the defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2013 and 2012 were $4,872,555, $3,547,167, $8,919,380 and $6,824,581, respectively.

(21) Share-based payment

As of June 30, 2013 and 2012, the share-based payment transactions of FIH Mobile Limited (formerly: Foxconn International Holdings Limited), a subsidiary of the Company (listed on the Stock Exchange of Hong Kong), are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	July 8, 2011	256,159,719	1~3 years	Note (1)
Other share-based payment plans	December 29, 2006	5,748,145	-	Note (2)
"	July 24, 2007	502,090	-	Note (3)
"	December 28, 2007	20,459,322	-	Note (4)
"	October 29, 2009	26,161,489	-	"
"	April 27, 2010	9,435,264	-	"
"	November 19, 2010	25,616,428	-	"
"	December 29, 2010	35,573,029	-	"
"	April 29, 2011	3,302,725	-	"
"	July 8, 2011	5,138,266	-	"
"	October 18, 2011	21,948,624	-	"
"	December 29, 2011	62,423,773	-	Note (5)
"	December 28, 2012	135,564,990	-	Note (6)
"	April 22, 2013	10,633,361	-	Note (7)

Note 1: Vested upon completion of certain years' service.

Note 2: Of the shares granted, 2,737,718 shares cannot be sold within 1 to 3 years from the grant date.

Note 3: Of the shares granted, 407,000 shares cannot be sold within 1 to 2 years from the grant date.

Note 4: Of the shares granted, 20,362,078 shares cannot be sold within 1 to 3 years from the grant date.

Note 5: Of the shares granted, 13,939,379 shares cannot be sold within 1 to 2 years from the grant date.

Note 6: Of the shares granted, 14,934,766 shares cannot be sold within 1 to 2 years from the grant date.

Note 7: Of the shares granted, 6,210,640 shares cannot be sold within 1 to 2 years from the grant date.

A. Employee stock options

For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The weighted-average parameters used in the estimation of the fair value are as follows:

Grant date	Stock price (HK$)	Exercise price (HK$)	Exercise price volatility	Expected dividend yield rate	Risk-free interest rate	Fair value per share (US$)
July 8, 2011	$ 3.62	$ 3.62	37%	-	0.297%~0.667%	$ 0.11

(a) For the six-month periods ended June 30, 2013 and 2012, the weighted-average exercise price of employee stock options outstanding were US$0.53 and US$0.71 (in dollars) per share, respectively. For the three-month and six-month periods ended June 30, 2013 and 2012, expenses incurred on employee stock options transactions were $22,447 (US$752 thousand), $62,510 (US$2,110 thousand), $43,496 (US$1,466 thousand) and $118,584 (US$3,998 thousand), respectively.

(b) Details of the employee stock options are set forth below:

	For the six-month periods ended June 30,	
	2013	2012
Options outstanding at beginning of period	206,374,634	253,061,762
Options exercised	(6,514,400)	(28,962,295)
Options revoked	(8,742,604)	(9,621,041)
Options outstanding at end of period	191,117,630	214,478,426
Options exercisable at end of period	116,694,049	53,005,616

B. Other share-based payment plans

These share-based payments were granted to employees. For the three-month and six-month periods ended June 30, 2013 and 2012, expenses incurred on other share-based payments were $121,095 (US$4,070 thousand), $73,024 (US$2,465 thousand), $173,540 (US$5,849 thousand) and $146,264 (US$4,931 thousand), respectively.

(22) Other non-current liabilities

	June 30, 2013	December 31, 2012
Reserve for retirement plan	$ 1,664,969	$ 1,731,446
Government grants	2,301,866	2,059,834
Others	6,094,737	3,327,804
	$ 10,061,572	$ 7,119,084

	June 30, 2012	January 1, 2012
Reserve for retirement plan	$ 1,551,996	$ 1,517,711
Government grants	2,182,419	2,657,988
Others	3,807,976	2,080,986
	$ 7,542,391	$ 6,256,685

(23) Provisions for liabilities

		Warranty
At January 1, 2013	$	3,464,280
Additional provisions		251,974
Used during the period	(	41,614)
Unused amounts reversed	(	1,640,159)
Exchange differences	(	3,905)
At June 30, 2013	$	2,030,576

Analysis of total provisions:

	June 30, 2013	December 31, 2012
Current	$ 2,030,576	$ 3,464,280
	June 30, 2012	**January 1, 2012**
Current	$ 3,536,429	$ 7,302,884

The Group gives warranties on 3C products sold. Provision for warranty is estimated based on historical warranty data of 3C products.

(24) Capital stock

A. On June 25, 2013, the Company's shareholders adopted a resolution to increase the authorized shares to 18 billion shares. As of June 30, 2013, the Company's authorized capital was $122,300,000, consisting of 12,230 million shares of ordinary stock, and the paid-in capital was $118,358,665 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. On June 26, 2013 and June 18, 2012, the Company's shareholders adopted a resolution to distribute employees' stock bonus amounting to $6,822,891 and $5,874,552 for 2012 and 2011, respectively. The employee stock bonus of 109,254 thousand and 77,860 thousand shares were determined based on the closing price on June 25, 2013 and June 15, 2012, respectively, the previous day of the 2013 and 2012 shareholders' meeting after taking into account the effects of ex-rights and ex-dividends. In addition, the Company's shareholders adopted a resolution to issue stock dividends at par value amounting to $11,835,866 and $10,689,097, totaling 1,183,587 thousand and 1,068,910 thousand shares in 2013 and 2012, respectively. The capital increase was approved by the Financial Supervisory Commission, Securities and Futures Bureau on July 29, 2013 and July 5, 2012, respectively. The additional stock allocation ex-right date was scheduled on September 15, 2013 and Auguat 18, 2012 so the additional shares were accounted for as equity and shown as "stock dividend to be distributed".

C. Pursuant to the resolution adopted at the stockholders' meeting held on June 1, 1999, and after obtaining approval from the SFC, the Company issued 25 million units of global depository receipts (GDRs) in Europe, Asia and the USA, comprising 50 million shares of common stock (Deposited Shares). The issuance amounted to USD347,250 thousand, and the main terms and conditions of the GDRs are as follows:

(a) Voting

Holders of GDRs have no right to directly exercise voting rights or attend the Company's stockholders' meeting, except when a motion is on the election of directors or supervisors. A holder or holders together holding at least 51% of the GDRs outstanding at the relevant record date of the stockholders' meeting can instruct the Depositary to vote in the same direction in respect of one or more resolutions to be proposed at the meeting.

(b) Sale and withdrawal of GDRs

Under the current R.O.C. law, shares represented by the GDRs may be withdrawn by holders of GDRs commencing three months after the initial issue of GDRs. A holder of a GDR may, provided that the Company has delivered to the custodian physical share certificates in respect of the Deposited Shares, request the Depositary to sell or cause to be sold on behalf of such holder the shares represented by such GDRs.

(c) Dividends

GDR holders are entitled to receive dividends to the same extent as the holders of common stock subject to the terms of the Deposit Agreement and applicable laws of the R.O.C.

(d) As of June 30, 2013, 145,748,000 units of GDRs were outstanding, which represents 291,495 thousand shares of common stock.

D. Treasury stocks

The Company's subsidiary, Hong Jingguo International Investment Co., Ltd., held ordinary shares issued by the Company in 1998. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the subsidiary owned 1,302,812, 1,302,812, 1,184,375 and 1,184,375 shares, respectively, of the Company's common stock at a cost of $18,901.

(25) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(26) Retained earnings

A. In accordance with the Company's Articles of Incorporation, current year's earnings must be distributed in the following order:

(a) Covering accumulated deficit;

(b) Setting aside as legal reserve equal to 10% of current year's net income after tax and distribution pursuant to clause (A);

(c) Setting aside a special reserve in accordance with applicable legal and regulatory requirement;
(d) 8% as bonuses to employees; qualified employees include employees of affiliates per criteria set by Board of Directors; and
(e) the remainder shall be distributed pursuant to the proposal of the board of directors in accordance with the Company’s dividend policy.

The Company’s dividend policy requires the board of directors to consider the Company’s budget for future capital expenditures and funding needs when proposing the distribution of earnings. The proposal should be resolved during the Stockholders’ Meeting. Dividends may be distributed in the form of cash or shares, or a combination of both, provided, however, that share dividends distributed in respect of any fiscal year shall not exceed 90 percent of total dividends to stockholders.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company’s paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. The appropriations of 2012 and 2011 earnings had been resolved at the stockholders’ meeting on June 26, 2013 and June 18, 2012, respectively. Details are summarized below:

	2012		2011	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 9,476,238	$ -	$ 8,159,100	$ -
Stock dividends	11,835,866	1.0	10,689,097	1.0
Cash dividends	17,753,800	1.5	16,033,645	1.5
	$ 39,065,904	$ 2.5	$ 34,881,842	$ 2.5

The information on distribution of earnings will be posted on the “Market Observation Post System” of the TSEC.

E. For the three-month and six-month periods ended June 30, 2013 and 2012, employees’ bonus was accrued at $1,222,391, $907,892, $2,399,772 and $1,982,411, respectively, based on a certain percentage (8%) of net income, and are recognized as operating costs and expenses in current year. Employees’ bonus and directors’ and supervisors’ remuneration for 2012 as resolved by the stockholders were in agreement with those amounts recognized in the 2012 financial statements.

Information about the appropriation of employees' bonus and directors' and supervisors' remuneration by the Company as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(27) Other equity items

	Currency translation adjustments	Available-for-sale investment	Total
At January 1, 2013	$ 1,370,511	$ 6,435,046	$ 7,805,557
- Group	23,710,851	(391,826)	23,319,025
- Associates	865,134	4,515	869,649
At June 30, 2013	$ 25,946,496	$ 6,047,735	$ 31,994,231

	Currency translation adjustments	Available-for-sale investment	Total
At January 1, 2012	$ 21,047,357	$ 4,447,831	$ 25,495,188
- Group	(10,154,003)	1,582,248	(8,571,755)
- Associates	(651,402)	(5,111)	(656,513)
At June 30, 2012	$ 10,241,952	$ 6,024,968	$ 16,266,920

(28) Non-controlling interests

	For the six-month periods ended June 30,	
	2013	2012
At January 1	$ 36,064,490	$ 37,187,796
Share attributable to non-controlling interests:		
Loss for the period	(49,453)	(2,024,098)
Currency translation differences	1,409,296	(305,705)
Available-for-sale financial asset unrealized losses	(6,538)	(27,306)
Increase in uncontrolled interests	888,015	405,291
At June 30	$ 38,305,810	$ 35,235,978

(29) Operating revenue

	For the three-month periods ended June 30,	
	2013	2012
3C products (including components and related electronic products)	$ 895,617,497	$ 891,917,151

	For the six-month periods ended June 30,	
	2013	2012
3C products (including components and related electronic products)	$ 1,704,629,448	$ 1,893,202,811

(30) Other income

	For the three-month periods ended June 30,	
	2013	2012
Rental revenue	$ 103,082	$ 56,478
Dividend income	72,997	30,811
Interest income:		
Interest income from bank deposits	2,176,805	4,788,811
Other non-operating income	1,832,308	1,599,754
Total	$ 4,185,192	$ 6,475,854

	For the six-month periods ended June 30,	
	2013	2012
Rental revenue	$ 230,076	$ 171,420
Dividend income	143,927	35,676
Interest income:		
Interest income from bank deposits	3,755,113	6,590,196
Other non-operating income	2,996,670	2,554,396
Total	$ 7,125,786	$ 9,351,688

(31) Other gains and losses

	For the three-month periods ended June 30,	
	2013	2012
Net gains (losses) on financial assets at fair value through profit or loss	$ 39,508	($ 1,602,045)
Net losses on financial liabilities at fair value through profit or loss	(210,625)	(4,425,981)
Net currency exchange gains (losses)	3,542,920	(1,559,382)
(Losses) gains on disposal of property, plant and equipment	(186,223)	227,295
Gains on disposal of investment	611,677	676,458
Impairment losses	(9,956)	(1,780,642)
Other gains (losses)	498,357	(321,603)
Total	$ 4,285,658	($ 8,785,900)

	For the six-month periods ended June 30,	
	2013	2012
Net gains (losses) on financial assets at fair value through profit or loss	$ 27,832	($ 3,568)
Net losses on financial liabilities at fair value through profit or loss	(187,140)	(3,981,999)
Net currency exchange gains (losses)	9,926,170	(305,141)
(Losses) gains on disposal of property, plant and equipment	(194,316)	213,139
Gains on disposal of investment	551,075	1,026,809
Impairment losses	(35,376)	(1,780,642)
Other gains (losses)	885,886	(405,909)
Total	$ 10,974,131	($ 5,237,311)

(32) Expenses by nature

	For the three-month periods ended June 30,	
	2013	2012
Cost of sales		
Royalty expenses	$ 11,532,627	$ 8,364,870
Product warranty costs	12,450,287	8,311,408
Employee benefit expense	49,150,348	42,496,506
Depreciation	13,122,627	12,551,134
Amortisation	221,022	99,417
	$ 86,476,911	$ 71,823,335
Operating expenses		
Employee benefit expense	$ 15,730,148	$ 14,736,281
Depreciation	3,922,520	3,980,458
	$ 19,652,668	$ 18,716,739

	For the six-month periods ended June 30,	
	2013	2012
Cost of sales		
Royalty expenses	$ 22,560,415	$ 20,679,824
Product warranty costs	25,602,771	14,281,920
Employee benefit expense	98,578,609	86,911,102
Depreciation	28,701,608	24,686,501
Amortisation	423,404	194,480
	$ 175,866,807	$ 146,753,827
Operating expenses		
Employee benefit expense	$ 31,108,138	$ 30,657,000
Depreciation	8,140,163	8,222,257
	$ 39,248,301	$ 38,879,257

(33) Employee benefit expense

	For the three-month periods ended June 30,	
	2013	2012
Wages and salaries	$ 52,919,643	$ 47,393,176
Employee stock options	22,447	62,510
Labor and health insurance fees	2,668,638	2,440,243
Pension costs	4,886,190	3,561,346
Other personnel expenses	4,383,578	3,775,512
	$ 64,880,496	$ 57,232,787

	For the six-month periods ended June 30,	
	2013	2012
Wages and salaries	$ 108,203,769	$ 99,707,345
Employee stock options	43,496	118,584
Labor and health insurance fees	5,660,187	4,915,538
Pension costs	8,946,650	6,852,939
Other personnel expenses	6,832,645	5,973,696
	$ 129,686,747	$ 117,568,102

(34) Finance costs

	For the three-month periods ended June 30,	
	2013	2012
Interest expense:		
Bank borrowings	$ 1,837,251	$ 3,055,520
Convertible bonds	170,392	164,438
Accounts receivable factoring loss	13,636	77,581
Finance costs	$ 2,021,279	$ 3,297,539

	For the six-month periods ended June 30,	
	2013	2012
Interest expense:		
Bank borrowings	$ 3,515,542	4,668,974
Convertible bonds	335,730	329,845
Accounts receivable factoring loss	65,064	123,803
Finance costs	$ 3,916,336	$ 5,122,622

(35) Income tax

A. Income tax expense

Components of income tax expense:

	For the three-month periods ended June 30, 2013	2012
Current tax:		
Income tax generated from current income	$ 10,684,808	$ 5,045,412
Adjustments in respect of prior years	(410,463)	584,079
Total current tax	10,274,345	5,629,491
Deferred tax:		
Origination and reversal of temporary differences	(1,660,913)	123,817
Income tax expense	$ 8,613,432	$ 5,753,308

	For the six-month periods ended June 30, 2013	2012
Current tax:		
Income tax generated from current income	$ 16,722,993	$ 10,430,064
Adjustments in respect of prior years	159,579	530,651
Total current tax	16,882,572	10,960,715
Deferred tax:		
Origination and reversal of temporary differences	(2,022,291)	92,871
Income tax expense	$ 14,860,281	$ 11,053,586

B. Relationship between tax expense and accounting profit

	For the three-month periods ended June 30, 2013	2012
Income tax at the statutory tax rate	$ 6,076,862	$ 1,877,152
Tax effect of permanent differences	(2,622,614)	(1,378,839)
(Over) under provision of prior year's income tax	(410,463)	584,079
10% tax on unappropriated earnings	5,569,647	4,670,916
Income tax expense	$ 8,613,432	$ 5,753,308

	For the six-month periods ended June 30,	
	2013	2012
Income tax at the statutory tax rate	$ 11,853,772	$ 8,660,378
Tax effect of permanent differences	(2,722,717)	(2,808,359)
Under provision of prior year's income tax	159,579	530,651
10% tax on unappropriated earnings	5,569,647	4,670,916
Income tax expense	$ 14,860,281	$ 11,053,586

C. The Company's income tax returns through 2009 have been assessed and approved by the Tax Authority.

D. Unappropriated retained earnings:

	June 30, 2013	December 31, 2012
Earnings generated in and before 1997	$ 2,163,509	$ 2,163,509
Earnings generated in and after 1998	390,635,635	397,627,850
Total	$ 392,799,144	$ 399,791,359

	June 30, 2012	January 1, 2012
Earnings generated in and before 1997	$ 2,163,509	$ 2,163,509
Earnings generated in and after 1998	331,097,432	338,028,618
Total	$ 333,260,941	$ 340,192,127

E. The Company's stockholders deductible tax and expected deductible tax rate are as follows:

	June 30, 2013	December 31, 2012
Balance of stockholders' deductible tax account	$ 50,301,609	$ 42,643,444

	June 30, 2012	January 1, 2012
Balance of stockholders' deductible tax account	$ 45,498,806	$ 36,028,854

	2012 (Expected)	2011 (Actual)
Tax deductible rate of earnings distribution	13.13%	14.07%

The estimated creditable tax rate for distribution of earnings of 2012 is calculated based on draft amendment of the Income Tax Law not yet passed.

(36) Earnings per share

	For the three-month period ended June 30, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 16,977,649	13,026,648	$ 1.30
Diluted earnings per share:			
Profit attributable to ordinary shareholders of the parent	$ 16,977,649	13,026,648	
Assumed conversion of all dilutive ordinary shares			
Convertible bonds-overseas	141,425	308,052	
Employees' bonus	-	139,996	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 17,119,074	13,474,696	$ 1.27

	For the three-month period ended June 30, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 12,059,161	13,018,020	$ 0.93
Diluted earnings per share:			
Profit attributable to ordinary shareholders of the parent	$ 12,059,161	13,018,020	
Assumed conversion of all dilutive ordinary shares			
Convertible bonds-overseas	136,483	308,052	
Employees' bonus	-	26,831	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 12,195,644	13,352,903	$ 0.91

	For the six-month period ended June 30, 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 33,330,162	13,022,376	$ 2.56
Diluted earnings per share:			
Profit attributable to ordinary shareholders of the parent	$ 33,330,162	13,022,376	
Assumed conversion of all dilutive ordinary shares			
Convertible bonds-overseas	278,656	308,052	
Employees' bonus	-	144,268	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 33,608,818	13,474,696	$ 2.49

	For the six-month period ended June 30, 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 27,950,656	13,018,020	$ 2.15
Diluted earnings per share:			
Profit attributable to ordinary shareholders of the parent	$ 27,950,656	13,018,020	
Assumed conversion of all dilutive ordinary shares			
Convertible bonds-overseas	273,771	308,052	
Employees' bonus	-	26,831	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 28,224,427	13,352,903	$ 2.11

The number of shares had retroactively been adjusted by the stock dividends as of June 30, 2013.

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Sales

	For the three-month periods ended June 30,	
	2013	2012
Sales of goods:		
Associates	$ 8,100,303	$ 12,068,273
An entity controlled by key management personnel	8,182,572	3,544,860
	$ 16,282,875	$ 15,613,133

	For the six-month periods ended June 30,	
	2013	2012
Sales of goods:		
Associates	$ 22,039,482	$ 23,562,362
An entity controlled by key management personnel	15,282,293	8,339,199
	$ 37,321,775	$ 31,901,561

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases

	For the three-month periods ended June 30,	
	2013	2012
Purchase of goods:		
Associates	$ 17,782,331	$ 16,754,262
An entity controlled by key management personnel	2,486,433	7,772,578
	$ 20,268,764	$ 24,526,840

	For the six-month periods ended June 30,	
	2013	2012
Purchase of goods:		
Associates	$ 35,108,503	$ 35,750,730
An entity controlled by key management personnel	3,868,900	14,154,876
	$ 38,977,403	$ 49,905,606

Commodities purchased from related enterprises were based on normal commercial terms and conditions.

C. Accounts receivable

		June 30, 2013		December 31, 2012
Receivables from related parties:				
Associates	$	9,676,879	$	22,951,143
An entity controlled by key management personnel		10,706,948		12,518,508
	$	20,383,827	$	35,469,651

		June 30, 2012		January 1, 2012
Receivables from related parties:				
Associates	$	9,483,652	$	18,108,098
An entity controlled by key management personnel		5,165,213		7,183,713
	$	14,648,865	$	25,291,811

Accounts receivable from related parties primarily arise from sales transactions with credit terms of 30 to 90 days. The receivables are unsecured and interest-bearing.

D. Accounts payable

		June 30, 2013		December 31, 2012
Payables to related parties:				
Associates	$	24,519,426	$	31,279,334
An entity controlled by key management personnel		2,190,860		4,335,513
	$	26,710,286	$	35,614,847

		June 30, 2012		January 1, 2012
Payables to related parties:				
Associates	$	23,036,525	$	25,612,019
An entity controlled by key management personnel		11,505,175		3,157,158
	$	34,541,700	$	28,769,177

Accounts payable to related parties primarily arise from purchase transactions and procurement of raw materials by related parties on behalf of the Company with payment terms of 30 to 90 days. The payables are interest-bearing.

E. Property transactions:

Sale of property:

	For the three-month periods ended June 30,	
	2013	2012
Sale of property, plant and equipment:		
Associates	$ 80,937	$ 229,481
An entity controlled by key management personnel	31,867	17,098
	$ 112,804	$ 246,579

	For the six-month periods ended June 30,	
	2013	2012
Sale of property, plant and equipment:		
Associates	$ 586,190	$ 471,922
An entity controlled by key management personnel	37,955	21,424
	$ 624,145	$ 493,346

	For the three-month periods ended June 30,	
	2013	2012
Gain on sale of property, plant and equipment:		
Associates	$ 9,697	$ 119
An entity controlled by key management personnel	10,589	4,022
	$ 20,286	$ 4,141

	For the six-month periods ended June 30,	
	2013	2012
Gain on sale of property, plant and equipment:		
Associates	$ 13,320	$ 2,090
An entity controlled by key management personnel	12,478	4,943
	$ 25,798	$ 7,033

Period-end balances arising from sale of property:

	June 30, 2013	December 31, 2012
Sale of property, plant and equipment:		
Associates	$ 123,150	$ 82,370
An entity controlled by key management personnel	52,647	222,399
	$ 175,797	$ 304,769

	June 30, 2012	January 1, 2012
Sale of property, plant and equipment		
Associates	$ 206,064	$ 299,053
An entity controlled by key management personnel	35,592	13,474
	$ 241,656	$ 312,527

Acquisition of property:

	For the three-month periods ended June 30,	
	2013	2012
Acquisition of property, plant and equipment:		
Associates	$ 25,632	$ 103,155
An entity controlled by key management personnel	45,526	-
	$ 71,158	$ 103,155

	For the six-month periods ended June 30,	
	2013	2012
Acquisition of property, plant and equipment:		
Associates	$ 137,653	$ 162,996
An entity controlled by key management personnel	50,687	-
	$ 188,340	$ 162,996

Period-end balance arising from acquisition:

	June 30, 2013	December 31, 2012
Acquisition of property, plant and equipment:		
Associates	$ 117,555	$ 130,895
An entity controlled by key management personnel	258,996	30,932
	$ 376,551	$ 161,827

	June 30, 2012	January 1, 2012
Acquisition of property, plant and equipment:		
Associates	$ 108,354	$ 93,543
An entity controlled by key management personnel	-	-
	$ 108,354	$ 93,543

F. Purchase of materials on behalf of related parties:

	June 30, 2013	December 31, 2012
Period-end balance of purchases of raw materials on behalf of related parties:		
Associates	$ 128,750	$ 100,147
An entity controlled by key management personnel	1,903,561	1,791,387
	$ 2,032,311	$ 1,891,534

	June 30, 2012	January 1, 2012
Period-end balance of purchases of raw materials on behalf of related parties:		
Associates	$ 41,231	$ 494,625
An entity controlled by key management personnel	1,881,200	1,071,209
	$ 1,922,431	$ 1,565,834

G. Prepayment

	June 30, 2013	December 31, 2012
Ending balance of prepayment to related parties:		
Associates	$ 39,225	$ 44,225

	June 30, 2012	January 1, 2012
Ending balance of prepayment to related parties:		
Associates	$ 44,225	$ 44,225

H. Loans to related parties

Receivables from related parties

	June 30, 2013	December 31, 2012
Associates	$ -	$ 200,000

	June 30, 2012	January 1, 2012
Associates	$ -	$ -

Interest income

	June 30, 2013	December 31, 2012
Associates	$ 5,162	$ 3,855

	June 30, 2012	January 1, 2012
Associates	$ 5,975	$ 3,855

Loans to related enterprise are payable monthly within two years (shown as “other receivables”). Interest for the three-month and six-month periods ended June 30, 2013 was charged at the rate of 0.8%~1.625% and 0.80%, respectively.

(2) Key management compensation

	For the three-month periods ended June 30,	
	2013	2012
Salaries and other short-term employee benefits	$ 14,106	$ 13,996
Share-based payments	1,450	1,295
Total	$ 15,556	$ 15,291

	For the six-month periods ended June 30,	
	2013	2012
Salaries and other short-term employee benefits	$ 63,931	$ 51,068
Share-based payments	2,882	2,881
Total	$ 66,813	$ 53,949

8. PLEDGED ASSETS

As of June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, the book value of the Group's pledged assets are as follows:

Assets	Nature	June 30, 2013	December 31, 2012
Time deposits and cash (other current assets)	Short-term loans, customs deposits	$ 49,188	$ 947,222
Time deposits and cash (other non-current assets)	Bond deposit as security for court proceedings, customs deposits	34,400	854,748
		$ 83,588	$ 1,801,970

Assets	Nature	June 30, 2012	January 1, 2012
Time deposits and cash (other current assets)	Short-term loans, customs deposits	$ 58,416,794	$ 46,741,750
Time deposits and cash (other non-current assets)	Bond deposit as security for court proceedings, customs deposits	23,100	24,179
		$ 58,439,894	$ 46,765,929

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	June 30, 2013	December 31, 2012
Property, plant and equipment	$ 9,977,943	$ 4,204,000

	June 30, 2012	January 1, 2012
Property, plant and equipment	$ 5,638,000	$ 7,579,000

B. Operating lease commitments

The Company leases factory dormitory under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	June 30, 2013	December 31, 2012
Not later than one year	$ 609,457	$ 538,248
Later than one year but not later than five	969,871	1,256,117
Later than five years	104,174	82,676
	$ 1,683,502	$ 1,877,041

	June 30, 2012	January 1, 2012
Not later than one year	$ 523,221	$ 521,903
Later than one year but not later than five	1,166,173	1,152,039
Later than five years	90,897	100,842
	$ 1,780,291	$ 1,774,784

C. The Group entered into an agreement with Qualcomm Incorporated regarding mobile phone use right. Under the agreement, the Group shall pay royalties based on sales volume of the related products.

D. The subsidiary, Syntrend Creative Park Co. Ltd., entered into a “Private Participation in Construction and Operation of Taipei Information Park and Parking Lots” contract with Taipei City Government, and the royalty shall be paid in accordance with the contract time schedule.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Hongfujin Precision Electronics (Zhengzhou) and Futaihua Industrial (Shenzhen) Co., Ltd., the subsidiaries of the Company, disposed machinery to an international company at a selling price of $6,524,065. No gain (loss) was recognized on disposal.

12. OTHERS

(1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Net value is calculated as 'equity' as shown in the consolidated balance sheet less the total of intangible assets.

During 2013, the Group's strategy, which was unchanged from 2012, was to maintain the gearing ratio within 70%.

(2) Financial instruments

A. Fair value information of financial instruments

	June 30, 2013	
	Book value	Fair value
Financial assets:		
Financial assets with fair values equal to book values	$ 1,119,555,936	$ 1,119,555,936
Financial assets measured at cost	9,411,632	-
Total	$ 1,128,967,568	$ 1,119,555,936

	December 31, 2012	
	Book value	Fair value
Financial assets:		
Financial assets with fair values equal to book values	$ 1,192,209,189	$ 1,192,209,189
Financial assets measured at cost	8,591,982	-
Total	$ 1,200,801,171	$ 1,192,209,189

	June 30, 2012	
	Book value	Fair value
Financial assets:		
Financial assets with fair values equal to book values	$ 1,171,363,150	$ 1,171,363,150
Financial assets measured at cost	4,028,922	-
Total	$ 1,175,392,072	$ 1,171,363,150

	January 1, 2012	
	Book value	Fair value
Financial assets:		
Financial assets with fair values equal to book values	$ 897,399,380	$ 897,399,380
Financial assets measured at cost	4,018,056	-
Total	$ 901,417,436	$ 897,399,380

	June 30, 2013	
	Book value	Fair value
Financial liabilities:		
Financial liabilities with fair values equal to book values	$ 1,043,439,899	$ 1,043,439,899
Bonds payable	90,903,899	83,919,253
Long-term borrowings	14,385,724	13,848,683
Total	$ 1,148,729,522	$ 1,141,207,835

	December 31, 2012	
	Book value	Fair value
Financial liabilities:		
Financial liabilities with fair values equal to book values	$ 1,190,510,748	$ 1,190,510,748
Bonds payable	74,980,461	69,980,009
Long-term borrowings	30,707,957	30,081,842
Total	$ 1,296,199,166	$ 1,290,572,599

	June 30, 2012	
	Book value	Fair value
Financial liabilities:		
Financial liabilities with fair values equal to book values	$ 1,124,607,001	$ 1,124,607,001
Bonds payable	77,326,947	75,853,584
Long-term borrowings	53,504,834	52,405,096
Total	$ 1,255,438,782	$ 1,252,865,681

	January 1, 2012	
	Book value	Fair value
Financial liabilities:		
Financial liabilities with fair values equal to book values	$ 943,874,186	$ 943,874,186
Bonds payable	62,378,777	60,894,339
Long-term borrowings	53,600,100	52,324,562
Total	$ 1,059,853,063	$ 1,057,093,087

The financial assets with fair values equal to book values include cash and cash equivalents, financial assets measured at fair value through profit or loss, available-for-sale financial assets, notes and accounts receivable and other financial assets; the financial liabilities with fair values equal to book values include short-term bank loan, financial liabilities measured at fair value through profit or loss, notes and accounts payable and long-term liabilities due within one year.

B. Financial risk management policies

(a) Risk categories:

The Group employs a comprehensive risk management and control system to clearly identify, measure, and control the various kinds of financial risk it faces, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk.

(b) Management objectives:

i. Except for market risk, which is controlled by outside factors, the remainder of the foregoing types of risk can be controlled internally or removed from business processes. Therefore, the goal in managing each of these risks is to reduce them to zero.

ii. As for market risk, the goal is to optimize its overall position through strict suggestion, execution and audit processes, and proper consideration of a) long-term trends in the external economic/financial environment, b) internal operating conditions, and c) the actual effects of market fluctuations.

iii. The Group's overall risk management policy focuses on the unpredictable item of financial markets and seeks to reduce the Group's financial position and financial performance of the potential adverse effects.

iv. The Group uses derivative financial instruments. Please refer to Note 6(2) for details.

(c) Management system:

i. Risk management is carried out by the Group’s financial department under policies approved by the Board. Through cooperation with the Group's operating units, the Group’s financial department is responsible for identifying, evaluating and avoidance of financial risks.

ii. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as exchange rate risk, interest rate risk, credit risk, derivative and non-derivative financial instruments used, and the investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. <u>Foreign exchange risk</u>

(i) Nature:

The Group is a multinational in the operation electronic generation industry. Most of the exchange rate risk come from:

a. Nonfunctional foreign currency receivable and payable accounts are established at different time so the difference in the functional currency rate results to exchange rate risk. As the amounts offset for assets and liabilities are insignificant, therefore loss is not significant. (Note: The Group has strongholds in many countries worldwide resulting to various currency exchange rate risk, but mainly in U.S. dollars and RMB.)

b. Except from the above commercial transactions on the income statement (operating activities), assets, liabilities and the net investment to foreign operation recognized in the balance sheet will occur the exchange rate risk.

(ii) Management:

a. For foreign exchange risk, the Group has set up a policy to require companies in the Group to manage exchange rate risk relative to its functional currency.

b. The Group's financial department manages the foreign exchange risk arising from various functional currency and reporting currency of the Group.

(iii) The source:

a. U.S. dollar and NT dollar:

Foreign exchange risk arises primarily from U.S. dollar-denominated cash, cash equivalents, accounts receivable and other receivables and other assets; and loans, accounts payable and other payables and other liabilities. Exchange loss or gain arise when they are translated into New Taiwan dollars.

b. U.S. dollars and RMB:

Foreign exchange risk arises primarily from U.S. dollar-denominated cash, cash equivalents, accounts receivable and other receivables and other assets; and loans, accounts payable and other payables and other liabilities. Exchange loss or gain arise when they are translated into RMB.

c. JPY and NT dollar:

Foreign exchange risk arises primarily from yen valued loans, accounts payable and other payables and other liabilities. Exchange loss or gain arise when they are translated into New Taiwan dollars.

(iv) Degree

The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

(Foreign currency: Functional currency)	June 30, 2013 Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis Extent of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD : NTD	$ 12,647,363	30.00	$ 379,420,890	1%	$ 3,794,209
USD : RMB	9,255,409	30.00	277,662,270	1%	2,776,623
Net effect in consolidated entities with foreign currency					
USD : NTD	$ 20,266,520	30.00	$ 607,995,600		
Financial liabilities					
Monetary items					
USD : NTD	$ 9,767,126	30.00	$ 293,013,780	1%	$ 2,930,138
USD : RMB	17,343,965	30.00	520,318,950	1%	5,203,190
JPY : NTD	58,590,167	0.3036	17,787,975	1%	177,880

(Foreign currency: Functional currency)	December 31, 2012 Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis Extent of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD : NTD	$ 16,638,351	29.04	$ 483,177,713	1%	$ 4,831,777
USD : RMB	8,337,943	29.04	242,133,865	1%	2,421,339
Net effect in consolidated entities with foreign currency					
USD : NTD	$ 19,012,423	29.04	$ 552,120,764		
Financial liabilities					
Monetary items					
USD : NTD	$ 12,226,807	29.04	$ 355,066,475	1%	$ 3,550,665
USD : RMB	16,937,054	29.04	491,852,048	1%	4,918,520
JPY : NTD	64,256,794	0.3364	21,615,986	1%	216,160

(Foreign currency: Functional currency)	June 30, 2012 Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis Extent of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD : NTD	$ 11,911,407	29.88	$355,912,841	1%	$ 3,559,128
USD : RMB	12,220,970	29.88	365,162,584	1%	3,651,626
Net effect in consolidated entities with foreign currency					
USD : NTD	$ 16,828,808	29.88	$502,844,783		
Financial liabilities					
Monetary items					
USD : NTD	$ 10,470,379	29.88	$312,854,925	1%	$ 3,128,549
USD : RMB	16,786,043	29.88	501,566,965	1%	5,015,670
JPY : NTD	60,800,020	0.3754	22,824,328	1%	228,243

(Foreign currency: Functional currency)	January 1, 2012 Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Sensitivity analysis Extent of variation	Effect on profit or loss
Financial assets					
Monetary items					
USD : NTD	$ 16,044,545	30.28	$485,828,823	1%	$ 4,858,288
USD : RMB	4,118,073	30.28	124,695,250	1%	1,246,953
Net effect in consolidated entities with foreign currency					
USD : NTD	$ 16,132,709	30.28	$488,498,429		
Financial liabilities					
Monetary items					
USD : NTD	$ 11,235,440	30.28	$340,209,123	1%	$ 3,402,091
USD : RMB	11,775,142	30.28	356,551,300	1%	3,565,513
JPY : NTD	74,763,422	0.3906	29,202,593	1%	292,026

ii. Equity securities

(i) Nature

The Group’s major long-term investments in domestic and foreign publicly traded and unlisted equity instruments are accounted as available-for-sale financial assets and financial assets carried at cost. The price of those equity instruments will be influenced by the subject of future value of the investment's uncertainty.

(ii) Degree

If such equity instruments' price rise or fall by 1%, with all other factors held constant, the impact on gain or loss on available-for-sale equity instruments are $141,595 and $151,686 for the six-month periods ended June 30, 2013 and 2012, respectively.

iii. Futures

(i) Nature

The Group is exposed to price risk because of investments in futures market instruments, which have fair value in the active market.

(ii) Degree

The Group sets limits to control the transaction volume and the stop-loss amount of derivatives to reduce its futures market risk. As a result, there is no significant future market risk.

iv. Interest rate risk

The Group's interest rate risk arises from long-term loan. The Company's long-term corporate bonds have fixed interest rates so there is no interest rate volatility risk and fair value interest rate risk.

Long-term borrowings issued at floating rates expose the Group to cash flow interest rate risk, but most of the risks are offset by cash and cash equivalents with floating rates.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations.

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors.

iii. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilisation of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments and other financial instruments' credit risk. The counterparties of the Group's accounts receivable are good credit quality enterprises and government agencies. There is no significant compliance concerns and credit risk.

iv. The ageing analysis of notes receivable and accounts receivable (including related parties) that were past due but not impaired is as follows:

	June 30, 2013	December 31, 2012
Up to 30 days	$ 5,992,128	$ 11,871,972
31 to 90 days	2,126,542	2,059,013
91 to 180 days	1,176,452	1,376,003
181 to 360 days	587,810	655,966
Over 361 days	57,905	43,275
	$ 9,940,837	$ 16,006,229

	June 30, 2012	January 1, 2012
Up to 30 days	$ 2,929,059	$ 5,243,072
31 to 90 days	1,118,448	3,745,660
91 to 180 days	611,162	978,407
181 to 360 days	305,365	217,896
Over 361 days	122,043	15,458
	$ 5,086,077	$ 10,200,493

v. Movements on the Group's provision for impairment of notes receivable and accounts receivable (including related parties) are as follows:

(i) As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, accounts receivable that had been impaired were $2,451,701, $2,224,178, $1,835,555 and $1,835,555, respectively.

(ii) Movement in allowance for bad debts was as follows:

	2013	2012
At January 1	$ 2,224,178	$ 1,835,555
Reversal of impairment	-	-
Provision for impairment	227,523	-
Write-offs during the period	-	-
At June 30	$ 2,451,701	$ 1,835,555

vi. The credit quality of accounts receivable (including related parties) that were neither past due nor impaired is as follows based on the Group's Credit Quality Control Policy:

	June 30, 2013	December 31, 2012
Group 1	$ 270,050,678	$ 529,831,699
Group 2	155,036,878	67,211,490
Group 3	7,051,859	9,377,496
Group 4	10,622,013	10,621,727
	$ 442,761,428	$ 617,042,412

	June 30, 2012	January 1, 2012
Group 1	$ 331,946,985	$ 379,988,390
Group 2	68,975,764	56,527,871
Group 3	12,321,328	16,808,896
Group 4	9,670,055	12,524,145
	$ 422,914,132	$ 465,849,302

Group 1: Standard Poor's, Fitch, or Moody rating of A-level or no external agency rating, subject to the Group credit rating at A-level standard.

Group 2: Standard Poor's or Fitch rating of BBB. Moody rating of Baa-or no external agency rating, subject to the Group credit rating at Standard B or C.

Group 3: Standard Poor's or Fitch rating of BB + and below, or Moody rating of Ba1 and below.

Group 4: Have no external agency rating, subject to the Group credit rating standard non-A, B, C grade.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements, for example, currency restrictions.

ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

June 30, 2013	Less than 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term loans	$ 270,463,409	$ 58,497,644	$ 28,260,459	$ -	$ -	$ -	$ 357,221,512
Short-term notes and bills payable	5,593,757	-	-	-	-	-	5,593,757
Accounts payable (including related parties)	466,695,356	11,379,083	45,288	-	-	-	478,119,727
Other payables	134,197,168	1,191,333	2,809,036	-	-	-	138,197,537
Bonds payable	-	33,410,000	-	3,410,000	82,592,000	5,000,000	124,412,000
Long-term loans	15,525,000	-	15,483,600	5,365,188	7,065,734	1,954,802	45,394,324
	$ 892,474,690	$ 104,478,060	$ 46,598,383	$ 8,775,188	$ 89,657,734	$ 6,954,802	$ 1,148,938,857

December 31, 2012	Less than 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term loans	$ 235,210,202	$ 9,854,348	$ 52,507,615	$ -	$ -	$ -	$ 297,572,165
Short-term notes and bills payable	7,991,597	-	-	-	-	-	7,991,597
Accounts payable (including related parties)	608,031,560	25,128,687	5,210,394	-	-	-	638,370,641
Other payables	179,783,390	6,193,703	10,290,461	-	-	-	196,267,554
Bonds payable	-	-	32,450,000	3,410,000	67,626,000	4,050,000	107,536,000
Long-term loans	-	-	18,295,200	19,156,400	10,788,557	763,000	49,003,157
	$ 1,031,016,749	$ 41,176,738	$ 118,753,670	$ 22,566,400	$ 78,414,557	$ 4,813,000	$ 1,296,741,114

June 30, 2012	Less than 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term loans	$ 369,277,706	$ 74,928,764	$ 29,379,280	$ -	$ -	$ -	$ 473,585,750
Short-term notes and bills payable	5,494,490	-	-	-	-	-	5,494,490
Accounts payable (including related parties)	474,486,639	17,955,773	7,409,247	-	-	-	499,851,659
Other payables	99,725,363	28,829,553	9,546,594	-	-	-	138,101,510
Bonds payable	-	-	3,000,000	33,290,000	40,860,000	4,050,000	81,200,000
Long-term loans	-	-	-	41,331,300	12,173,534	-	53,504,834
	$ 948,984,198	$ 121,714,090	$ 49,335,121	$ 74,621,300	$ 53,033,534	$ 4,050,000	$ 1,251,738,243

January 1, 2012	Less than 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Short-term borrowings	$ 228,321,249	$ 25,108,038	$ 7,093,462	$ -	$ -	$ -	$ 260,522,749
Short-term notes and bills payable	7,989,312	-	-	-	-	-	7,989,312
Accounts payable (including related parties)	518,607,491	23,517,715	6,369,073	-	-	-	548,494,279
Other payables	107,432,146	6,985,954	8,727,754	-	-	-	123,145,854
Bonds payable	-	-	3,000,000	33,690,000	25,860,000	4,050,000	66,600,000
Long-term loans	-	-	-	25,889,400	27,601,700	109,000	53,600,100
	$ 862,350,198	$ 55,611,707	$ 25,190,289	$ 59,579,400	$ 53,461,700	$ 4,159,000	$ 1,060,352,294

Derivative financial liabilities:

June 30, 2013	Less than 3 months	Between 3 to 6 months	Between 6 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years	Total
Forward exchange contracts	$ 84,027	$ -	$ -	$ -	$ -	$ -	$ 84,027
Euro-Convertible Bond conversion rights	-	-	112	-	-	-	112
December 31, 2012							
Forward exchange contracts	$ 66,767	$ -	$ -	$ -	$ -	$ -	$ 66,767
Euro-Convertible Bond conversion rights	-	-	15,288	-	-	-	15,288
June 30, 2012							
Forward exchange contracts	$ 60,337	$ -	$ -	$ -	$ -	$ -	$ 60,337
Equity subscription contract	-	-	4,513,255	-	-	-	4,513,255
Euro-Convertible Bond conversion rights	-	-	-	7,032	-	-	7,032
January 1, 2012							
Forward exchange contracts	$ 162,960	$ 15,301	$ 73,573	$ -	$ -	$ -	$ 251,834
Euro-Convertible Bond conversion rights	-	-	-	470,158	-	-	470,158

(3) Fair value estimation

The table below analyses financial instruments measured at fair value, by valuation techniques. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

These instruments held by the Group mainly are equity instrument, the fair value of these financial assets are mainly quoted from the Stock Exchange, OTC market or regulatory agency's market actual data, which are classified as "valuation from fair value through profit or loss financial assets and liabilities" or "available-for-sale financial assets".

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

These instruments held by the Group are mainly not as first class publicly quoted financial instruments such as derivative instruments or forward exchange. The fair value is mainly determined by valuation techniques or the use of counterparties' quote information. Use more observable market data, rely on the enterprises' specific estimates as little as possible. If the calculated fair value of a financial instrument parameters are required for all significant observable data, the financial instruments belong to the level 2 class. Its main classification is "financial assets and liabilities valued by fair value through profit or loss".

Level 3: Inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at fair value at June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012.

June 30, 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 267,725	$ -	$ 267,725
Open-end funds	162,364	-	-	162,364
Convertible bonds	-	179,300	-	179,300
Available-for-sale financial assets				
Equity securities	14,159,507	-	-	14,159,507
	$ 14,321,871	$ 447,025	$ -	$ 14,768,896
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 84,027	$ -	$ 84,027
Euro-Convertible Bond conversion rights	-	112	-	112
Total	$ -	$ 84,139	$ -	$ 84,139

December 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 56,955	$ -	$ 56,955
Open-end funds	83,265	-	-	83,265
Convertible bonds	-	179,300	-	179,300
Available-for-sale financial assets				
Equity securities	13,276,127	-	-	13,276,127
	$ 13,359,392	$ 236,255	$ -	$ 13,595,647
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 66,767	$ -	$ 66,767
Euro-Convertible Bond conversion rights	-	15,288	-	15,288
Total	$ -	$ 82,055	$ -	$ 82,055

June 30, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 91,664	$ -	$ 91,664
Open-end funds	47,860	-	-	47,860
Available-for-sale financial assets				
Equity securities	15,168,612	-	-	15,168,612
	$ 15,216,472	$ 91,664	$ -	$ 15,308,136
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 60,337	$ -	$ 60,337
Euro-Convertible Bond	-	7,032	-	7,032
conversion rights	-	4,513,255	-	4,513,255
Total	$ -	$ 4,580,624	$ -	$ 4,580,624

January 1, 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward exchange contracts	$ -	$ 45,917	$ -	$ 45,917
Open-end funds	24,412	-	-	24,412
Available-for-sale financial assets				
Equity securities	10,039,798	-	-	10,039,798
	$ 10,064,210	$ 45,917	$ -	$ 10,110,127
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 251,834	$ -	$ 251,834
Euro-Convertible Bond conversion rights	-	470,158	-	470,158
Total	$ -	$ 721,992	$ -	$ 721,992

13. SEGMENT INFORMATION

(1) General information

The Group has adopted eCMMS (E-enabled Components, Modules, Moves & Services) strategy, and provided a one-stop shop to its customers, which are primarily in the 3C industries, with a total solution for design, development, engineering, procurement, manufacturing, logistics and after-sales service. The Group segregates operating segments from both a customer service and product perspective.

In accordance with IFRS No. 8, “Operating Segments”, the Group has determined the operating segments and reportable operating segments. Operating segments which have met certain quantitative threshold are disclosed individually or aggregately as reportable operating segments; other segments which have not met the quantitative threshold are included in the ‘all other segments’. The Group has identified the electronic manufacturing integrated services department, which provides global 3C production-related one-stop services, as a reportable operating segment.

The chief operating decision maker assesses performance and allocates resources of the operating segments based on each operating segment’s revenue and operating income after adjusting the internal costs and allocated expenses. Except for the recognition of internal costs which shall be in accordance with the Group’s related internal calculation basis, the operating segments’ accounting policies are the same as disclosed in Note 4.

(2) Segment information

The financial information of reportable segments provided to chief operating decision maker is as follows:

	For the three-month periods ended June 30,	
	2013	2012
	Electronic Manufacturing Integration Service	Electronic Manufacturing Integration Service
Net external revenue	$ 930,281,173	$ 899,378,479
Revenue from internal customers	117,407,673	55,961,559
Segment revenue	$ 1,047,688,846	$ 955,340,038
Segment income	$ 14,054,188	$ 29,543,482

	For the six-month periods ended June 30,	
	2013	2012
	Electronic Manufacturing Integration Service	Electronic Manufacturing Integration Service
Net external revenue	$ 1,757,661,138	$ 1,848,173,993
Revenue from internal customers	203,613,426	114,733,273
Segment revenue	$ 1,961,274,564	$ 1,962,907,266
Segment income	$ 35,370,553	$ 48,123,914

(3) Reconciliation information of segment income, assets, and liabilities

The reconciliations of a pre-tax income between reportable segments and continuing operations were as follows:

	For the three-month periods ended June 30,	
Operating revenue	2013	2012
Total reported segment revenue	$ 1,047,688,846	$ 955,340,038
Other operating segment revenue	(1,881,999)	6,028,885
Elimination of intersegment revenue	(150,189,350)	(69,451,772)
Total corporate revenue	$ 895,617,497	$ 891,917,151

	For the six-month periods ended June 30,	
Operating revenue	2013	2012
Total reported segment revenue	$ 1,961,274,564	$ 1,962,907,266
Other operating segment revenue	27,818,015	10,694,901
Elimination of intersegment revenue	(284,463,131)	(80,399,356)
Total corporate revenue	$ 1,704,629,448	$ 1,893,202,811

Profit and loss	For the three-month periods ended June 30, 2013	2012
Income of reported segment	$ 14,054,188	$ 29,543,482
Income of other operating segments	2,234,240	(253,636)
Elimination of intersegment transactions and internal costs and allocated expenses	9,255,389	(12,692,286)
Income before income tax	$ 25,543,817	$ 16,597,560

Profit and loss	For the six-month periods ended June 30, 2013	2012
Income of reported segment	$ 35,370,553	$ 48,123,914
Income of other operating segments	2,410,393	135,420
Elimination of intersegment transactions and internal costs and allocated expenses	10,360,044	(11,279,190)
Income before income tax	$ 48,140,990	$ 36,980,144

14. INITIALAPPLICATION OF IFRSs

(1) These consolidated financial statements are the first second-quarter consolidated financial statements prepared by the Group in accordance with the IFRSs. The Group has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Group, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Group's financial position, operating results and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

A. Business combinations

The Company has elected not to apply the requirements in IFRS 3, "Business Combinations", retrospectively to business combinations that occurred prior to the date of transition to IFRSs ('the transition date'). This exemption also applies to the Company's previous acquisitions of investments in associates.

B. Share-based payment transactions

The Company has elected not to apply the requirements in IFRS 2, "Share-based Payment", retrospectively to equity instruments vested and liabilities that were settled arising from share-based payment transactions prior to the transition date.

C. Leases

The Company has elected to apply the transitional provisions in IFRS 4, "Determining Whether an Arrangement Contains a Lease". Therefore, the Company determines whether an arrangement existing at the transition date contains a lease based on the facts and circumstances on that date.

D. Employee benefits

The Company has elected to recognize all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, "Employee Benefits", based on their prospective amounts for financial periods from the transition date.

E. Compound financial instruments

The Company has elected not to segregate between liability components and equity components of compound financial instruments whose liability components were no longer outstanding at the transition date.

F. Designation of previously recognized financial instruments

The Company reclassified part of financial assets carried at cost to available-for-sale financial assets on the transition date.

G. Decommissioning liabilities included in the cost of property, plant and equipment

The Company has elected to measure the decommissioning liabilities included in the cost of certain property, plant and equipment at the transition date in accordance with IAS 37, "Provisions, Contingent Liabilities and Contingent Assets".

H. Borrowing costs

The Company has elected to apply the transitional provisions in paragraphs 27 and 28 of IAS 23, "Borrowing Costs", amended in 2007 and apply IAS 23 from the transition date.

I. Transfers of assets from customers

The Company has elected to apply the transitional provisions in paragraph 22 of IFRIC 18, "Transfers of Assets from Customers", and apply IFRIC 18 from the transition date.

(2) Except hedge accounting to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Group, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, "Financial Instruments: Recognition and Measurement" shall be applied prospectively to transactions occurring on or after January 1, 2004.

C. Non-controlling interest

Requirements of IAS 27 (amended in 2008) that shall be applied prospectively are as follows:

(a) Requirements concerning total comprehensive income (loss) attributed to owners of the parent and non-controlling interest, even which results in a loss to non-controlling interest;

(b) Requirements that change in interest ownership of the parent in a subsidiary while control is retained is accounted for as an equity transaction with the parent; and

(c) Requirements concerning the parent's loss of control over a subsidiary.

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application of IFRS 1 requires that entity should make reconciliation for equity, comprehensive income and cash flows for the comparative periods. The Group's initial application of IFRSs has no significant effect on cash flows from operating activities, investing activities and financing activities. Reconciliation for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A. Reconciliation for equity on January 1, 2012:

Current assets	GAAP (R.O.C.)	Adjustment	IFRSs	Description
Cash and cash equivalents	$ 329,793,633	$ -	$ 329,793,633	
Financial assets at fair value through profit or loss - current	70,329	-	70,329	
Available-for-sale financial assets - current	674,287	-	674,287	
Accounts receivable (including related parties)	476,049,795	-	476,049,795	
Other receivables	34,679,896	-	34,679,896	
Inventory	380,521,794	-	380,521,794	
Prepayment	7,119,919	-	7,119,919	
Other current assets	54,758,169	(8,016,419)	46,741,750	(12)
Total current assets	1,283,667,822	(8,016,419)	1,275,651,403	
Non-current assets				
Available-for-sale financial assets - non-current	4,790,319	4,575,192	9,365,511	(1)(2)
Financial assets carried at cost - non-current	4,046,796	(28,740)	4,018,056	(2)
Investments accounted for under equity method	40,259,657	(2,467,599)	37,792,058	(1)
Property, plant and equipment	355,373,481	12,792,611	368,166,092	(3)(9)
Investment property	-	1,345,340	1,345,340	(4)
Intangible assets	695,266	-	695,266	
Deferred income tax assets	-	10,560,705	10,560,705	(5)(7)(12)
Other non-current assets	41,478,084	(14,137,951)	27,340,133	(3)(4)(9)
Total non-current assets	446,643,603	12,639,558	459,283,161	
Total Assets	$1,730,311,425	$ 4,623,139	$1,734,934,564	

Current liabilities	GAAP (R.O.C.)	Adjustment	IFRSs	Description
Short-term loans	$ 260,522,749	$ -	$ 260,522,749	
Short-term notes and bills payable	7,989,312	-	7,989,312	
Financial liabilities at fair value through profit or loss - current	251,834	-	251,834	
Accounts payable (including related parties)	548,494,279	-	548,494,279	
Other payables	121,335,944	1,809,910	123,145,854	(7)
Current income tax liabilities	19,939,503	-	19,939,503	
Provisions for liabilities - current	7,302,884	-	7,302,884	
Other current liabilities	25,879,538	-	25,879,538	
Total current liabilities	991,716,043	1,809,910	993,525,953	
Non-current liabilities				
Financial liabilities at fair value through profit or loss - non-current	-	470,158	470,158	(6)
Bonds payable - non-current	62,378,777	-	62,378,777	
Long-term loans	53,600,100	-	53,600,100	
Deferred income tax liabilities	1,793,747	2,133,854	3,927,601	(12)
Other non-current liabilities	5,803,274	453,411	6,256,685	(5)
Total non-current liabilities	123,575,898	3,057,423	126,633,321	
Total Liabilities	$1,115,291,941	$ 4,867,333	$1,120,159,274	
Equity attributable to owners of the parent				
Capital stock				
Common stock	106,890,967	-	106,890,967	
Capital surplus	70,693,639	(17,486,928)	53,206,711	(1)(6)(8)
Retained earnings				
Legal reserve	51,821,402	-	51,821,402	
Undistributed earnings	325,500,402	14,691,725	340,192,127	(1)(5)(6)(7)(8)
Other equity				
Cumulative translation adjustments	21,141,456	(94,099)	21,047,357	(1)(7)
Unrealized gain or loss on financial instruments	1,802,723	2,645,108	4,447,831	(1)(2)
Treasury stock	(18,901)	-	(18,901)	
Stockholders' equity of parent company	577,831,688	(244,194)	577,587,494	
Non-controlling interest	37,187,796	-	37,187,796	
Total equity	615,019,484	(244,194)	614,775,290	
Total Liabilities and Stockholders' equity	$1,730,311,425	$ 4,623,139	$1,734,934,564	

B. Reconciliation for equity on December 31, 2012:

	GAAP (R.O.C.)	Adjustment	IFRSs	Description
Current assets				
Cash and cash equivalents	$ 505,526,956	$ -	$ 505,526,956	
Financial assets at fair value through profit or loss - current	140,220	-	140,220	
Available-for-sale financial assets - current	777,410	-	777,410	
Accounts receivable (including related parties)	633,048,641	-	633,048,641	
Other receivables	38,235,975	-	38,235,975	(12)
Inventory	349,882,643	-	349,882,643	
Prepayment	7,647,041	-	7,647,041	
Other current assets	7,698,556	(6,751,334)	947,222	
Total current assets	1,542,957,442	(6,751,334)	1,536,206,108	
Non-current assets				
Financial assets at fair value through profit or loss - non-current				
Available-for-sale financial assets - non-current	179,300	-	179,300	
Financial assets carried at cost - non-current	8,302,853	4,195,864	12,498,717	(1)(2)
Investments accounted for under equity method	8,620,722	(28,740)	8,591,982	(2)
	44,492,047	(2,533,104)	41,958,943	(1)
Property, plant and equipment	390,298,219	14,856,857	405,155,076	(3)(9)
Investment property	-	1,231,003	1,231,003	(4)
Intangible assets	3,954,469	-	3,954,469	
Deferred income tax assets	-	10,951,902	10,951,902	(5)(7)(12)
Other non-current assets	45,598,465	(16,087,860)	29,510,605	(3)(4)(9)
Total non-current assets	501,446,075	12,585,922	514,031,997	
Total Assets	$2,044,403,517	$ 5,834,588	$2,050,238,105	

Current liabilities	GAAP (R.O.C.)	Adjustment	IFRSs
Short-term loans	$ 297,572,165	$ -	$ 297,572,165
Short-term notes and bills	7,991,597	-	7,991,597
payable			-
Financial liabilities at fair value	66,767	15,288	82,055
through profit or loss - current			-
Accounts payable (including	638,370,641	-	638,370,641
related parties)			-
Other payables	193,939,261	2,328,293	196,267,554
Current income tax liabilities	19,177,206	-	19,177,206
Provisions for liabilities - current	3,464,280	-	3,464,280
Other current liabilities	89,442,390	-	89,442,390
Total current liabilities	1,250,024,307	2,343,581	1,252,367,888
Non-current liabilities			
Bonds payable - non-current	74,980,461	-	74,980,461
Long-term loans	30,707,957	-	30,707,957
Deferred income tax liabilities	468,606	3,680,359	4,148,965
Other non-current liabilities	6,491,033	628,051	7,119,084
Total non-current liabilities	112,648,057	4,308,410	116,956,467
Total Liabilities	$1,362,672,364	$ 6,651,991	$1,369,324,355
Equity attributable to owners of the parent			
Capital stock			
Common stock	118,358,665	-	118,358,665
Capital surplus	77,266,078	(18,334,000)	58,932,078
Retained earnings			
Legal reserve	59,980,502	-	59,980,502
Undistributed earnings	385,380,938	14,410,421	399,791,359
Other equity			
Cumulative translation adjustments	1,395,612	(25,101)	1,370,511
Unrealized gain or loss on financial instruments	4,169,293	2,265,753	6,435,046
Treasury stock	(18,901)	-	(18,901)
Stockholders' equity of parent company	646,532,187	(1,682,927)	644,849,260
Non-controlling interest			
Total equity	35,198,966	865,524	36,064,490
Total Liabilities and	681,731,153	(817,403)	680,913,750
Stockholders' equity	$2,044,403,517	$ 5,834,588	$2,050,238,105

C. Reconciliation for equity on June 30, 2012:

	GAAP (R.O.C.)	Adjustment	IFRSs
Current assets			
Cash and cash equivalents	$ 637,339,044	$ -	$ 637,339,044
Financial assets at fair value through profit or loss - current	139,524	-	139,524
Available-for-sale financial assets - current	672,254	-	672,254
Accounts receivable (including related parties)	428,000,209	-	428,000,209
Other receivables	32,275,867	-	32,275,867
Inventory	309,969,848	-	309,969,848
Prepayment	5,479,699	-	5,479,699
Other current assets	65,012,549	(6,595,755)	58,416,794
Total current assets	1,478,888,994	(6,595,755)	1,472,293,239
Non-current assets			
Financial assets at fair value through profit or loss - non-current			
Available-for-sale financial assets - non-current	9,217,880	5,278,478	14,496,358
Financial assets carried at cost - non-current	4,057,662	(28,740)	4,028,922
Investments accounted for under equity method	40,142,079	(2,564,801)	37,577,278
Property, plant and equipment	344,839,864	12,361,379	357,201,243
Investment property	-	1,284,306	1,284,306
Intangible assets	551,166	-	551,166
Deferred income tax assets	-	9,949,962	9,949,962
Other non-current assets	38,780,747	(13,645,685)	25,135,062
Total non-current assets	437,589,398	12,634,899	450,224,297
Total Assets	$1,916,478,392	$ 6,039,144	$1,922,517,536

Current liabilities	GAAP (R.O.C.)	Adjustment	IFRSs
Short-term loans	$ 473,585,750	$ -	$ 473,585,750
Short-term notes and bills payable	5,494,490	-	5,494,490
Financial liabilities at fair value through profit or loss - current	4,573,592	-	4,573,592
Accounts payable (including related parties)	499,851,659	-	499,851,659
Other payables	136,428,372	1,673,138	138,101,510
Current income tax liabilities	11,644,808	-	11,644,808
Provisions for liabilities - current	3,536,429	-	3,536,429
Other current liabilities	22,542,518	-	22,542,518
Total current liabilities	1,157,657,618	1,673,138	1,159,330,756
Non-current liabilities			
Financial liabilities at fair value through profit or loss - non-current	-	7,032	7,032
Bonds payable - non-current	77,326,947	-	77,326,947
Long-term loans	53,504,834	-	53,504,834
Deferred income tax liabilities	423,441	2,986,288	3,409,729
Other non-current liabilities	7,098,585	443,806	7,542,391
Total non-current liabilities	138,353,807	3,437,126	141,790,933
Total Liabilities	$1,296,011,425	$ 5,110,264	$1,301,121,689
Equity attributable to owners of the parent			
Capital stock			
Common stock	106,890,967	-	106,890,967
Stock dividend to be distributed	16,563,649	-	16,563,649
Capital surplus	70,413,667	(17,197,876)	53,215,791
Retained earnings			
Legal reserve	59,980,502	-	59,980,502
Undistributed earnings	318,152,053	15,108,888	333,260,941
Other equity			
Cumulative translation adjustments	10,292,480	(50,528)	10,241,952
Unrealized gain or loss on financial instruments	2,676,600	3,348,368	6,024,968
Treasury stock	(18,901)	-	(18,901)
Stockholders' equity of parent company	584,951,017	1,208,852	586,159,869
Non-controlling interest	35,515,950	(279,972)	35,235,978
Total equity	620,466,967	928,880	621,395,847
Total Liabilities and Stockholders' equity	$1,916,478,392	$ 6,039,144	$1,922,517,536

D. Reconciliation for comprehensive income for the year ended December 31, 2012:

	GAAP (R.O.C.)	Adjustment	IFRSs	Description
Operating revenue	$3,905,395,322	$ -	$3,905,395,322	
Operating costs	(3,575,766,285)	(79,379,769)	(3,655,146,054)	(5)(7)(10)(11)
Gross profit	329,629,037	(79,379,769)	250,249,268	
Operating expenses				
Selling expenses	(104,581,183)	78,942,564	(25,638,619)	
General and administrative expenses	(70,970,421)	(76,211)	(71,046,632)	(5)(7)(10)(11)
Research and development expense	(45,626,952)	(38,795)	(45,665,747)	
Operating profit	108,450,481	(552,211)	107,898,270	
Non-operating income and expenses				
Other income	17,874,889	144,956	18,019,845	(1)
Other gains and losses	(952,841)	454,870	(497,971)	(6)
Finance costs	(9,786,423)	-	(9,786,423)	
Share of (loss)/profit of associates and joint ventures accounted for under equity method	2,792,985	(254,621)	2,538,364	(1)
Profit before income tax	118,379,091	(207,006)	118,172,085	
Income tax expense	(26,591,950)	86,601	(26,505,349)	(5)(7)
Net income	$ 91,787,141	($ 120,405)	91,666,736	
Other comprehensive loss				
Currency translation differences			(18,737,151)	
Unrealized gain (loss) on valuation of available-for-sale - financial assets			1,755,830	
Actuarial gain (loss) on defined benefit plan			(193,854)	
Share of other comprehensive income of associates and joint ventures accounted for under equity method			(770,538)	
Income tax relating to the components of other comprehensive income			32,955	
Other comprehensive loss for the period			(17,912,758)	
Total comprehensive income for the period			$ 73,753,978	

	GAAP (R.O.C.)	Adjustment	IFRSs	Description
Profit attributable to:				
Owners of the parent	$ 94,762,377	($ 120,405)	$ 94,641,972	
Non-controlling interest	(2,975,236)	-	(2,975,236)	
	$ 91,787,141	($ 120,405)	$ 91,666,736	
Total comprehensive income attributable to:				
Owners of the parent			$ 76,791,442	
Non-controlling interest			(3,037,464)	
			$ 73,753,978	

E. Reconciliation for comprehensive income for the six-month period ended June 30, 2012:

	GAAP (R.O.C.)	Adjustment	IFRSs	Description
Operating revenue	$1,893,202,811	$ -	$1,893,202,811	
Operating costs	(1,755,977,207)	(34,880,703)	(1,790,857,910)	(5)(7) (10)(11)
Gross profit	137,225,604	(34,880,703)	102,344,901	
Operating expenses				
Selling expenses	(46,474,091)	34,965,146	(11,508,945)	
General and administrative expenses	(34,054,838)	18,332	(34,036,506)	(5)(7) (10)(11)
Research and development expense	(19,952,629)	13,751	(19,938,878)	
Operating profit	36,744,046	116,526	36,860,572	
Non-operating income and expenses				
Other income	9,351,688	-	9,351,688	
Other gains and losses	(5,700,437)	463,126	(5,237,311)	(6)
Finance costs	(5,122,622)	-	(5,122,622)	
Share of (loss)/profit of associates and joint ventures accounted for under equity method	1,253,439	(125,622)	1,127,817	(1)
Profit before income tax	36,526,114	454,030	36,980,144	
Income tax expense	(11,016,719)	(36,867)	(11,053,586)	(5)(7)
Net income	$ 25,509,395	$ 417,163	25,926,558	
Other comprehensive loss				
Currency translation differences			(10,459,708)	
Unrealized gain (loss) on valuation of available-for-sale - financial assets			1,554,942	
Share of other comprehensive income of associates and joint ventures accounted for under equity method			(656,513)	
Other comprehensive loss for the period			(9,561,279)	
Total comprehensive income for the period			$ 16,365,279	

	GAAP (R.O.C.)	Adjustment	IFRSs	Description
Profit attributable to:				
Owners of the parent	$ 27,533,493	$ 417,163	$ 27,950,656	
Non-controlling interest	(2,024,098)	-	(2,024,098)	
	$ 25,509,395	$ 417,163	$ 25,926,558	
Total comprehensive income attributable to:				
Owners of the parent			$ 18,722,388	
Non-controlling interest			(2,357,109)	
			$ 16,365,279	

F. Reconciliation for comprehensive income for the three-month period ended June 30, 2012:

	GAAP (R.O.C.)	Adjustment	IFRSs	Description
Operating revenue	$ 891,917,151	$ -	$ 891,917,151	
Operating costs	(821,217,600)	(16,762,504)	(837,980,104)	(5)(7)(10)(11)
Gross profit	70,699,551	(16,762,504)	53,937,047	
Operating expenses				
Selling expenses	(22,437,489)	16,671,727	(5,765,762)	
General and administrative expenses	(15,980,248)	(20,805)	(16,001,053)	(5)(7)(10)(11)
Research and development expense	(10,762,959)	(9,857)	(10,772,816)	
Operating profit	21,518,855	(121,439)	21,397,416	
Non-operating income and expenses				
Other income	6,475,854	-	6,475,854	
Other gains and losses	(8,805,044)	19,144	(8,785,900)	(6)
Finance costs	(3,297,539)	-	(3,297,539)	
Share of (loss)/profit of associates and joint ventures accounted for under equity method	1,253,439	(445,710)	807,729	(1)
Profit before income tax	17,145,565	(548,005)	16,597,560	
Income tax expense	(5,750,850)	(2,458)	(5,753,308)	(5)(7)
Net income	$ 11,394,715	($ 550,463)	10,844,252	
Other comprehensive income				
Currency translation differences			1,496,256	
Unrealized gain (loss) on valuation of available-for-sale - financial assets			(494,920)	
Share of other comprehensive income of associates and joint ventures accounted for under equity method			(1,811)	
Other comprehensive income for the period			999,525	
Total comprehensive income for the period			$ 11,843,777	

	GAAP (R.O.C.)	Adjustment	IFRSs	Description
Profit attributable to:				
Owners of the parent	$ 12,609,624	($ 550,463)	$ 12,059,161	
Non-controlling interest	(1,214,909)	-	(1,214,909)	
	$ 11,394,715	($ 550,463)	$ 10,844,252	
Total comprehensive income attributable to:				
Owners of the parent			$ 13,531,671	
Non-controlling interest			(1,687,894)	
			$ 11,843,777	

Description of the reconciliation of significant differences:

Item	Explanation	Account	Increase (Decrease) At transition date	Increase (Decrease) December 31, 2012	Increase (Decrease) For the six-month period ended June 30, 2012	Comprehensive income Increase (Decrease) For the three-month period ended June 30, 2012
(1)	<u>Investments in associates / Equity investments under the equity method</u>					
	(i) In accordance with current accounting standards in R.O.C., if an investor company holds less than 20% of the investee company's voting shares without losing significant influence over an investee company, the investments should be accounted for under equity method. In accordance with IAS 28, "Investments in Associates", when an investment ceases to be an associate, the investment should be reclassified as 'Available-for-sale financial assets' and measured at its fair value at the date when it ceases to be an associate.	Available-for-sale financial assets - non-current	$ 4,530,477	$ 4,153,041	$ 5,225,572	$ -
		Unrealized gain or loss on financial instruments	2,629,133	2,251,670	3,324,202	-
		Undistributed earnings	(535,814)	(535,814)	(535,814)	-
		Gain on equity investments under the equity method	-	(254,621)	(125,622)	(125,622)
		Capital reserve from long-term investments	(8,172)	10,280	908	-
		Cumulative translation adjustments	(22,269)	3,466	(2,903)	-
		Equity investments under the equity method	(2,467,599)	(2,533,104)	(2,564,801)	-
		Dividend income	-	144,956	-	-
	(ii) In accordance with R.O.C GAAP, for the first and third quarter financial statements, the Company's accounting policy is not to account for its 20% to 50% owned investee companies using equity method and account for its majority-owned investee companies using equity method. However, in accordance with IAS, these shall be accounted for under the equity method.	Equity investments under the equity method	-	-	-	-
		Cumulative translation adjustments	-	-	-	-
		Unrealized gain or loss on financial instruments	-	-	-	-
		Gain on equity investments under the equity method	-	-	-	(320,088)
		Capital reserve from long-term investments	-	-	-	-

Item	Explanation	Account	Increase (Decrease) At transition date	Increase (Decrease) December 31, 2012	Increase (Decrease) For the six-month period ended June 30, 2012	Comprehensive income Increase (Decrease) For the three-month period ended June 30, 2012
(2)	Financial assets: equity instruments					
	In accordance with the pre-amended "Rules Governing the Preparation of Financial Statements by Securities Issuers", before July 7, 2011, unlisted stocks and emerging stocks held by the Company should be measured at cost and recognized in ' Financial assets carried at cost'. However, in accordance with IAS 39, "Financial Instruments: Recognition and Measurement", investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability of the estimation interval of reasonable fair values of such equity instruments is insignificant, or the probability for these estimates can be made reliably) should be measured at fair value.	Available-for-sale financial assets - non-current	$ 44,715	$ 42,823	$ 52,906	$ -
		Unrealized gain or loss on financial instruments	15,975	14,083	24,166	-
		Financial assets carried at cost - non-current	(28,740)	(28,740)	(28,740)	-
(3)	Prepayments for equipment					
	In accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", prepayments for the acquisition of property, plant and equipment are classified as "Property, plant and equipment". However, under	Other assets - non-current	2,309,167	5,308,218	1,897,754	-
		Prepayments for equipment	(2,309,167)	(5,308,218)	(1,897,754)	-

"Property, plant and equipment". However, under IFRSs, it should be classified as "Other assets – non-current".

Item	Explanation	Account	Increase (Decrease) At transition date	Increase (Decrease) December 31, 2012	Increase (Decrease) For the six-month period ended June 30, 2012	Comprehensive income Increase (Decrease) For the three-month period ended June 30, 2012
(4)	Property, plant and equipment					
	In accordance with current accounting standards in R.O.C., the Company's property that is leased to others is presented in 'Other assets' account. In accordance with IAS 40, "Investment Property", property that meets the definition of investment property is classified and accounted for as 'Investment property'.	Investment property	$ 1,345,340	$ 1,231,003	$ 1,284,306	$ -
		Other assets- non-current	(1,345,340)	(1,231,003)	(1,284,306)	-
(5)	Pension					
	(i) The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, "Employee Benefits", requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds that match the currency at the end day of the reporting period and duration of its pension plan; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end day of the reporting period) instead.	Reserve for retirement plan	453,411	628,051	443,806	-
		Undistributed earnings	(376,331)	(376,331)	(376,331)	-
		Deferred income tax assets - non-current	77,080	106,769	75,447	-
		Operating cost - salaries	-	(2,953)	(1,535)	(736)
		Selling expenses - salaries	-	(1,502)	(720)	(361)
		General and administrative expenses - salaries	-	(6,016)	(2,967)	(1,494)
		Research and development expense - salaries	-	(8,743)	(4,383)	(2,210)
		Income tax expense	-	3,266	1,633	816
		Actuarial loss on defined benefit plan	-	(160,899)	-	-

Item	Explanation	Account	Increase (Decrease) At transition date	Increase (Decrease) December 31, 2012	Increase (Decrease) For the six-month period ended June 30, 2012	Comprehensive income Increase (Decrease) For the three-month period ended June 30, 2012
(5)	Pension					
	(ii) The Company recognized all accumulated actuarial gain or loss associated with the employee benefits plans in "Retained earnings" at the date of transition to IFRSs.					
	(iii) In accordance with current accounting standards in R.O.C., the unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, as this is the Company's first-time adoption of IFRSs, the transition provisions of IAS 19, "Employee Benefits", do not apply to the Company. Accordingly, there is no unrecognized transitional net benefit obligation.					
	(iv) In accordance with current accounting standards in R.O.C., actuarial pension gain or loss of the Group is recognized in net pension cost of current period using the "corridor" method. However, in accordance with IAS 19, 'Employee Benefits', the Group selects to recognize immediately actuarial pension gain or loss in other comprehensive income.					

Item	Explanation	Account	Increase (Decrease) At transition date	Increase (Decrease) December 31, 2012	Increase (Decrease) For the six-month period ended June 30, 2012	Comprehensive income Increase (Decrease) For the three-month period ended June 30, 2012
(6)	Financial instruments: presentation					
	In accordance with current accounting standards in R.O.C., the conversion price of convertible bonds overseas should be converted to an agreed conversion price in New Taiwan dollars with a fixed exchange rate applicable on conversion of bonds. The conversion rights which are converted to a fixed amount of common shares should be classified as equity instruments. However, in accordance with IAS 32, "Financial Instruments: Presentation", the conversion rights which do not meet the criteria of equity instruments should be classified as financial liabilities.	Financial liabilities at fair value through profit or loss - non-current	$ 470,158	$ -	$ 7,032	$ -
		Financial liabilities at fair value through profit or loss - current	-	15,288	-	-
		Undistributed earnings	1,564,282	1,564,282	1,564,282	-
		Capital reserve from conversion right	(2,034,440)	(2,034,440)	(2,034,440)	-
		Gain on valuation of financial liabilities	-	454,870	463,126	19,144
(7)	Employee benefits					
	The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Company recognizes such costs as expenses upon actual payment. However, IAS 19, "Employee Benefits", requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period.	Accrued expenses	1,809,910	2,328,293	1,673,138	-
		Undistributed earnings	(1,404,728)	(1,404,728)	(1,404,728)	-
		Deferred income tax assets - non-current	333,352	413,440	292,472	-
		Cumulative translation adjustments	(71,830)	(28,567)	(47,625)	-
		Operating cost - salaries	-	429,714	(79,506)	86,962
		Selling expenses - salaries	-	11,946	(2,682)	4,912
		General and administrative expenses - salaries	-	82,227	(15,365)	22,299
		Research and development expense - salaries	-	47,538	(9,368)	12,067
		Income tax expense	-	(89,867)	35,234	1,642

Item	Explanation	Account	Increase (Decrease) At transition date	Increase (Decrease) December 31, 2012	Increase (Decrease) For the six-month period ended June 30, 2012	Comprehensive income Increase (Decrease) For the three-month period ended June 30, 2012
(8)	Capital reserve					
	(i) The Company has elected not to apply the requirements in IFRS 3, "Business Combinations", retrospectively to business combinations and investments in associates that occurred prior to the date of transition to IFRSs, and has adjusted the retained earnings on the date of transition to IFRSs for the capital surplus under ROC GAAP that did not meet the regulations of IFRSs.	Undistributed earnings	$ 15,444,316	$ 15,444,316	$ 15,444,316	$ -
		Capital reserve from long-term investments	(15,444,316)	(15,444,316)	(15,444,316)	-
	(ii) In addition, when a subsidiary issues new shares and parent company does not purchase or acquire new shares proportionately that results in a change of parent company's ownership percentage and a change of the equity in net assets for the investment that parent company has invested, but that does not result in a loss of control over the subsidiary, in accordance with current accounting standards in ROC, such differences shall be used to adjust the "capital surplus-long-term equity investments" and "long-term equity investments".	Capital reserve from difference between the price for acquisition or disposal of subsidiaries and carrying amount	-	(865,524)	279,972	-
		Non-controlling interest	-	865,524	(279,972)	-

Item	Explanation	Account	Increase (Decrease) At transition date	Increase (Decrease) December 31, 2012	Increase (Decrease) For the six-month period ended June 30, 2012	Comprehensive income Increase (Decrease) For the three-month period ended June 30, 2012
(8)	Capital reserve However, in accordance with IAS 27, "Consolidated and Separate Financial Statements", a change in parent company's ownership interest in a subsidiary that does not result in a loss of control over the subsidiary should be accounted for as transactions with non-controlling interests, and adjustments to the carrying amounts of controlling interests and non-controlling interests should be made to reflect the change in parent company's relative ownership interest in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in 'capital surplus-the difference between the consideration paid or received for acquisition or disposal of the ownership interest in a subsidiary and the carrying amount.					

Item	Explanation	Account	Increase (Decrease) At transition date	Increase (Decrease) December 31, 2012	Increase (Decrease) For the six-month period ended June 30, 2012	Comprehensive income Increase (Decrease) For the three-month period ended June 30, 2012
(9)	Deferred charges					
	In accordance with current accounting standards in R.O.C., cost of tools is recognized in "Deferred Charges". However, under IFRSs, it should be recognized in "Property, plant and equipment".	Property, plant and equipment	$ 15,101,778	$ 20,165,075	$ 14,259,133	$ -
		Deferred charges	(15,101,778)	(20,165,075)	(14,259,133)	-
(10)	Product warranty costs					
	Under current accounting standards in ROC, the Company presents product warranty costs in "selling expenses". However, under IFRSs, they shall be presented in "cost of goods sold".	Operating cost	-	34,382,737	14,281,920	8,311,408
		Operating expenses	-	(34,382,737)	(14,281,920)	(8,311,408)
(11)	Royalty expenses					
	The Company pays royalties based on the sale volume of the related product as required by the contract. Under current accounting standards in ROC, the royalties are presented in "selling expenses". However, under IFRSs, they shall be presented in "cost of goods sold".	Operating cost	-	44,570,271	20,679,824	8,364,870
		Operating expenses	-	(44,570,271)	(20,679,824)	(8,364,870)

Item	Explanation	Account	Increase (Decrease) At transition date	Increase (Decrease) December 31, 2012	Increase (Decrease) For the six-month period ended June 30, 2012	Comprehensive income Increase (Decrease) For the three-month period ended June 30, 2012
(12)	<u>Income taxes</u>					
	In accordance with current accounting standards in R.O.C., a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting should be classified as current or noncurrent according to the expected period to realize or settle a deferred tax asset or liability. However, under IAS 1, "Presentation of Financial Statements", an entity should not classify a deferred tax asset or liability as current. In addition, as the Company's deferred tax assets and liabilities do not meet the criteria of offsetting deferred tax assets and liabilities under IAS 12, "Income Taxes", they shall not be offset.	Deferred income tax assets - non-current	$ 10,150,273	$ 10,431,693	$ 9,582,043	$ -
		Deferred income tax assets - current	(8,016,419)	(6,751,334)	(6,595,755)	-
		Deferred income tax liabilities - non-current	2,133,854	3,680,359	2,986,288	-

G. Major adjustments for the consolidated statement of cash flows for the six-month period ended June 30, 2012:

a) Under R.O.C. GAAP, payment of interest and receipt of interest and dividend are both included in cash flows from operating activities. However, under IFRSs, payment of interest and receipt of interest and dividend are classified as cash flows from financing activities and from investing activities, respectively, when they are the cost for acquisitions of financial resources or the return on investments.

b) The transition of R.O.C. GAAP to IFRSs has no effect on the Group's cash flows reported.

c) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Group's cash flows reported.

H. The accounting policies and selection of exemptions applied in these interim consolidated financial statements may be different from those applied in the first year-end IFRSs consolidated financial statements due to the issuance of related regulations by regulatory authorities, changes in economic environment, or changes in the evaluation of the impact of application of accounting policies and exemptions by the Group.