Wah Lee Industrial Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2013 and 2012 and Independent Accountants' Review Report

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Stockholders
Wah Lee Industrial Corporation

We have reviewed the accompanying consolidated balance sheets of Wah Lee Industrial Corporation (the "Corporation") and its subsidiaries as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income for the three months ended June 30, 2013 and 2012, six months ended June 30, 2013 and 2012, and changes in equity and cash flows for the six months ended June 30, 2013 and 2012. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except as stated in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

As stated in Note 4, the accompanying consolidated financial statements included amounts based on unreviewed financial statements of the subsidiaries. The unreviewed amounts were total assets of NT$3,197,012 thousand and NT$7,717,809 thousand, which accounted for 15% and 39% of total consolidated assets; total liabilities of NT$920,509 thousand and NT$3,131,734 thousand, which accounted for 7% and 26% of total consolidated liabilities as of June 30, 2013 and 2012, respectively; comprehensive income of NT$12,521 thousand, NT$87,869 thousand, NT$74,934 thousand and NT$197,160 thousand, which accounted for 5%, 37%, 9% and 44% of total consolidated comprehensive income for the three months ended June 30, 2013 and 2012, and the six months ended June 30, 2013 and 2012, respectively. As stated in Notes 32 and 33, disclosures relating to the subsidiaries were based on unreviewed financial statements. The carrying values of investments accounted for using equity method of NT$2,007,914 thousand and NT$1,837,806 thousand as of June 30, 2013 and 2012, and the share of profit of associates recognized under equity method of NT$62,759 thousand, NT$36,258 thousand, NT$127,907 thousand and NT$70,396 thousand for the three months ended June 30, 2013 and 2012, and the six months ended June 30, 2013 and 2012, respectively, were based on unreviewed financial statements.

Based on our reviews except for the effect of such adjustments, if any, as might have been determined had we reviewed the financial statements as discussed in the preceding paragraph, 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers, issued by the Financial Supervisory Commission of the Republic of China, and International Financial Reporting Standard 1, "First-time Adoption of International Financial Reporting Standards," and International Accounting Standard 34, "Interim Financial Reporting," endorsed by the Financial Supervisory Commission of the Republic of China.

August 12, 2013

Notice to Readers

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

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

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS								
Cash and cash equivalents (Note 7)	$ 1,749,255	8	$ 1,576,396	8	$ 1,904,592	10	$ 1,320,835	7
Financial assets at fair value through profit or loss - current (Note 8)	-	-	-	-	10,260	-	10,055	-
Available-for-sale financial assets - current (Note 9)	353,192	2	162,914	1	468,576	2	348,591	2
Notes receivable (Notes 10 and 28)	948,059	5	753,999	4	674,075	3	616,827	3
Accounts receivable, net (Note 10)	8,198,590	38	7,739,942	38	8,021,440	40	7,135,208	38
Accounts receivable - related parties (Notes 10 and 28)	63,603	-	65,878	-	39,145	-	49,141	-
Other receivables	65,126	-	50,298	-	117,314	1	112,711	1
Other receivables - related parties (Note 28)	3,124	-	3,415	-	2,545	-	5,084	-
Inventories (Note 11)	2,786,066	13	2,649,570	13	2,591,833	13	3,228,657	17
Prepayment and others	305,382	2	248,437	1	353,006	2	390,727	2
Other financial assets - current (Note 12)	1,043,067	5	1,680,295	8	867,385	4	791,176	4
Total current assets	15,515,464	73	14,931,144	73	15,050,171	75	14,009,012	74
NONCURRENT ASSETS								
Financial assets at fair value through profit or loss - noncurrent (Note 8)	-	-	93,285	1	92,700	1	91,350	1
Available-for-sale financial assets - noncurrent (Note 9)	434,188	2	452,232	2	268,080	1	271,423	1
Investments accounted for using equity method (Note 13)	3,919,155	18	3,511,235	17	3,255,975	16	3,172,402	17
Property, plant and equipment (Notes 14 and 29)	1,087,284	5	1,008,599	5	976,906	5	1,017,981	5
Goodwill	31,771	-	31,186	-	32,038	-	32,410	-
Computer software	35,110	-	37,032	-	41,308	-	47,673	-
Deferred tax assets	155,100	1	144,661	1	145,250	1	144,727	1
Refundable deposits (Note 25)	74,743	-	76,304	1	74,999	1	92,795	1
Prepayments for equipment	91,983	1	36,667	-	3,686	-	239	-
Other noncurrent assets (Note 29)	35,497	-	44,028	-	38,652	-	45,051	-
Total noncurrent assets	5,864,831	27	5,435,229	27	4,929,594	25	4,916,051	26
TOTAL	$ 21,380,295	100	$ 20,366,373	100	$ 19,979,765	100	$ 18,925,063	100

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES								
Short-term loans (Notes 15 and 29)	$ 3,476,388	17	$ 3,632,371	18	$ 3,518,459	18	$ 3,353,925	18
Short-term bills payable (Note 16)	-	-	-	-	-	-	50,000	-
Financial liabilities at fair value through profit or loss - current (Note 8)	-	-	-	-	-	-	249	-
Notes payable (Note 17)	400,248	2	327,099	2	501,035	3	585,112	3
Notes payable - related parties (Notes 17 and 28)	225,014	1	201,807	1	180,792	1	200,396	1
Accounts payable (Note 17)	4,116,553	19	4,127,371	20	3,835,238	19	3,306,595	18
Accounts payable - related parties (Notes 17 and 28)	257,757	1	274,279	1	233,890	1	241,781	1
Other payables (Note 19)	1,308,192	6	539,124	3	1,266,821	6	573,824	3
Current tax liabilities	152,267	1	79,477	-	112,601	1	130,032	1
Provisions - current	5,260	-	17,851	-	13,680	-	8,645	-
Current portion of long-term debts (Notes 18 and 29)	9,034	-	9,034	-	9,034	-	9,034	-
Other current liabilities	40,231	-	84,161	1	69,311	-	145,686	1
Total current liabilities	9,990,944	47	9,292,574	46	9,740,861	49	8,605,279	46
NONCURRENT LIABILITIES								
Long-term debts (Notes 18 and 29)	1,557,456	7	1,561,373	8	1,565,290	8	1,569,207	8
Provision - noncurrent	14,760	-	14,760	-	14,523	-	14,022	-
Accrued pension liabilities	282,634	1	281,887	1	266,194	1	262,442	2
Guarantee deposits received	714	-	684	-	683	-	1,453	-
Deferred tax liabilities	518,867	3	467,036	2	437,776	2	429,946	2
Total noncurrent liabilities	2,374,431	11	2,325,740	11	2,284,466	11	2,277,070	12
Total liabilities	12,365,375	58	11,618,314	57	12,025,327	60	10,882,349	58
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION								
Share capital								
Ordinary shares (Note 21)	2,313,901	11	2,313,901	11	2,313,901	11	2,313,901	12
Capital surplus (Note 21)	1,264,112	6	1,246,456	6	1,210,781	6	1,210,839	7
Retained earnings (Note 21)								
Legal reserve	1,348,252	6	1,250,139	6	1,250,139	6	1,154,916	6
Special reserve	72,302	-	72,302	1	72,302	1	72,302	-
Unappropriated earnings	2,986,111	14	3,116,164	15	2,606,355	13	2,767,012	15
Total retained earnings	4,406,665	20	4,438,605	22	3,928,796	20	3,994,230	21
Other equity (Note 21)	367,988	2	174,276	1	(7,460)	-	23,581	-
Total equity attributable to owners of the corporation	8,352,666	39	8,173,238	40	7,446,018	37	7,542,551	40
NON-CONTROLLING INTERESTS	662,254	3	574,821	3	508,420	3	500,163	2
Total equity	9,014,920	42	8,748,059	43	7,954,438	40	8,042,714	42
TOTAL	$ 21,380,295	100	$ 20,366,373	100	$ 19,979,765	100	$ 18,925,063	100

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

(With Deloitte & Touche review report dated August 12, 2013)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUES (Note 28)								
Net sales	$ 8,706,231	100	$ 8,237,179	100	$ 16,280,717	100	$ 15,915,830	99
Commission revenue	24,609	-	33,836	-	66,006	-	80,154	1
Other operating revenue	6,998	-	8,270	-	16,582	-	17,400	-
Total operating revenues	8,737,838	100	8,279,285	100	16,363,305	100	16,013,384	100
OPERATING COSTS (Notes 11 and 28)								
Cost of goods sold	7,962,345	91	7,519,793	91	14,912,539	91	14,567,616	91
Other operating costs	1,757	-	4,591	-	5,626	-	6,642	-
Total operating costs	7,964,102	91	7,524,384	91	14,918,165	91	14,574,258	91
GROSS PROFIT	773,736	9	754,901	9	1,445,140	9	1,439,126	9
OPERATING EXPENSES (Notes 20 and 22)								
Selling and marketing expenses	402,691	5	432,979	5	774,363	5	800,741	5
General and administrative expenses	99,849	1	96,506	1	193,741	1	171,011	1
Total operating expenses	502,540	6	529,485	6	968,104	6	971,752	6
OPERATING INCOME	271,196	3	225,416	3	477,036	3	467,374	3
NONOPERATING INCOME AND EXPENSES								
Other income (Note 22)	40,858	-	28,545	-	74,425	-	50,901	-
Other gains and losses (Note 22)	41,784	1	(9,968)	-	97,052	1	(18,757)	-
Financial costs (Note 22)	(19,631)	-	(19,178)	-	(39,100)	-	(39,060)	-
Share of the profit or loss of associates (Note 13)	75,386	1	93,556	1	162,408	1	174,459	1
Total nonoperating income and expenses	138,397	2	92,955	1	294,785	2	167,543	1
PROFIT BEFORE INCOME TAX	409,593	5	318,371	4	771,821	5	634,917	4
INCOME TAX EXPENSE(Note 23)	129,002	2	90,193	1	192,088	1	151,770	1
NET PROFIT FROM CONTINUING OPERATIONS	280,591	3	228,178	3	579,733	4	483,147	3
OTHER COMPREHENSIVE INCOME (Notes 21 and 23)								
Exchange differences on translating foreign operations	65,128	1	34,253	-	209,362	1	(54,451)	-
Unrealized gain on available-for-sale financial assets	(74,655)	(1)	(33,793)	-	(18,862)	-	8,140	-
Share of the other comprehensive income of associates	8,692	-	10,941	-	49,095	-	(6,151)	-

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax relating to the components of other comprehensive income	$ (6,051)	-	$ (2,989)	-	$ (21,496)	-	$ 13,294	-
Other comprehensive income for the period, net of income tax	(6,886)	-	8,412	-	218,099	1	(39,168)	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 273,705	3	$ 236,590	3	$ 797,832	5	$ 443,979	3
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Corporation	$ 260,033		$ 218,759		$ 546,535		$ 466,763	
Non-controlling interests	20,558		9,419		33,198		16,384	
	$ 280,591		$ 228,178		$ 579,733		$ 483,147	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Corporation	$ 245,098		$ 223,276		$ 740,247		$ 435,722	
Non-controlling interests	28,607		13,314		57,585		8,257	
	$ 273,705		$ 236,590		$ 797,832		$ 443,979	
EARNINGS PER SHARE (Note 24)								
From continuing operations								
Basic	$ 1.12		$ 0.95		$ 2.36		$ 2.02	
Diluted	1.10		0.92		2.31		1.97	

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

(With Deloitte & Touche review report dated August 12, 2013) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Corporation									
			Retained Earnings			Other Equity				
	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Subtotal	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2012	$ 2,313,901	$ 1,210,839	$ 1,154,916	$ 72,302	$ 2,767,012	$ -	$ 23,581	$ 7,542,551	$ 500,163	$ 8,042,714
Appropriation of 2011 earnings (Note 21)										
Legal reserve	-	-	95,223	-	(95,223)	-	-	-	-	-
Cash dividends distributed by the Corporation-23%	-	-	-	-	(532,197)	-	-	(532,197)	-	(532,197)
	-	-	95,223	-	(627,420)	-	-	(532,197)	-	(532,197)
Other changes in capital surplus										
Change in capital surplus from investments in associates accounted for by using equity method	-	(58)	-	-	-	-	-	(58)	-	(58)
Net profit for the six months ended June 30, 2012	-	-	-	-	466,763	-	-	466,763	16,384	483,147
Other comprehensive income (loss) for the six months ended June 30, 2012, net of income tax (Note 21)	-	-	-	-	-	(56,730)	25,689	(31,041)	(8,127)	(39,168)
Total comprehensive income (loss) for the six months ended June 30, 2012	-	-	-	-	466,763	(56,730)	25,689	435,722	8,257	443,979
BALANCE AT JUNE 30, 2012	$ 2,313,901	$ 1,210,781	$ 1,250,139	$ 72,302	$ 2,606,355	$ (56,730)	$ 49,270	$ 7,446,018	$ 508,420	$ 7,954,438
BALANCE AT JANUARY 1, 2013	$ 2,313,901	$ 1,246,456	$ 1,250,139	$ 72,302	$ 3,116,164	$ (144,271)	$ 318,547	$ 8,173,238	$ 574,821	$ 8,748,059
Appropriation of 2012 earnings (Note 21)										
Legal reserve	-	-	98,113	-	(98,113)	-	-	-	-	-
Cash dividends distributed by the Corporation-25%	-	-	-	-	(578,475)	-	-	(578,475)	-	(578,475)
	-	-	98,113	-	(676,588)	-	-	(578,475)	-	(578,475)
Other changes in capital surplus										
Change in capital surplus from investments in associates accounted for by using equity method	-	17,656	-	-	-	-	-	17,656	-	17,656
Net profit for the six months ended June 30, 2013	-	-	-	-	546,535	-	-	546,535	33,198	579,733
Other comprehensive income (loss) for the six months ended June 30, 2013, net of income tax (Note 21)	-	-	-	-	-	238,237	(44,525)	193,712	24,387	218,099
Total comprehensive income (loss) for the six months ended June 30, 2013	-	-	-	-	546,535	238,237	(44,525)	740,247	57,585	797,832
Increase in non-controlling interests (Note 21)	-	-	-	-	-	-	-	-	29,848	29,848
BALANCE AT JUNE 30, 2013	$ 2,313,901	$ 1,264,112	$ 1,348,252	$ 72,302	$ 2,986,111	$ 93,966	$ 274,022	$ 8,352,666	$ 662,254	$ 9,014,920

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

(With Deloitte & Touche review report dated August 12, 2013)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 771,821	$ 634,917
Adjustments for:		
Depreciation expenses	37,558	36,809
Amortization expenses	5,775	6,524
Provision (reversal of provision) for doubtful accounts	(4,312)	20,991
Net loss (gain) on fair value change of financial assets and liabilities designated as at fair value through profit or loss	3,285	(2,522)
Interest expenses	39,100	39,060
Interest income	(44,004)	(27,155)
Dividend income	(1,191)	(1,490)
Share of loss (profit) of associates	(162,408)	(174,459)
Loss (gain) on disposal of property, plant and equipment	(454)	2,632
Gain on disposal of investments	(14,854)	(4,004)
Impairment loss recognized on available-for-sale financial assets	-	6,000
Impairment loss recognized on non-financial assets	33,839	4,336
Net loss (gain) on foreign currency exchange	44,074	4,723
Changes in operating assets and liabilities		
Notes receivable	(194,060)	(57,248)
Accounts receivable	(456,091)	(907,828)
Accounts receivable - related parties	2,275	9,996
Other receivable	(14,828)	(4,603)
Other receivable - related parties	291	2,539
Inventories	(172,128)	634,391
Prepayments and other current assets	(56,945)	37,721
Notes payable	73,149	(84,077)
Notes payable - related parties	23,207	(19,604)
Accounts payable	(10,818)	528,643
Accounts payable - related parties	(16,522)	(7,891)
Other payables	191,657	162,397
Provisions	(12,591)	5,536
Other current liabilities	(43,930)	(76,375)
Accrued pension liabilities	747	3,752
Cash generated from operations	21,642	773,711
Interest received	44,004	27,155
Dividend received	65,191	81,490
Interest paid	(39,360)	(40,320)
Income tax paid	(98,363)	(147,916)
Net cash generated from (used in) operating activities	(6,886)	694,120

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WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2013	2012
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets designated as at fair value through profit and loss	$ 90,000	$ -
Acquisition of available-for-sale financial assets	(200,170)	(125,644)
Proceeds of sale of available-for-sale financial assets	15,442	14,644
Acquisition of associates	(277,938)	(3,898)
Payments for property, plant and equipment	(112,680)	(6,183)
Proceeds from disposal of property, plant and equipment	652	466
Increase in refundable deposits	(10,233)	(15,079)
Decrease in refundable deposits	12,432	32,511
Payments for intangible assets	(3,451)	(352)
Increase in other financial assets	-	(76,209)
Decrease in other financial assets	637,228	-
Decrease in other noncurrent assets	8,531	6,399
Increase in prepayments for equipment	(55,316)	(3,447)
Net cash generated from (used in) investing activities	104,497	(176,792)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term loans	6,675,427	6,348,088
Repayments of short-term loans	(6,941,433)	(6,144,193)
Repayments of short-term bills payable	-	(50,000)
Repayment of long-term debts	(4,517)	(4,517)
Proceeds from guarantee deposits received	30	-
Refund of guarantee deposits received	-	(770)
Change in non-controlling interests	29,848	-
Net cash generated from (used in) financing activities	(240,645)	148,608
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	315,893	(82,179)
NET INCREASE IN CASH AND CASH EQUIVALENTS	172,859	583,757
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	1,576,396	1,320,835
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	$ 1,749,255	$ 1,904,592

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

(With Deloitte & Touche review report dated August 12, 2013) (Concluded)

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. ORGANIZATION AND OPERATIONS

Wah Lee Industrial Corporation (the "Corporation") was incorporated in October 1968, and is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, computer related manufacturing materials and equipment.

The Corporation's shares have been listed and traded on the Taiwan Stock Exchange since July 22, 2002.

The functional currency of the Corporation is New Taiwan dollars and the consolidated financial statements are presented in New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 12, 2013.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

a. New, revised or amended standards and interpretations in issue but not yet effective.

The Corporation and its subsidiaries (the "Group") have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC), and Standing Interpretations (SIC) that have been issued by the International Accounting Standards Board (IASB). As of the date that the consolidated financial statements were approved and authorized for issue, the Financial Supervisory Commission ("FSC") has not announced the effective dates for the following new, revised or amended standards and interpretations:

New, Revised or Amended Standards and Interpretations		Effective Date Announced by IASB (Note)
Endorsed by the FSC but the effective date have not yet been determined by the FSC		
Amendments to IFRSs	Improvements to IFRSs 2009 - Amendments to IAS 39	January 1, 2009 or January 1, 2010
IFRS 9 (2009)	Financial Instruments	January 1, 2015
Amendments to IAS 39	Embedded Derivatives	Effective for fiscal years beginning on or after June 30, 2009

(Continued)

New, Revised or Amended Standards and Interpretations		Effective Date Announced by IASB (Note)
Not yet endorsed by the FSC		
Amendments to IFRSs	Improvements to IFRSs 2010 - Amendments to IAS 39	July 1, 2010 or January 1, 2011
Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	July 1, 2010
Amendments to IFRS 1	Government Loans	January 1, 2013
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	July 1, 2011
Amendments to IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	January 1, 2013
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date and Transition Disclosure	January 1, 2015
Amendments to IFRS 7	Disclosure - Transfer of Financial Assets	July 1, 2011
Amendments to IFRS 9	Financial Instruments	January 1, 2015
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	January 1, 2013
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities	January 1, 2014
IFRS 13	Fair Value Measurement	January 1, 2013
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	July 1, 2012
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets	January 1, 2012
Amendments to IAS 19	Employee Benefits	January 1, 2013
Amendments to IAS 27	Separate Financial Statements	January 1, 2013
Amendments to IAS 28	Investments in Associates and Joint Ventures	January 1, 2013
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013
Amendment to IAS 36	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21	Levies	January 1, 2014

Note: Unless otherwise noted, the above new, revised or amended standards, and interpretations are effective for annual periods beginning on or after the respective effective dates.

b. Significant changes in accounting policy that would result from adoption of new, revised or amended standards, and interpretations in issue but not yet effective.

The Group expects the adoption of the above new, revised or amended standards and interpretations whenever the FSC announces their effective date to have no material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are to be subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the balance sheet date. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability, is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

2) New and revised standards on consolidation and disclosure

a) IFRS 10 "Consolidated Financial Statements"

IFRS 10 replaces IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation - Special Purpose Entities". The Group considers its ability to exercise control over other entities for consolidation. The Group has control over an investee if and only if it has (1) power over the investee; (2) exposure, or rights, to variable returns from its involvement with the investee and (3) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

b) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards.

3) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments measured at fair value only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

4) Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

The amendments to IAS 1 require items of other comprehensive income to be grouped into those that (1) will not be reclassified subsequently to profit or loss; and (2) will be reclassified subsequently to profit or loss when specific conditions are met. Income taxes on related items of other comprehensive income are grouped on the same basis. Previously, there were no such requirements.

5) Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made some consequential amendments to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that the disclosure of such recoverable amount is required during the period when an impairment loss has been recognized or reversed. Furthermore, the Corporation and its subsidiaries are required to disclose the discount rate used in current and previous measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

c. Estimated impact on consolidated financial statements whenever the new, revised or amended standards and interpretations in issue but not yet effective are adopted.

As of the date that the consolidated financial statements were approved and authorized for issue, the Corporation and its subsidiaries are in the process of estimating the impact on its financial position and results of operations whenever the new standards and interpretations are adopted. Disclosures will be provided until a detailed review of the impact has been completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IFRS, IAS, IFRIC and SIC approved by the FSC ("Taiwan-IFRSs"). The date of transition to Taiwan-IFRSs was January 1, 2012. The date of transition to Taiwan-IFRSs was January 1, 2012. Refer to Note 33 for the impact on the consolidated financial statements of conversion to Taiwan-IFRSs.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 34 "Interim Financial Reporting," as endorsed by the FSC. Disclosure information included in interim financial reports is less than the disclosures required in a full set of annual financial reports.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening consolidated balance sheet as of the date of transition to Taiwan-IFRSs was prepared in accordance with IFRS 1 “First-time Adoption of International Financial Reporting Standards”. The applicable Taiwan-IFRSs have been applied retrospectively by the Group except for some aspects where other Taiwan-IFRSs prohibit retrospective application and other specified areas where IFRS 1 grants limited exemption from the requirements of other Taiwan-IFRSs. For the exemptions that the Group elected, refer to Note 33.

The significant accounting policies are set out as below.

Classification of Current and Noncurrent Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within 12 months after the balance sheet date, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than 12 months after the balance sheet date. Property, plant and equipment, intangible assets, other than assets classified as current are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within 12 months after the balance sheet date and liabilities that do not have an unconditional right to defer settlement for at least 12 months after the balance sheet date, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the balance sheet date and before the financial statements are authorized for issue. Liabilities that are not classified as current are classified as noncurrent. 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.

Basis of Consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (its subsidiaries). Control is achieved when the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests shall be presented in the consolidated balance sheets within equity, separately from the equity of the owners of the Corporation.

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if the results in the non-controlling interests will have a deficit balance.

Changes in the Corporation’s ownership interests in existing subsidiaries

Changes in the Corporation’s ownership interests in subsidiaries that do not result in the Corporation’s lose of control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Corporation’s interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount of adjustment to the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

The subsidiaries in the consolidated financial statements

The detailed information of the subsidiaries at the end of the reporting period was as follows:

Investor	Investee	Main Businesses	Percentage of Ownership June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Remark
The Corporation	Wah Lee Holding Ltd.	International investment	100.00	100.00	100.00	100.00	a.
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	53.69	53.69	53.69	53.69	b.
	Wah Lee Japan Corp. (Wah Lee Japan)	Trading business of glass fiber, electronic equipment optical machinery, etc.	83.33	83.33	83.33	83.33	a., Established in Japan
	Wah Lee Korea Ltd. (Wah Lee Korea)	Trading business of glass fiber, electronic equipment optical machinery, etc.	94.87	94.87	94.87	96.10	a., Established in Korea
	Skypower Ltd. (Skypower)	Trading business of solar energy materials and equipment	70.00	69.77	-	-	a., Established in Japan in August 2012
Wah Lee Holding Ltd.	SHC Holding Ltd.	International investment	100.00	100.00	100.00	100.00	a., Established in Mauritius
	Global SYK Holding Ltd.	International investment	100.00	100.00	100.00	100.00	a., Established in Mauritius
	Wah Lee Tech (Singapore) Pte. Ltd. (Wah Lee Tech)	Agency of semiconductor materials and equipment	100.00	100.00	100.00	100.00	a., Established in Singapore
	Wah Lee Machinery Trading Limited	International trading	100.00	100.00	100.00	100.00	a., Established in BVI
	Raycong Industrial (H.K.) Ltd. (Raycong)	Trading business of engineering plastic, composite materials and equipment	46.31	46.31	46.31	46.31	b.
Raycong Industrial (H.K.) Ltd. (Raycong)	Dong Guan Hua Gang International Trading Co., Ltd. (Dong Guan Hua Gang)	Trading business of industrial materials and equipment	100.00	100.00	100.00	100.00	a.
	Shanghai Yikang Chemicals and Industries Co., Ltd. (Shanghai Yikang)	International trading of industrial materials	70.00	70.00	70.00	70.00	b.
	Nilee Optronics, Ltd.	Cutting and trading of polyester film	-	-	100.00	100.00	c.

a. This is not a material subsidiary; its financial statements for the six months ended June 30, 2013 and 2012 have not been reviewed.

b. This is not a material subsidiary in 2012; its financial statements for the six months ended June 30, 2012 have not been reviewed.

c. The dissolution and liquidation of Nilee Optronics, Ltd. had been approved in the board of directors' meeting in May 2009 and the liquidation was fully completed in August 2012 (Refer to Note 6).

The following information of subsidiaries mentioned above and the disclosures in Notes 32 and 33 relating to subsidiaries' information were based on unreviewed financial statements.

	June 30 2013	June 30 2012
Total assets	$ 3,197,012	$ 7,717,809
Total liabilities	920,509	3,131,734

	For the Three Months Ended June 30 2013	For the Three Months Ended June 30 2012	For the Six Months Ended June 30 2013	For the Six Months Ended June 30 2012
Comprehensive income	$ 12,521	$ 87,869	$ 74,934	$ 197,160

Other significant accounting policies

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. Functional currency is the currency of the primary economic environment in which the entity operates. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Exchange differences arising on the retranslation of non-monetary assets (such as equity instruments) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at each balance sheet date except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income and accumulated in equity (attributed to the owners of the Corporation and non-controlling interests as appropriate).

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made item by item. Net realizable value is the estimated selling price of inventories less all expenses necessary to make the sale. Except that Wah Lee Japan, Wah Lee Tech, and Wah Lee Korea used the weighted-average cost method, inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

Investment in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

The operating results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes its share of the changes in the equity of associates.

When the Group subscribes for additional new shares of the associate, at a percentage different from their existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by using equity method is insufficient, the shortage is debited to retained earnings.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The requirements of IAS 39 "Financial Instruments: Recognition and Measurement" are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 "Impairment of Assets" to the extent that the recoverable amount of the investment has subsequently increased.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Property, Plant, and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes, and are expected to be used during more than one period. Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss 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.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss in the period.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss of goodwill is recognized directly in profit or loss. An impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal, and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Intangible Assets

Intangible assets (computer software) with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis which is in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gain or loss from derecognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and recognized in profit or loss when the asset is derecognized.

Impairment of Tangible and Intangible Assets Other than Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently is reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement category

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The categories of financial assets held by the Group include financial assets at fair value through profit or loss, available-for-sale financial assets and loans and receivables.

1) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss held by the Group are financial assets held for trading.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is not included in the other gains and losses line item. Fair value is determined in the manner described in Note 27.

2) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Listed shares held by the Group that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but classified as available-for-sale financial assets and stated at fair value at the end of each reporting period; the management considers that fair value of these investments can be reliably measured. Fair value is determined in the manner described in Note 27.

Dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss that was previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

3) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

b. Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as accounts receivable and other receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or

- Breach of contract, such as a default or delinquency in interest or principal payments; or

- It becoming probable that the borrower will enter bankruptcy or financial re-organization; or

- The disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When accounts receivable are considered uncollectible, the amount is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

c. Derecognition of financial assets

The Corporation and its subsidiaries derecognize a financial asset only when the contractual rights to the cash flows from the asset expire, or when they transfer the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

a. Subsequent measurement

Except the financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method (see above for the definition of effective interest method):

Financial liabilities at fair value through profit or loss held by the Group were financial liabilities held for trading.

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of repurchasing it in the near term; or

- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- It is a derivative that is not designated and effective as a hedging instrument.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest paid on the financial liability and is not included in the other gains and losses line item. Fair value is determined in the manner described in Note 27.

b. Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the derecognized financial liability and the consideration paid and payable is recognized in profit or loss.

<u>Derivative financial instruments</u>

The Group enters into a variety of derivative financial instruments to manage exposure to foreign exchange rate and interest rate risks, including cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Provisions

The provisions include reserve for sales allowance and other long term employee benefits.

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns based on previous experience and other relevant factors.

<u>Sale of goods</u>

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c. The amount of revenue can be measured reliably;

d. It is probable that the economic benefits associated with the transaction will flow to the Group; and

e. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, sales of goods are recognized when goods are delivered and title has passed.

Rendering of services

Commission revenues are recognized when goods are shipped to customers, according to the contracted percentage.

Other service income is recognized when services are provided.

Dividend and interest income

Dividend income from investments is recognized when the shareholder’s right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the applicable effective interest rate.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

As lessor, the Group recognizes rental income from operating lease on a straight-line basis over the term of the relevant lease.

As lessee, the Group recognizes rental expense for operating lease on a straight-line basis over the lease term.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

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-time events.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Interim period income taxes are assessed on an annual basis. Interim period income tax expense is calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

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

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

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carry forward to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current tax and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group' accounting policies, which are described in note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Income taxes

   The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such reversal takes place.

b. Estimated impairment of accounts receivable

   When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. 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 (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c. Fair value of derivatives and other financial instruments

   As described in note 27, the Group's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions are based on quoted market rates adjusted for specific features of the instruments. Other financial instruments are valued using assumptions based on quoted market rates (if available). The measurement for the fair value of unlisted equity investments includes assumptions not based on observable market price or rates.

   Detailed information about the key assumptions used in the determination of the fair value of financial instruments is provided in Note 27. The Group's management believes that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

d. Calculation of accrued pension liabilities

In calculating the present value of the defined benefit obligation, the Corporation is required to use judgment and estimates to determine related actuarial assumptions at the end of the reporting period, including discount rates and expected return on plan assets, etc. Any changes in actuarial assumptions are likely to materially affect the Corporation's defined benefit obligation amount.

6. DISCONTINUED OPERATIONS

To simplify the Group structure, the dissolution and liquidation of Nilee Optronics, Ltd. had been approved in the board of directors meeting in May 2009 and the liquidation was fully completed in August 2012.

The profit and loss and cash flow of discontinued operation were as follows:

	For the Six Months Ended June 30, 2012
Profit and loss of discontinued operation	
Revenues and gains	$ -
Costs and expenses	-
Net income of discontinued operation	$ -
Cash flow of discontinued operation	
Net cash flow of operating activities	$ -
Net cash flow of investing activities	-
Net cash flow of financing activities	-
Effects of exchange rate	(71)
Net decrease in cash flow	$ (71)

7. CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Cash on hand	$ 6,328	$ 8,144	$ 26,770	$ 32,927
Demand deposits	993,495	1,159,565	831,049	1,054,810
Checking accounts	2,032	12,163	-	38,156
Cash equivalents				
Commercial papers	-	-	149,588	-
Time deposits with original maturities less than three months	747,400	396,524	897,185	194,942
	$ 1,749,255	$ 1,576,396	$ 1,904,592	$ 1,320,835

The ranges of market interest rates of time deposits at each balance sheet date were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Time deposits (%)	2.4-5.5	1.35-3.5	1.49-5.57	1.1-1.49

Cash equivalents are financial assets (including time deposits) that have a maturity of three months or less from the date of acquisition, readily convertible to a known amount of cash, and subject to an insignificant risk of change in value; these are held for the purpose of meeting short-term cash commitments.

Time deposits with original maturities of more than three months were reclassified as other financial assets (refer to Note 12).

8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets held for trading				
Non-derivative financial assets				
Convertible bonds	$ -	$ 93,285	$ 102,960	$ 101,405
Current	$ -	$ -	$ 10,260	$ 10,055
Noncurrent	-	93,285	92,700	91,350
	$ -	$ 93,285	$ 102,960	$ 101,405
Financial liabilities held for trading				
Derivative financial liabilities (not under hedge accounting)				
Cross-currency swap contracts	$ -	$ -	$ -	$ 249

The subsidiary company - Raycong entered into cross-currency swap contracts to manage exposures due to exchange rate and interest rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting. The cross-currency swap contracts were consequently classified as financial assets held for trading.

As of December 31, 2012 and June 30, 2012, the cross-currency swap contracts were all settled or closed.

As of January 1, 2012, the outstanding cross-currency swap contracts were as follows:

Notional Amounts (In Thousands)	Maturity Date	Interest Rates Paid (%)	Interest Rates Received (%)
USD150/RMB949	2012.01.20	1.45	2.30
USD150/RMB946	2012.02.10	1.45	2.50
USD150/RMB941	2012.02.21	1.45	2.60
USD150/RMB938	2012.04.11	1.45	2.45
USD150/RMB939	2012.04.13	1.45	2.50
USD150/RMB936	2012.04.20	1.45	2.50
USD130/RMB808	2012.04.27	1.45	2.50

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Domestic investments				
Quoted shares	$ 95,801	$ 89,368	$ 87,438	$ 83,643
Emerging market shares	201,583	233,646	-	-
Unquoted shares	62,221	62,115	113,201	111,155
Mutual funds	300,754	112,323	417,670	296,999
	660,359	497,452	618,309	491,797
Foreign investments				
Quoted shares	48,722	44,109	41,234	44,372
Unquoted shares	78,299	73,585	77,113	83,845
	127,021	117,694	118,347	128,217
	$ 787,380	$ 615,146	$ 736,656	$ 620,014
Current	$ 353,192	$ 162,914	$ 468,576	$ 348,591
Noncurrent	434,188	452,232	268,080	271,423
	$ 787,380	$ 615,146	$ 736,656	$ 620,014

The Group's unquoted shares originally recognized as financial assets measured at cost were designated as available-for-sale financial assets. Those shares recognized as available-for-sale financial assets amounted to $137,931 thousand as of January 1, 2012, the transition date to Taiwan-IFRSs. Refer to Note 27 for the determination of fair values of those shares and other available-for-sale financial assets.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Notes receivable - operating	$ 948,059	$ 753,999	$ 674,075	$ 616,827
Accounts receivable - unrelated parties				
Accounts receivable	$ 8,234,708	$ 7,789,709	$ 8,072,570	$ 7,180,017
Less: Allowance for doubtful accounts	36,118	49,767	51,130	44,809
	8,198,590	7,739,942	8,021,440	7,135,208
Accounts receivable - related parties	63,603	65,878	39,145	49,141
	$ 8,262,193	$ 7,805,820	$ 8,060,585	$ 7,184,349

The average credit period on sales of goods was 30-150 days. In determining the recoverability of accounts receivable, the Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to each balance sheet date. The Group assessed the accounts receivable that were not past due and recognized allowance for impairment loss based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The Group periodically reviewed the customers' credit limits. The notes receivable and accounts receivable that were neither past due nor impaired had good credit scores according to internal credit review system.

The concentration of credit risk was limited due to the fact that the customer base was large.

Of the accounts receivable balances (see below for aged analysis) that were past due at the end of reporting period, the Group had not recognized an allowance for impaired accounts receivable for $322,336 thousand, $365,986 thousand, $417,147 thousand and $344,686 thousand as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, respectively, because there had not been a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral over these balances and did not have a legal right to offset against any amounts owed by the Group to the counterparty.

Age analysis of receivables that were past due but not impaired was as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Less than 90 days	$ 84,629	$ 91,020	$ 144,792	$ 107,148
91-150 days	146,621	175,581	227,107	143,847
151-180 days	28,156	31,454	12,986	46,456
Over 181 days	62,930	67,931	32,262	47,235
	$ 322,336	$ 365,986	$ 417,147	$ 344,686

Above analysis was based on the billing date.

Movements of the allowance for impairment loss recognized on accounts receivable were as follows:

	For the Six Months Ended June 30	
	2013	2012
Balance, beginning of period	$ 49,767	$ 44,809
Add (deduct): Impairment loss provision (reversal)	(4,312)	20,991
Less: Amount written off during the period as uncollectible	(11,092)	(14,065)
Foreign exchange translation loss (gain)	1,755	(605)
Balance, end of period	$ 36,118	$ 51,130

Age of individually impaired accounts receivable was as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Less than 90 days	$ 2,650	$ 414	$ 9,786	$ 4,682
91-150 days	664	6,959	3,939	21,413
151-180 days	1,685	9,203	1,513	9,043
Over 181 days	61,547	76,424	103,199	56,202
	$ 66,546	$ 93,000	$ 118,437	$ 91,340

Above analysis was based on the billing date.

11. INVENTORIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Merchandise	$ 2,720,296	$ 2,510,891	$ 2,533,838	$ 3,133,093
Merchandise in transit	65,770	138,679	57,995	95,564
	$ 2,786,066	$ 2,649,570	$ 2,591,833	$ 3,228,657

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the allowance for inventory devaluation was $219,576 thousand, $186,755 thousand, $235,065 thousand and $328,712 thousand, respectively.

The cost of inventories recognized as cost of goods sold in the three months and six months ended June 30, 2013 and 2012 was $7,962,345 thousand $7,519,793 thousand, $14,912,539 thousand and $14,567,616 thousand, respectively, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Provision for loss on inventories	$ 18,924	$ -	$ 30,000	$ -
Loss (gain) on physical inventories	86	26	181	(428)
Loss on disposal of inventories	2,013	4,104	3,658	4,764
	$ 21,023	$ 4,130	$ 33,839	$ 4,336

12. OTHER FINANCIAL ASSETS - CURRENT

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Time deposits with original maturity more than three months	$ 1,043,067	$ 1,680,295	$ 867,385	$ 791,176
Annual interest rate (%)	2.29-4.45	2.8-5	2.1-5	3-6.5

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in Associates	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Listed companies				
Chang Wah Electromaterials Inc.	$ 1,229,541	$ 1,160,088	$ 908,427	$ 839,910
Wah Hong Industrial Corp.	1,246,428	976,398	1,011,778	976,747

(Continued)

Investments in Associates	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unlisted companies				
Nagase Wahlee Plastics Corp.	$ 647,067	$ 646,623	$ 609,323	$ 659,429
Orc Technology Corp.	182,322	178,681	180,412	173,646
Shanghai Hua Chang Trading Co., Ltd.	505,964	454,181	456,664	438,457
Shanghai Chang Hua Corp.	107,833	95,264	89,371	84,213
	$ 3,919,155	$ 3,511,235	$ 3,255,975	$ 3,172,402

(Concluded)

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Chang Wah Electromaterials Inc.	28.04%	28.04%	30.07%	30.07%
Wah Hong Industrial Corp.	25.96%	24.44%	24.44%	24.32%
Nagase Wahlee Plastic Corp.	40.00%	40.00%	40.00%	40.00%
Orc Technology Corp.	35.00%	35.00%	35.00%	35.00%
Shanghai Hua Chang Trading Co., Ltd.	30.00%	30.00%	30.00%	30.00%
Shanghai Chang Hua Corp.	30.63%	30.63%	30.63%	30.63%

Investments in publicly traded shares that are accounted for using the equity method were priced based on the closing price of those shares at the balance sheet date. The investments were summarized as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Chang Wah Electromaterials Inc.	$ 2,019,888	$ 1,861,863	$ 1,237,367	$ 1,108,711
Wah Hong Industrial Corp.	887,934	895,280	962,790	785,428
	$ 2,907,822	$ 2,757,143	$ 2,200,157	$ 1,894,139

Brief descriptions of the movements of long-term investments were as follows

a. In May 1989, the Corporation invested in Chang Wah Electromaterials Inc., which is engaged in the agency of materials and equipment for IC packaging and increased the investment by $111,442 thousand in February to August 2011; the percentage of ownership increased to 30.07%. In November 2012, Chang Wah Electromaterials Inc. conducted equity offering to raise $600,000 thousand and the Corporation subscribed $80,000 thousand of that amount. Besides, in October and December 2012, the Corporation reduced the investment by selling shares in the amount of $10,596 thousand, and recognized gain on disposal of investments in the amount of $8,514 thousand. The percentage of ownership decreased to 28.04%. The Corporation's cumulative investments in Chang Wah Electromaterials Inc. amounted to $392,820 thousand as of June 30, 2013.

b. In June 1990, the Corporation invested in Wah Hong Industrial Corp., which is engaged in the manufacture of LCD, BMC materials and finished goods and increased the investment by $3,898 thousand and $455,068 thousand in 2012 and 2011, respectively; the percentage of ownership increased to 24.44%. In March 2013, Wah Hong Industrial Corp. conducted equity offering to raise $600,000 thousand and the Corporation subscribed $207,633 thousand of that amount. The percentage of ownership increased to 25.96%. The Corporation's cumulative investments in Wah Hong Industrial

Corp. amounted to $939,921 thousand as of June 30, 2013.

Financial summary of the Group's associates was as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Total assets	$ 32,214,339	$ 29,349,331	$ 27,825,958	$ 26,332,773
Total liabilities	$ 18,335,717	$ 16,919,497	$ 16,914,564	$ 15,389,533

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Operating revenue	$ 11,943,980	$ 10,024,110	$ 20,105,951	$ 19,465,786
Net profit	$ 294,734	$ 307,904	$ 578,662	$ 564,977
Other comprehensive income	$ 52,291	$ 38,675	$ 168,780	$ (3,002)

The equity-method investees' financial statements, which had been used to determine the carrying amount of the Group's investments including the share of profit and other comprehensive income of associates, had not been reviewed, except those of Chang Wah Electromaterials Inc. and Wah Hong Industrial Corp.

14. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
The carrying amount of each class				
Freehold land	$ 456,991	$ 459,975	$ 429,363	$ 429,363
Buildings	405,367	387,305	397,376	408,379
Machinery and equipment	1,586	1,700	72	86
Transportation equipment	14,272	14,079	18,639	22,233
Office and miscellaneous equipment	101,627	109,723	128,379	150,671
Leasehold improvements	1,020	1,844	3,077	7,249
Construction in progress	106,421	33,973	-	-
	$ 1,087,284	$ 1,008,599	$ 976,906	$ 1,017,981

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office and Miscellaneous Equipment	Leasehold Improvements	Construction in progress	Total
Cost								
Balance at January 1, 2012	$ 429,363	$ 538,292	$ 682	$ 85,415	$ 367,668	$ 59,013	$ -	$ 1,480,433
Additions	-	736	-	967	1,004	192	-	2,899
Disposals	-	-	-	(1,502)	(575)	(4,059)	-	(6,136)
Effect of foreign currency exchange differences	-	(4,610)	(5)	(324)	(489)	(438)	-	(5,866)
Balance at June 30, 2012	$ 429,363	$ 534,418	$ 677	$ 84,556	$ 367,608	$ 54,708	$ -	$ 1,471,330
Balance at January 1, 2013	$ 459,975	$ 531,590	$ 2,335	$ 79,523	$ 370,461	$ 54,664	$ 33,973	$ 1,532,521
Additions	-	18,179	-	4,061	14,800	-	75,436	112,476
Disposals	-	-	(145)	(3,287)	(1,433)	(665)	-	(5,530)
Effect of foreign currency exchange differences	(2,984)	11,920	94	676	2,346	51	(2,988)	9,115
Balance at June 30, 2013	$ 456,991	$ 561,689	$ 2,284	$ 80,973	$ 386,174	$ 54,050	$ 106,421	$ 1,648,582

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Transportation Equipment	Office and Miscellaneous Equipment	Leasehold Improvements	Construction in progress	Total
Accumulated depreciation								
Balance at January 1, 2012	$ -	$ 129,913	$ 596	$ 63,182	$ 216,997	$ 51,764	$ -	$ 462,452
Disposals	-	-	-	(1,264)	(510)	(1,239)	-	(3,013)
Depreciation expense	-	7,986	12	4,184	23,241	1,386	-	36,809
Effect of foreign currency exchange differences	-	(857)	(3)	(185)	(499)	(280)	-	(1,824)
Balance at June 30, 2012	$	$ 137,042	$ 605	$ 65,917	$ 239,229	$ 51,631	$ -	$ 494,424
Balance at January 1, 2013	$ -	$ 144,285	$ 635	$ 65,444	$ 260,738	$ 52,820	$ -	$ 523,922
Disposals	-	-	(145)	(3,134)	(1,388)	(665)	-	(5,332)
Depreciation expense	-	9,122	192	4,010	23,404	830	-	37,558
Effect of foreign currency exchange differences	-	2,915	16	381	1,793	45	-	5,150
Balance at June 30, 2013	$ -	$ 156,322	$ 698	$ 66,701	$ 284,547	$ 53,030	$ -	$ 561,298

(Concluded)

The above items of property, plant and equipment were depreciated on a straight-line basis over the following estimated useful lives:

Buildings	
Office	20-63 years
Office interior decoration	5-11 years
Machinery and equipment	3-10 years
Transportation equipment	1-9 years
Office and miscellaneous equipment	
Fire extinguishing equipment and safeguard monitoring system	4-6 years
Steel cylinder	5-9 years
Hoist	11-16 years
Others	1-8 years
Leasehold improvements	1-10 years

On January 1, 2012, the date of transition to Taiwan-IFRSs, the Group treated the carrying amount determined by reference to the revaluation amount established at the date of revaluation of the land under ROC GAAP as the deemed cost of the land.

Refer to Note 29 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings granted to the Group.

15. SHORT-TERM LOANS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Secured loans (Note 29)				
Bank loans	$ 138,199	$ 124,889	$ -	$ 57,604
Unsecured loans				
Loans for procurement of materials	168,938	181,867	235,484	199,827
Line of credit of loans	3,169,251	3,325,615	3,282,975	3,096,494
	3,338,189	3,507,482	3,518,459	3,296,321
	$ 3,476,388	$ 3,632,371	$ 3,518,459	$ 3,353,925
Annual interest rate (%)	0.7-2.6	0.76-2.4	1.0-2.55	0.87-2.5

16. SHORT-TERM BILLS PAYABLE - ONLY AS OF JANUARY 1, 2012

Outstanding short-term bills payable were as follows:

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate
China Bills Finance Corporation	$ 50,000	$ -	$ 50,000	0.88

The commercial paper payable had not been discounted because the effect was not material.

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Notes payable (including related parties)				
Operating	$ 616,838	$ 522,911	$ 674,674	$ 768,198
Non-operating	8,424	5,995	7,153	17,310
	$ 625,262	$ 528,906	$ 681,827	$ 785,508
Notes payable				
Unrelated parties	$ 400,248	$ 327,099	$ 501,035	$ 585,112
Related parties	225,014	201,807	180,792	200,396
	$ 625,262	$ 528,906	$ 681,827	$ 785,508
Accounts payable (including related parties)				
Operating	$ 4,374,310	$ 4,401,650	$ 4,069,128	$ 3,548,376
Accounts payable				
Unrelated parties	$ 4,116,553	$ 4,127,371	$ 3,835,238	$ 3,306,595
Related parties	257,757	274,279	233,890	241,781
	$ 4,374,310	$ 4,401,650	$ 4,069,128	$ 3,548,376

The average credit period for purchases of goods was 30-120 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Therefore, no interest was charged on the accounts payable.

18. LONG-TERM DEBTS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Syndicated bank loans (led by Hua Nan Bank) (a)	$ 1,440,000	$ 1,440,000	$ 1,440,000	$ 1,440,000
Less: Syndicated loan fee	3,000	3,600	4,200	4,800
	1,437,000	1,436,400	1,435,800	1,435,200
Hua Nan Bank				
Mortgage loan (b)	129,490	134,007	138,524	143,041
Less: Current portion	9,034	9,034	9,034	9,034
	120,456	124,973	129,490	134,007
	$ 1,557,456	$ 1,561,373	$ 1,565,290	$ 1,569,207

a. The Corporation signed a syndicated loan agreement with seventeen banks led by Hua Nan Bank in January 2011. The main contents of the syndicated loan agreement are as follows:

1) The loan is a 5-year medium-term revolving credit line up to NT$2.4 billion that commences from the initial drawdown date. Beginning on the third year, the maximum credit line will be reduced every six months; each of the first four six-month periods will be reduced by NT$360 million and the fifth six-month period will be reduced by NT$960 million. Under the borrowing limit, the Corporation could use the revolving credit facility and choose borrowing terms of 90 days or 180 days. Each drawdown shall be repaid at the end of each interest period, but shall be available for redrawing on a revolving basis not less than three business days from original loan's maturity date subject to no occurrence of default. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the interest rates were 1.6321%, 1.6237%, 1.6004% and 1.5328%, respectively.

2) Pursuant to the loan agreement, the Corporation should maintain certain financial ratios as follows:

- Current ratio should not be less than 100%.
- Debt ratio should not be more than 150%.
- Interest coverage ratio should not be less than 800%.
- Tangible net worth, the balance after deducting intangible assets from stockholders' equity, should not be less than NT$6 billion.

Pursuant to the loan agreement, the Corporation should maintain the aforementioned financial ratios. Such financial ratios should be calculated based on audited annual consolidated financial statements and reviewed semi-annual consolidated financial statements. If the Corporation is not in compliance with the aforementioned financial ratios or other terms of the loan agreement, the syndicated banks have the right to suspend or cancel all or portion of the credit line, declare the entire unpaid principal amount of the advances, all accrued and unpaid interest, fees and all other sums payable to be due immediately, and/or declare the commitment amount to be cancelled and reduced to zero.

The Corporation had met the conditions of the loan agreement based on the reviewed semi-annual consolidated financial statements as of and for the six months ended June 30, 2013.

b. Mortgage loan with Hua Nan Bank repayable in 214 monthly installments from December 2009 to October 2027, NT$753 thousand per installment, interest rate at 1.87%, 1.87%, 1.67% and 1.67% as of June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, respectively.

19. OTHER PAYABLES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Salaries or bonus	$ 274,688	$ 212,260	$ 255,914	$ 226,487
Payable for commission	25,739	32,029	24,203	24,044
Payable for interest	5,009	5,869	5,179	7,040
Payable for annual leave	24,841	25,259	24,279	28,192
Payable for bonus to employees and remuneration to directors and supervisors (Note 21)	262,635	172,195	248,139	169,169
Payable for dividends	580,124	-	533,846	-
Others	135,156	91,512	175,261	118,892
	$ 1,308,192	$ 539,124	$ 1,266,821	$ 573,824

20. RETIREMENT BENEFIT PLANS

The Group's retirement benefit plans include defined contribution and defined benefit plans.

a. Defined contribution plans

The Corporation adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Based on the LPA, the Corporation makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Subsidiaries including Raycong, Shanghai Yikang, Dong Guan Hua Gang and Wah Lee Tech are required by local regulations to make contribution for central provident fund and retirement insurance.

b. Defined benefit plan

Part of the employees of the Corporation adopted the defined benefit plan under the Labor Standards Law, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation contributes amounts, equal to 8% of total monthly salaries and wages, to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at December 31, 2012 by Wen-Hsien Chen, an independent actuary. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. For the six months ended June 30, 2013 and 2012, the Corporation recognized employee benefit expenses, calculated using the actuarially determined pension cost rate as of December 31, 2012 and January 1, 2012, respectively.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	Valuation at	
	December 31, 2012	January 1, 2012
Discount rates	1.50%	1.75%
Expected rates of salary increase	2.00%	2.00%
Expected rate of return on plan assets	1.75%	2.00%

Employee benefit expenses of defined benefit plan were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Selling and marketing expenses	$ 2,242	$ 4,777	$ 4,465	$ 7,721
General and administrative expenses	4,602	4,735	6,471	7,641
	$ 6,844	$ 9,512	$ 10,936	$ 15,362

The amounts included in the consolidated balance sheets arising from the Corporation's obligation in respect of its defined benefit plans were as follows:

	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	$ 511,693	$ 495,784
Fair value of plan assets	(161,731)	(160,030)
Deficit	349,962	335,754
Past service cost not yet recognized	(68,075)	(73,312)
Accrued pension liabilities	$ 281,887	$ 262,442

The percentages of the major categories of plan assets at the end of the reporting period were as follows:

	December 31, 2012	January 1, 2012
Cash	21.77	22.76
Short-term bills	12.42	8.12
Bonds	11.51	11.49
Fixed-rate yield	15.31	16.17
Equity securities	38.32	41.26
Others	0.67	0.20
	100.00	100.00

The overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the use of the Labor Pension Fund by Labor Pension Fund Supervision Committee, taking into consideration the effect of possible differences between the guaranteed minimum income and the return on local banks' two-year time deposits.

The Corporation chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to Taiwan-IFRSs (Refer to Note 33):

	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 511,693	$ 495,784
Fair value of plan assets	$ (161,731)	$ (160,030)
Deficit	$ 349,962	$ 335,754

(Continued)

	December 31, 2012	January 1, 2012
Experience adjustments on plan liabilities	$ (10,293)	$ -
Experience adjustments on plan assets	$ (1,678)	$ -

(Concluded)

The Corporation expects to make a contribution of NT$16,367 thousand to the defined benefit plans in 2013.

21. EQUITY

a. Capital Stock

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Number of shares authorized (in thousands)	300,000	300,000	300,000	300,000
Shares authorized	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
Number of shares issued and fully paid (in thousands)	231,390	231,390	231,390	231,390
Shares issued	$ 2,313,901	$ 2,313,901	$ 2,313,901	$ 2,313,901

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

b. Capital Surplus

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Recognized from issuance of common shares	$ 1,160,519	$ 1,160,519	$ 1,160,519	$ 1,160,519
Recognized from share of changes in capital surplus of associates	91,726	74,070	38,395	38,453
Recognized from donations	11,867	11,867	11,867	11,867
	$ 1,264,112	$ 1,246,456	$ 1,210,781	$ 1,210,839

Under the Company Law, capital surplus from premium on issued stock may be used to offset a deficit, and it may also be transferred to capital or distributed in cash once a year and up to a certain limit if the Corporation has no deficit. Capital surplus from assets received as donation may only be used to offset a deficit and capital surplus from long-term investment may not be used for any purpose.

c. Retained Earnings and Dividend Policy

The Corporation's Articles of Incorporation provide that the annual net income, after offset of any deficit, shall be appropriated as follows:

1) 10% as legal reserve, until its balance equals to the Corporation's paid-in capital.

2) The remainder will be appropriated by resolution of the Corporation's stockholders in their meeting

with not more than 3% as bonus to directors and supervisors, and not less than 1% as bonus to employees.

The Corporation shall undertake aggressive business plan to keep the Corporation operating as a going concern and in stable prosperity in view of the economic environment and the trend of industry growth. Dividend policy is mainly based on a residual dividend concept, i.e. the Corporation shall measure its annual cash requirement in accordance with its capital budget and regular operational cash requirement to determine the amounts of dividends in cash and/or in stock, but cash dividend shall not be less than 50% of the total amount of dividends.

For the six months ended June 30, 2013 and 2012, the bonus to employees was $81,966 thousand and $73,872 thousand, representing 15% and 16%, respectively, of net income (net of the bonus and remuneration); the remuneration to directors and supervisors was $8,474 thousand and $7,155 thousand, respectively, and both representing 1.55% of net income. Material differences between estimated amounts and the amounts proposed by the board of directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If bonus shares are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonus by the closing price (after considering the effect of cash and stock dividends) of the shares on the day preceding the stockholders' meeting.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of certain shareholders' equity accounts shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

The Corporation appropriated and reversed the special reserve under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs".

Under the Company Law, legal reserve may be used to offset deficit. If the Corporation has no deficit and when the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for stockholders who are not resident in ROC, both Taiwanese and foreigners, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Corporation.

The appropriations of earnings for 2012 and 2011 had been approved in the stockholders' meetings on June 3, 2013 and June 5, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For Fiscal Year 2012	**For Fiscal Year 2011**	**For Fiscal Year 2012**	**For Fiscal Year 2011**
Legal reserve	$ 98,113	$ 95,223		
Cash dividends to stockholders	578,475	532,197	$2.5	$2.3
	$ 676,588	$ 627,420		

The bonus to employees (distributed in cash) and the remuneration to directors and supervisors for 2012 and 2011 which were also approved in the aforementioned shareholders' meetings were as follows:

	For Fiscal Year 2012	For Fiscal Year 2011
Bonus to employees	$ 156,990	$ 152,356
Remuneration to directors and supervisors	15,205	14,756

The approved amounts of the bonus to employees and the remuneration to directors and supervisors were the same with the accrual amounts recognized in the financial statements for the year ended December 31, 2011.

The appropriations of earnings for 2012 were proposed according to the Corporation's financial statements for the year ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, and by reference to the balance sheet as of December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

Information on the bonus to employees, directors and supervisors proposed by the Corporation's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special Reserves Appropriated Following First-time Adoption of Taiwan-IFRSs

The Corporation's special reserves appropriated following first-time adoption of Taiwan-IFRSs were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Special reserve	$ 72,302	$ 72,302	$ 72,302	$ 72,302

The Corporation is required to appropriate to special reserve the amounts of unrealized revaluation increment and cumulative translation differences transferred to retained earnings, provided the total amount does not exceed the amount of retained earnings that resulted from all Taiwan-IFRSs conversion adjustment. The amounts of the unrealized revaluation increment and cumulative translation differences transferred to retained earnings were $13,649 thousand and $189,980 thousand, respectively. But the increase in retained earnings that resulted from all Taiwan-IFRSs adjustments was only $72,302 thousand; therefore, the Corporation appropriated to the special reserve only the amount of $72,302 thousand, the increase in retained earnings that resulted from all adjustments on transitions to Taiwan-IFRSs.

e. Other Equity Items

1) Foreign currency translation reserve

	For the Six Months Ended June 30	
	2013	2012
Balance, beginning of period	$ (144,271)	$ -
Exchange differences on translation of foreign operations	184,975	(46,324)
Income tax relating to gains on translation of net assets of foreign operations	(21,496)	13,294
Share of exchange difference of associates accounted for using the equity method	74,758	(23,700)
Balance, end of period	$ 93,966	$ (56,730)

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

2) Investments revaluation reserve

	For the Six Months Ended June 30	
	2013	**2012**
Balance, beginning of period	$318,547	$ 23,581
Unrealized gain (loss) on revaluation of available-for-sale financial assets	(4,008)	18,144
Cumulative gain on available-for-sale financial assets reclassified to profit or loss	(14,854)	(4,004)
Cumulative impairment loss of available-for-sale financial assets reclassified to profit or loss	-	(6,000)
Share of unrealized gain (loss) on revaluation of available-for-sale financial assets of associates accounted for using the equity method	(25,663)	17,549
Balance, end of period	$274,022	$ 49,270

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

f. Non-Controlling Interests

	For the Six Months Ended June 30	
	2013	**2012**
Balance, beginning of period	$ 574,821	$ 500,163
Attributable to non-controlling interests		
Share of profit for the period	33,198	16,384
Additional non-controlling interests arising on capital increase by cash of subsidiaries	29,848	-
Exchange difference arising on translation of foreign entities	24,387	(8,127)
Balance, end of period	$ 662,254	$ 508,420

22. NET PROFIT FROM CONTINUING OPERATIONS

The details of net profit from continuing operations were as follows:

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Rental income	$ 1,587	$ 1,600	$ 3,210	$ 3,349
Interest income	25,545	14,877	44,004	27,155
Others	13,726	12,068	27,211	20,397
	$ 40,858	$ 28,545	$ 74,425	$ 50,901

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Gain (loss) on disposal of property, plant and equipment	$ 14	$ (2,642)	$ 454	$ (2,632)
Gain on sale of available-for-sale financial assets	6	-	14,854	4,004
Net foreign exchange gain (loss)	47,986	(1,276)	89,811	(9,360)
Gain (loss) on financial assets designated as at FVTPL	(3,510)	(2,740)	(3,285)	1,555
Gain on financial liabilities designated as at FVTPL	-	934	-	967
Impairment loss on financial assets	-	-	-	(6,000)
Other losses	(2,712)	(4,244)	(4,782)	(7,291)
	$ 41,784	$ (9,968)	$ 97,052	$ (18,757)

c. Financial costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Interest on bank loans	$ 15,277	$ 18,498	$ 34,084	$ 37,729
Syndicated loan fee amortization	300	300	600	600
Others	4,054	380	4,416	731
	$ 19,631	$ 19,178	$ 39,100	$ 39,060

d. Depreciation and amortization (recognized in operating expenses)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Property, plant and equipment	$ 18,873	$ 18,163	$ 37,558	$ 36,809
Intangible assets	3,021	3,348	5,775	6,524
	$ 21,894	$ 21,511	$ 43,333	$ 43,333

e. Employee benefits expense (recognized in operating expenses)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Short-term employee benefits	$ 281,946	$ 280,041	$ 542,973	$ 518,615
Post-employment benefits (Note 20)				
Defined contribution plans	4,787	733	17,395	16,567
Defined benefit plans	6,844	9,512	10,936	15,362
	11,631	10,245	28,331	31,929
	$ 293,577	$ 290,286	$ 571,304	$ 550,544

23. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Current tax				
In respect of the current period	$ 84,264	$ 53,956	$ 136,371	$ 92,580
Additional 10% income tax on unappropriated earnings	30,454	32,481	30,454	32,481
In respect of prior periods	3,916	424	5,005	5,424
	118,634	86,861	171,830	130,485
Deferred tax				
In respect of the current period	10,368	3,332	20,258	21,285
Income tax expense recognized in profit or loss	$ 129,002	$ 90,193	$ 192,088	$ 151,770

The reconciliation of accounting profit and current income tax expense was as follows:

	For the Six Months Ended June 30	
	2013	**2012**
Profit before income tax	$ 771,821	$ 634,917
Income tax expense at the statutory rates of the Corporation and its subsidiaries	$ 195,689	$ 149,163
Tax effect of adjusting items		
Nondeductible expenses and losses	1,000	83
Temporary differences	(13,237)	(20,362)
Tax-exempt income	(47,081)	(36,304)
Additional income tax on unappropriated earnings	30,454	32,481
Current tax	166,825	125,061
Deferred tax		
Temporary differences	20,258	21,285
Current adjustments to prior years' tax expense	5,005	5,424
Income tax expense recognized in profit or loss	$ 192,088	$ 151,770

The Corporation applied the statutory income tax rate at 17%. The overseas subsidiaries followed the local regulatory income tax rate as follows:

	For the Six Months Ended June 30	
	2013	**2012**
Raycong	16.50%	16.50%
Shanghai Yikang	25.00%	25.00%
Dong Guan Hua Gang	25.00%	25.00%
Wah Lee Japan	40.87%	40.87%
Wah Lee Tech	17.00%	17.00%
Skypower	20.00%	NA

b. Income tax gain (expense) recognized in other comprehensive income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Deferred tax				
Recognized in other comprehensive income:				
Translation of foreign operations	$ (6,051)	$ (2,989)	$ (21,496)	$ 13,294

c. Integrated income tax

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, all of the unappropriated earnings were generated after January 1, 1998.

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Imputation credit account	$ 611,577	$ 562,953	$ 619,430	$ 507,763

The actual creditable ratio for distribution of the earnings of 2011 was 22.39%.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credit allocated to ROC resident shareholders of the Corporation is calculated based on the creditable ratio as of the date of dividend distribution.

The expected creditable ratio for distribution of earnings of 2012 was 19.71%. The actual imputation credit allocated to shareholders of the Corporation is based on the balance of the ICA as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2012 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

d. Income tax assessments

The tax authorities have been examined income tax returns of the Corporation through 2011.

24. EARNINGS PER SHARE (EPS)

Earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net profit for the period attributable to the Corporation's shareholders

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Basic EPS				
Net profit for the period attributable to common shareholders	$ 260,033	$ 218,759	$ 546,535	$ 466,763

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended June 30		Forthe Six Months Ended June 30	
	2013	2012	2013	2012
Weighted average number of ordinary shares outstanding used in computation of basic earnings per share	231,390	231,390	231,390	231,390
Effect of dilutive potential ordinary shares				
Bonus shares issued to employees	4,747	5,168	5,368	5,899
Weighted average number of ordinary shares outstanding in computation of diluted earnings per share	236,137	236,558	236,758	237,289

If the Corporation can settle the bonus paid to employees by cash or shares, the Corporation should presume that the entire amount of the bonus will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of warehouses with lease terms of up to 10 years. The Corporation does not have a bargain purchase option to acquire the leased warehouses at the expiry of the lease periods.

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, refundable deposits paid under operating leases were all $3,500 thousand.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Not later than 1 year	$ 15,860	$ 15,860	$ 15,860	$ 15,860
Later than 1 year and not later than 5 years	10,574	18,504	26,434	34,364
	$ 26,434	$ 34,364	$ 42,294	$ 50,224

The lease payments recognized as expenses were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Minimum lease payment	$ 3,777	$ 3,777	$ 7,553	$ 7,553

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that each enterprise within the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings minus cash and cash equivalents) and equity (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

The key management personnel of the Group review the capital structure periodically. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements.

27. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

1) Fair value of financial instruments not carried at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	June 30, 2013			
	Level 1	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets				
Securities listed in the ROC	$ 95,801	$ -	$ -	$ 95,801
Unlisted securities	201,583	-	140,520	342,103
Mutual funds	300,754	-	-	300,754
Securities listed in other countries	48,722	-	-	48,722
	$ 646,860	$ -	$ 140,520	$ 787,380

	December 31, 2012			
	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 93,285	$ -	$ -	$ 93,285
Available-for-sale financial assets				
Securities listed in the ROC	$ 89,368	$ -	$ -	$ 89,368
Unlisted securities	233,646	-	135,700	369,346
Mutual funds	112,323	-	-	112,323
Securities listed in other countries	44,109	-	-	44,109
	$ 479,446	$ -	$ 135,700	$ 615,146

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 102,960	$ -	$ -	$ 102,960
Available-for-sale financial assets				
Securities listed in the ROC	$ 87,438	$ -	$ -	$ 87,438
Unlisted securities	-	-	190,314	190,314
Mutual funds	417,670	-	-	417,670
Securities listed in other countries	41,234	-	-	41,234
	$ 546,342	$ -	$ 190,314	$ 736,656

	January 1, 2012			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 101,405	$ -	$ -	$ 101,405
Available-for-sale financial assets				
Securities listed in the ROC	$ 83,643	$ -	$ -	$ 83,643
Unlisted securities	-	-	195,000	195,000
Mutual funds	296,999	-	-	296,999
Securities listed in other countries	44,372	-	-	44,372
	$ 425,014	$ -	$ 195,000	$ 620,014
Financial liabilities at FVTPL				
Non-derivative financial liabilities held for trading	$ -	$ 249	$ -	$ 249

There were no transfers between Level 2 and Level 3 for the six months ended June 30, 2013 and 2012, respectively.

3) Reconciliation of Level 3 fair value measurements of financial assets

Available-for-sale financial assets	For the Six Months Ended June 30 2013	2012
Unlisted securities		
Balance, beginning of period	$ 135,700	$ 195,000
Valuation loss recognized in profit or loss	-	(6,000)
Valuation gain recognized in other comprehensive income	4,820	1,314
Balance, end of period	$ 140,520	$ 190,314

All gains and losses included in other comprehensive income relate to unlisted shares held at each balance sheet date and were reported as changes in unrealized gain or loss on available-for-sale financial assets (refer to Note 21).

4) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities were determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices (includes listed convertible bonds). Where such prices were not available, valuation techniques were applied. The estimates and assumptions used by the Group are consistent with those that market participants would use in setting a price for the financial instrument;

- The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

  Quoted prices

  Financial assets in this category included listed shares, convertible bonds and emerging market shares with active market, etc.

  Derivatives

  Foreign currency forward contracts were measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts.

  Cross-currency swap contracts were measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

  Unlisted shares

  The consolidated financial statements included holdings in unlisted shares which were measured at fair value. Fair value was determined by reference to observable market prices or book values.

b. Categories of financial instruments

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets				
At FVTPL				
Held for trading	$ -	$ 93,285	$ 102,960	$ 101,405
Loans and receivables (i)	12,145,567	11,946,527	11,701,495	10,123,777
Available-for-sale financial assets	787,380	615,146	736,656	620,014
Financial liabilities				
At FVTPL				
Held for trading	-	-	-	249
At amortized cost (ii)	11,351,356	10,673,142	11,111,242	9,891,327

i The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, other financial assets, notes and accounts receivable (including related parties), other receivables (including related parties) and refundable deposits .

ii The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable, notes and accounts payable (including related parties), other payables, long-term loans (including current portion) and deposits received .

c. Financial risk management objectives and policies

The Group's major financial instruments included equity investment, notes and accounts receivable, notes and accounts payable, bank loans etc. The Group's Corporate Treasury function provides services to the business units and monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at each balance sheet date are listed in Note 31.

<u>Sensitivity analysis</u>

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in NTD (the functional currency) against the relevant foreign currencies. A change of 1% is the sensitivity range used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included external deposits and loans, receivables and payables. A positive number below indicates an increase in pre-tax profit associated with NTD strengthened by 1% against the USD. For a 1% weakening of NTD against the USD, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	USD Impact	
	For the Six Months Ended June 30	
	2013	**2012**
Profit or loss	$ 6,688	$ 7,440

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	June 30, 2013	**December 31, 2012**	**June 30, 2012**	**January 1, 2012**
Cash flow interest rate risk				
Financial assets	$ 2,205,881	$ 2,719,640	$ 2,595,939	$ 2,041,248
Financial liabilities	3,213,309	3,318,399	3,316,209	3,290,474

The Group's fair value interest rate risk with respect to fixed rate time deposits and short-term loans were not significant.

<u>Sensitivity analysis</u>

The sensitivity analyses below were determined based on the Group exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the six months ended June 30, 2013 and 2012. A change of 1% increase or decrease was used when reporting interest rate internally to key management personnel and represents management's assessment of the reasonably possibly change in interest rates.

If interest rates had been higher/lower by 1% and all other variables were held constant, the Corporation and its subsidiaries' pre-tax profit for the six months ended June 30, 2013 and 2012 would have been lower/higher by $5,037 thousand and $3,601 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on technology-related listed stocks in Taiwan.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, the comprehensive income for the six months ended June 30, 2013 would have been higher/lower by $7,874 thousand as a result of the changes in fair value of available-for-sale investments.

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended June 30, 2012 would have been higher/lower by $1,030 thousand as a result of the changes in fair value of held-for-trading investments, and the other comprehensive income for the six months ended June 30, 2012 would have been higher/lower by $7,367 thousand as a result of the changes in fair value of available-for-sale investments.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and enforcement of financial guarantees provided by the Group could be comprised of the following:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and credit exposure is controlled by setting credit limits of counterparties annually.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group relies on bank borrowings as a significant source of liquidity.

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Group had available unutilized overdraft and bank loan facilities of $5,203,570 thousand, $4,293,370 thousand, $4,851,547 thousand and $4,675,972 thousand, respectively.

Liquidity and interest risk rate tables

The following table details the contractual maturity of the Group's remaining non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

The agreed repayment dates for other non-derivative financial liabilities were close to the balance sheet date. Thus, to the extent that interest flows are at floating rate, the undiscounted amount was estimated by the interest rate at the end of the reporting period.

	June 30, 2013				
	Less than 3 Months	**3-12 Months**	**1-3 Years**	**3+ Years**	**Total**
Non-derivative financial liabilities					
Non-interest bearing	$ 5,205,905	$ 1,092,290	$ 9,565	$ -	$ 6,307,760
Variable interest rate liabilities	677,991	1,049,008	1,512,478	93,353	3,332,830
Fixed interest rate liabilities	1,640,929	192,294	-	-	1,833,223
Financial guarantee contracts	414,000	2,882,512	93,000	-	3,389,512
	$ 7,938,825	$ 5,216,104	$ 1,615,043	$ 93,353	$ 14,863,325

	December 31, 2012				
	Less than 3 Months	**3-12 Months**	**1-3 Years**	**3+ Years**	**Total**
Non-derivative financial liabilities					
Non-interest bearing	$ 4,488,121	$ 969,555	$ 12,004	$ -	$ 5,469,680
Variable interest rate liabilities	420,848	1,504,802	1,528,436	130,561	3,584,647
Fixed interest rate liabilities	1,513,725	211,611	-	-	1,725,336
Financial guarantee contracts	1,235,242	1,846,018	90,024	-	3,171,284
	$ 7,657,936	$ 4,531,986	$ 1,630,464	$ 130,561	$ 13,950,947

	June 30, 2012				
	Less than 3 Months	**3-12 Months**	**1-3 Years**	**3+ Years**	**Total**
Non-derivative financial liabilities					
Non-interest bearing	$ 4,924,460	$ 1,082,213	$ 11,103	$ -	$ 6,017,776
Variable interest rate liabilities	565,164	1,346,654	1,529,119	102,388	3,543,325
Fixed interest rate liabilities	1,494,966	131,587	-	-	1,626,553
Financial guarantee contracts	478,080	2,502,687	-	-	2,980,767
	$ 7,462,670	$ 5,063,141	$ 1,540,222	$ 102,388	$ 14,168,421

	January 1, 2012				
	Less than 3 Months	**3-12 Months**	**1-3 Years**	**3+ Years**	**Total**
Non-derivative financial liabilities					
Non-interest bearing	$ 3,973,582	$ 923,187	$ 10,939	$ -	$ 4,907,708
Variable interest rate liabilities	454,371	1,438,757	1,545,201	140,787	3,579,116
Fixed interest rate liabilities	1,198,573	269,738	-	-	1,468,311
Financial guarantee contracts	557,538	2,152,650	-	-	2,710,188
	$ 6,184,064	$ 4,784,332	$ 1,556,140	$ 140,787	$ 12,665,323

The amounts included above for financial guarantee contracts were the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

28. RELATED PARTY TRANSACTIONS

Balances and transactions between and among the entities in the Group had been eliminated on consolidation and not disclosed in this note. Details of the transactions between and among the Group and other related parties were as follows:

a. Trading transactions

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Sales of goods				
Associates and their subsidiaries	$ 55,237	$ 33,851	$ 92,376	$ 63,034
Other related parties	10,040	10,479	15,642	19,584
	$ 65,277	$ 44,330	$ 108,018	$ 82,618
Purchase of goods				
Associates and their subsidiaries	$ 149,053	$ 159,019	$ 226,337	$ 262,571
Other related parties	268,939	216,377	502,052	421,972
	$ 417,992	$ 375,396	$ 728,389	$ 684,543

The other related parties above included the chairman’s relatives and the companies that have the Corporation as institutional director.

The selling prices and collection terms of sales to related parties were similar to third parties. The prices of purchases from related parties were made under arm’s length terms and did not have similar transactions in the market for comparison; payment terms were similar to third parties.

The ending balances relating to related parties at the end of the reporting period were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Notes receivable				
Associates and their subsidiaries	$ 252	$ 87	$ 597	$ 164
Accounts receivable - related parties				
Associates and their subsidiaries	$ 53,444	$ 56,369	$ 28,861	$ 37,708
Other related parties	10,159	9,509	10,284	11,433
	$ 63,603	$ 65,878	$ 39,145	$ 49,141
Other receivables - related parties				
Associates and their subsidiaries	$ 2,312	$ 3,405	$ 2,545	$ 5,084
Other related parties	812	10	-	-
	$ 3,124	$ 3,415	$ 2,545	$ 5,084
Notes payable - related parties				
Associates and their subsidiaries	$ 573	$ 284	$ 206	$ 589
Other related parties	224,441	201,523	180,586	199,807
	$ 225,014	$ 201,807	$ 180,792	$ 200,396
Accounts payable - related parties				
Associates and their subsidiaries	$ 134,456	$ 149,358	$ 126,396	$ 138,571
Other related parties	123,301	124,921	107,494	103,210
	$ 257,757	$ 274,279	$ 233,890	$ 241,781

The outstanding payables to related parties are unsecured and will be settled in cash. No guarantees had been received for receivables from related parties. No expense had been recognized for the six months ended June 30, 2013 and 2012 for allowance for impairment of trade receivables in respect of the amounts owed by related parties.

b. Other transactions with related parties

The Corporation offered financial guarantees for related parties as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Associates and their subsidiaries	$ 1,092,000	$ 1,138,880	$ 1,157,360	$ 942,475
Other related parties	25,194	19,380	19,380	9,690
	$ 1,117,194	$ 1,158,260	$ 1,176,740	$ 952,165

c. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Short-term employee benefits	$ 9,502	$ 11,123	$ 17,585	$ 20,041
Post-employment benefits	678	1,181	1,357	2,361
Other long-term employee benefits	19	8	305	277
	$ 10,199	$ 12,312	$ 19,247	$ 22,679

The remuneration of directors, supervisors and other key management was determined by the remuneration committee having regard to the performance of individuals and market trends.

29. ASSETS PLEDGED AS COLLATERAL

The Group provided the following assets as collaterals for part of short-term loans and long-term loans, commitments to vendors, and guarantee for payment of tariffs on imported merchandises.

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Other financial assets (classified as other noncurrent assets)				
Pledge deposits	$ 320	$ 320	$ 320	$ 320
Property, plant and equipment				
Freehold land	248,837	248,837	248,837	248,837
Buildings	222,461	221,063	226,283	232,006
	$ 471,618	$ 470,220	$ 475,440	$ 481,163

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group at each balance sheet date were as follows:

a. The Group had unused letters of credit for purchase of merchandise as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
USD	$ 7,082	$ 6,996	$ 5,542	$ 13,532
JPY	17,040	16,740	41,400	-
NTD	93,456	56,852	82,829	88,651

b. Unrecognized commitments were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Acquisition of property, plant and equipment	$ 200,098	$ 288,182	$ -	$ -

c. The Corporation offered financial guarantees for related parties as stated in Note 28.

31. EXCHANGE RATE INFORMATION OF FOREIGN CURRENCY FINANCIAL ASSETS AND LIABILITIES

The Group's significant financial assets and financial liabilities denominated in foreign currencies were as follows (in thousands of foreign currency, except exchange rate):

	Foreign Currencies	Exchange Rate		Carrying Amount
June 30, 2013				
Monetary financial assets				
USD	$ 150,026	30	(USD:NTD)	$ 4,500,777
USD	33,294	7.7580	(USD:HKD)	998,826
USD	12,659	6.1360	(USD:RMB)	379,772
RMB	105,134	4.8892	(RMB:NTD)	514,021
RMB	59,439	1.2643	(RMB:HKD)	290,607
JPY	1,299,127	0.3036	(JPY:NTD)	394,415
JPY	236,634	0.0785	(JPY:HKD)	71,842
JPY	31,924	0.0621	(JPY:RMB)	9,692
HKD	190	0.7909	(HKD:RMB)	735
Monetary financial liabilities				
USD	137,825	30	(USD:NTD)	4,134,744
USD	23,781	7.7580	(USD:HKD)	713,416
USD	56,668	6.1360	(USD:RMB)	1,700,040
RMB	27	4.8892	(RMB:NTD)	133
RMB	3,100	1.2643	(RMB:HKD)	15,156
JPY	1,503,626	0.3036	(JPY:NTD)	456,501
JPY	121,456	0.0785	(JPY:HKD)	36,874
JPY	38,975	0.0621	(JPY:RMB)	11,833
HKD	390	3.8670	(HKD:NTD)	1,507
HKD	288	0.7909	(HKD:RMB)	1,115

(Continued)

	Foreign Currencies	Exchange Rate		Carrying Amount
December 31, 2012				
Monetary financial assets				
USD	$ 155,291	29.04	(USD:NTD)	$ 4,509,664
USD	28,002	7.75	(USD:HKD)	813,164
USD	12,625	6.2251	(USD:RMB)	366,618
RMB	95,697	4.665	(RMB:NTD)	446,426
RMB	61,497	1.245	(RMB:HKD)	286,883
JPY	1,148,739	0.3364	(JPY:NTD)	386,436
JPY	41,909	0.0898	(JPY:HKD)	14,098
JPY	66,671	0.0721	(JPY:RMB)	22,428
HKD	63	0.803	(HKD:RMB)	237
Monetary financial liabilities				
USD	140,277	29.04	(USD:NTD)	4,073,647
USD	20,113	7.75	(USD:HKD)	584,080
USD	64,699	6.2251	(USD:RMB)	1,878,867
RMB	11,796	1.245	(RMB:HKD)	55,031
JPY	1,244,242	0.3364	(JPY:NTD)	418,563
JPY	31,859	0.0898	(JPY:HKD)	10,717
JPY	22,262	0.0721	(JPY:RMB)	7,489
HKD	690	3.747	(HKD:NTD)	2,587
HKD	1,183	0.803	(HKD:RMB)	4,434
June 30, 2012				
Monetary financial assets				
USD	146,333	29.88	(USD:NTD)	4,372,441
USD	27,876	7.755	(USD:HKD)	832,927
USD	18,520	6.3249	(USD:RMB)	553,385
RMB	90,203	4.7242	(RMB:NTD)	426,136
RMB	52,360	1.2261	(RMB:HKD)	247,358
JPY	657,916	0.3754	(JPY:NTD)	246,982
JPY	42,558	0.0974	(JPY:HKD)	15,976
JPY	17,032	0.0795	(JPY:RMB)	6,394
HKD	63	0.8156	(HKD:RMB)	243
Monetary financial liabilities				
USD	133,382	29.88	(USD:NTD)	3,985,454
USD	20,658	7.755	(USD:HKD)	617,259
USD	63,589	6.3249	(USD:RMB)	1,900,028
RMB	80	4.7242	(RMB:NTD)	379
RMB	6,289	1.2261	(RMB:HKD)	29,712
JPY	834,669	0.3754	(JPY:NTD)	313,335
JPY	34,571	0.0974	(JPY:HKD)	12,978
JPY	48,584	0.0795	(JPY:RMB)	18,238
HKD	260	3.853	(HKD:NTD)	1,003
HKD	915	0.8156	(HKD:RMB)	3,524

(Continued)

January 1, 2012	Foreign Currencies	Exchange Rate		Carrying Amount
Monetary financial assets				
USD	$ 109,384	30.275	(USD:NTD)	$ 3,311,587
USD	26,850	7.769	(USD:HKD)	812,871
USD	13,048	6.3007	(USD:RMB)	395,037
RMB	38,321	4.805	(RMB:NTD)	184,132
RMB	304	1.233	(RMB:HKD)	1,462
JPY	378,409	0.3906	(JPY:NTD)	147,807
JPY	46,579	0.1002	(JPY:HKD)	18,194
JPY	3,826	0.0813	(JPY:RMB)	1,494
HKD	63	0.811	(HKD:RMB)	246
Monetary financial liabilities				
USD	95,176	30.275	(USD:NTD)	2,881,468
USD	20,382	7.769	(USD:HKD)	617,059
USD	63,764	6.3007	(USD:RMB)	1,930,443
RMB	1,425	1.233	(RMB:HKD)	6,849
JPY	620,398	0.3906	(JPY:NTD)	242,328
JPY	25,162	0.1002	(JPY:HKD)	9,828
JPY	96,266	0.0813	(JPY:RMB)	37,601
HKD	10	0.811	(HKD:RMB)	41

(Concluded)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance is distinguished by operating area and categories of merchandise and service. The Group's reportable segments were as follows:

a. Wah Lee Industrial Corporation ("Wah Lee") is mainly engaged in the import/export and agency business of composite materials, engineering plastic, printed circuit board, semiconductor, and computer related manufacturing materials and equipment.

b. Raycong Industrial (H.K.) Ltd. and its subsidiary Dong Guan Hua Gang International Trading Co., Ltd. ("Raycong") are mainly engaged in the trade of engineering plastic, composite materials and equipment.

c. Shanghai Yikang Chemicals and Industrials Co., Ltd. ("Shanghai Yikang") is mainly engaged in trade of manufacturing materials and import/export business.

d. Others – Other subsidiaries which were below the quantitative threshold were not listed as reportable segments.

<u>Segment revenues and results</u>

The following was an analysis of the Group's revenue and results from operations by reportable segment:

	Wah Lee	Raycong	Shanghai Yikang	Others	Adjustment and Eliminated	Total
For the six months ended June 30, 2013						
Revenues from external customers	$ 10,724,945	$ 2,631,056	$ 2,559,017	$ 448,287	$ -	$ 16,363,305
Inter-segment revenues	1,486,803	32,186	41,158	-	(1,560,147)	-
Segment revenues	$ 12,211,748	$ 2,663,242	$ 2,600,175	$ 448,287	$ (1,560,147)	$ 16,363,305
Segment operating income	$ 235,077	$ 122,033	$ 120,577	$ (651)	$ -	$ 477,036
Other income	23,278	13,114	37,592	441	-	74,425
Other gains and losses	65,097	16,638	14,777	540	-	97,052
Financial costs	(23,232)	(7,734)	(7,719)	(415)	-	(39,100)
Profit before income tax	300,220	144,051	165,227	(85)	-	609,413
Income tax expense	(117,092)	(27,696)	(46,365)	(935)	-	(192,088)
Net profit after tax	$ 183,128	$ 116,355	$ 118,862	($ 1,020)	$ -	417,325
Share of profit or loss of associates						162,408
Consolidated net profit						$ 579,733
Identifiable assets	$ 10,600,310	$ 3,427,609	$ 3,481,291	$ 734,608	$ (782,682)	$ 17,461,136
Investment accounted for using equity method						3,919,155
Total assets						$ 21,380,291
For the six months ended June 30, 2012						
Revenues from external customers	$ 10,356,803	$ 2,538,850	$ 2,713,051	$ 404,680	$ -	$ 16,013,384
Inter-segment revenues	1,477,659	21,268	53,135	5,632	(1,557,694)	-
Segment revenues	$ 11,834,462	$ 2,560,118	$ 2,766,186	$ 410,312	$ (1,557,694)	$ 16,013,384
Segment operating income	$ 258,903	$ 139,471	$ 64,279	$ 4,721	$ -	$ 467,374
Other income	19,663	8,244	21,851	1,143	-	50,901
Other gains and losses	(5,425)	(6,571)	(5,068)	(1,693)	-	(18,757)
Financial costs	(22,708)	(6,310)	(9,495)	(547)	-	(39,060)
Profit before income tax	250,433	134,834	71,567	3,624	-	460,458
Income tax expense	(112,606)	(17,901)	(19,111)	(2,152)	-	(151,770)
Net profit after tax	$ 137,827	$ 116,933	$ 52,456	$ 1,472	$ -	308,688
Share of profit or loss of associates						174,459
Consolidated net profit						$ 483,147
Identifiable assets	$ 10,457,488	$ 4,117,315	$ 3,629,355	$ 1,415,456	$ (2,895,824)	$ 16,723,790
Investment accounted for using equity method						3,255,975
Total assets						$ 19,979,765

Segment profit represented the profit earned by each segment. This was the measurement reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

33. FIRST-TIME ADOPTION OF TAIWAN-IFRSs

Basis of preparation of financial information under Taiwan-IFRSs

The Group's consolidated financial statements for the six months ended June 30, 2013 not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis of the preparation.

Impact of the transition to Taiwan-IFRSs

The effects of the transition to Taiwan-IFRSs on the Group's consolidated balance sheets and consolidated statements of comprehensive income were stated as follows:

a. Reconciliation of consolidated balance sheet as of January 1, 2012: Table 1 (attached)

b. Reconciliation of consolidated balance sheet as of June 30, 2012: Table 2 (attached).

c. Reconciliation of consolidated balance sheet as of December 31, 2012: Table 3 (attached).

d. Reconciliation of consolidated statement of comprehensive income for the six months ended June 30, 2012: Table 4 (attached).

e. Reconciliation of consolidated statement of comprehensive income for the three months June 30, ended June 30, 2012: Table 5 (attached).

f. Reconciliation of consolidated statement of comprehensive income for the year ended December 31, 2012: Table 6 (attached).

g. Exemptions from IFRS 1

   IFRS 1 establishes the procedures for the Group's first consolidated financial statements prepared in accordance with Taiwan-IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under Taiwan-IFRSs and retrospectively apply those accounting policies in its opening balance sheet at the date of transition to Taiwan-IFRSs, January 1, 2012; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The major optional exemptions the Group adopted are summarized as follows:

   1) Business combinations

      The Group elected not to apply IFRS 3, "Business Combinations," retrospectively to business combinations that occurred before the date of transition. Therefore, in the opening balance sheet, the amount of goodwill generated from past business combinations remains the same compared with the one under ROC GAAP as of December 31, 2011.

      The exemption from IFRS 3 "Business Combinations" was also elected for investments in associates acquired in the past.

   2) Deemed cost

      For certain freehold lands, the Corporation elected to use the ROC GAAP revalued amount at the date of transition to Taiwan-IFRSs as their deemed cost under Taiwan-IFRSs. All other property, plant and equipment applied IFRSs retrospectively.

3) Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses in retained earnings as of the date of transition.

4) Cumulative translation differences

The Group elected to reset the cumulative translation differences on all foreign operations to zero and recognized the amount in retained earnings at the date of transition to Taiwan-IFRSs.

5) Share-based payment transactions

The Group elected the exemption from applying IFRS 2, “Share-based Payment”, retrospectively for the share-based payment transactions granted and vested before the date of transition to Taiwan-IFRSs.

6) Designation of previously recognized financial assets and financial liabilities

The Group elected to designate the equity investments previously carried at cost as available-for-sale financial assets at the date of transition to Taiwan-IFRSs.

The effect of the abovementioned optional exemptions elected by the Group was stated in section “h. Explanations of significant reconciling items in the transition to Taiwan-IFRSs” below.

h. Explanations of significant reconciling items in the transition to Taiwan-IFRSs:

Material differences between the accounting policies under ROC GAAP and Taiwan-IFRSs were as follows:

1) Time deposits with maturity of more than 3 months from the date of acquisition

Under ROC GAAP, the term “cash and cash equivalents” used in the financial statements includes cash on hand, demand deposits, checking accounts, time deposits that can be readily cancelled without eroding the principal and negotiable certificates of deposit that can be readily sold without eroding the principal.

Under Taiwan-IFRSs, time deposits with maturity of more than 3 months from the date of acquisition, with fixed or determinable payments and with no quoted prices in an active market, are not included in the term ”cash and cash equivalents” and should be reclassified as other financial assets.

2) Deferred income tax arising from intra-group transactions

Under ROC GAAP, there is no provision related to tax rates to be applied in calculating deferred income tax on unrealized intra-group sales.

Under Taiwan-IFRSs, deferred income tax on temporary differences between the asset carrying amount and the tax basis of unrealized intra-group sales is assessed at the tax rate expected to be applied in the period when the asset is realized and the liability is liquidated. The tax rate is the buyers’ tax rate.

3) Reclassification of reserve for land value increment tax

Under the Regulations Governing the Preparation of Financial Reports by Securities Issuers, reserve for land value increment tax recognized due to land revaluation is classified as noncurrent liabilities.

Under Taiwan-IFRSs, if the Corporation elected to use revalued carrying amounts of land as its deemed costs at the first-time adoption of Taiwan-IFRSs, the related reserve for land value increment tax should be reclassified as deferred income tax liabilities.

4) Classifications of deferred tax assets / liabilities

Under ROC GAAP, a deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of the underlying asset or liability. However, if a deferred tax asset or liability does not relate to an asset or liability, then it is classified as either current or noncurrent on the basis of the expected length of time before it is realized or settled.

Under Taiwan-IFRSs, a deferred tax asset or liability should be classified as noncurrent.

Valuation allowance of deferred tax asset

Under ROC GAAP, if the deferred tax asset is not likely to be realized, a valuation allowance is recognized.

Under Taiwan-IFRSs, the deferred tax asset will be recognized only when it is probable to be realized, and no valuation allowance account is used.

Offset of deferred tax liabilities and assets

Under ROC GAAP, the same taxable entity's deferred tax liabilities and assets should be offset, and only the net amount is presented.

Under Taiwan-IFRSs, deferred tax assets and liabilities may be offset only when the taxes are of the same taxable entity and levied by the same taxation authority, and the entity has a legally enforceable right to offset the taxes.

5) Measurement of property, plant and equipment

Under ROC GAAP, property, plant and equipment held by the Corporation can be revalued in accordance with laws and regulations. Land can be revalued and adjusted to government announced current land value. The increase in the value of land is recognized as revaluation increment less the estimated reserve for land value increment tax.

Under Taiwan-IFRSs, accounting policy for subsequent recognition of its property, plant and equipment is under cost model, and no land value increment is allowed to be recognized accordingly.

6) Reclassification of deferred charges

Under ROC GAAP, deferred charges are classified as other assets.

Under Taiwan-IFRSs, deferred charges should be classified as property, plant and equipment intangible assets, prepaid expenses and long-term prepaid expenses by their nature.

7) Reclassification of prepayments for equipment

Under ROC GAAP, prepayments for equipment are classified as construction in progress and prepayments for equipment under property, plant and equipment.

Under Taiwan-IFRSs, prepayments for equipment should be classified as other noncurrent assets.

8) Reclassification of rental assets

Under ROC GAAP and the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the rental assets were recognized as other assets.

Under Taiwan-IFRSs, the rental assets that do not conform to criteria for investment property should be recognized as property, plant and equipment.

9) Actuarial gains and losses under defined benefit plan

Under ROC GAAP, actuarial gains (losses) are recognized based on the corridor approach and the amounts are amortized over the average remaining service life of active plan participants.

Under Taiwan-IFRSs, actuarial gains and losses recognized in other comprehensive income should be recognized immediately in retained earnings, and they should not be reclassified to profit or loss in a subsequent period.

Minimum pension liability

Under ROC GAAP, minimum pension liability is the minimum amount of pension liability that is required to be recognized on the balance sheet. If the accrued pension liability recorded on the books is less than the minimum amount, the difference shall be recognized.

Under Taiwan-IFRSs, there is no requirement for minimum pension liability.

Unrecognized net transition obligation

Under ROC GAAP, unrecognized net transition obligation, resulting from first-time adoption of SFAS No.18 “Accounting for Pensions” should be amortized on a straight-line basis over the average remaining service life of active plan participants and recognized as net periodic pension cost.

Under Taiwan-IFRSs, there is no transition application in IAS 19 “Employee Benefits”; unrecognized net transition obligation and related amounts should be all recognized in retained earnings at the date of transition to Taiwan-IFRSs.

Other long-term employee benefits

Under ROC GAAP, there is no requirement for other long-term employee benefit.

Under Taiwan-IFRSs, other long-term employee benefits are the accrued benefits of the employees, and the benefits should be paid after twelve months from the end of their services. The expenses should be recognized when the employees provide services which increase accrued benefits.

10) Short-term employee benefit

Under ROC GAAP, there is no requirement for accumulated compensated absences, and the costs of compensated absences are usually recognized in the period they actual occur.

Under Taiwan-IFRSs, the expected cost of accumulated compensated absences should be recognized when the employees render service that increases their entitlement to future compensated absences.

11) The functional currency of foreign operations

Under ROC GAAP, the functional currency is determined based on the applicable economic indicators.

Under Taiwan-IFRSs, according to IAS 21 "The Effects of Changes in Foreign Exchange Rates", in determining the functional currency, priority is given to key indicators, and then to secondary indicators supporting the functional currency.

12) Capital surplus - option from associates

Under ROC GAAP, when there are changes in an investee's equity, except capital and retained earnings, the investor shall reflect such changes by adjusting other equity accounts related to investments and equity method investments.

Under Taiwan-IFRSs, if the changes do not affect the percentage of ownership over the investee, the investor shall reflect such changes in equity according to the percentage of ownership.

<u>Subscription for new shares of associates / subsidiaries and adjustments to capital surplus related to equity method investments</u>

Under ROC GAAP, when an investee issues new shares and existing shareholders do not subscribe to new shares at their respective proportion in shareholdings, the investor's shareholding in the equity method investee will change accordingly. As there are changes in the net assets value of the equity method investee attributable to the investor, the investor shall reflect such changes by adjusting capital surplus and equity method investments.

Under Taiwan-IFRSs, if the changes do not cause the investor to lose significant influence over associates, the change shall be treated as a deemed disposal with the related gain or loss recognized in earnings.

In addition, the Corporation complied with the Taiwan-IFRSs FAQs published by the Taiwan Stock Exchange, and reclassified the paid-in capital which did not meet the definitions under Taiwan-IFRSs or the Company Act and regulations of the Ministry of Economic Affairs to retained earnings.

13) Financial assets carried at cost

Under the Regulations Governing the Preparation of Financial Reports by Securities Issuers, shares that are not listed on the TSE or Taiwan GreTai Securities Market and of which the holder has no significant influence over the investee should be classified as financial assets carried at cost.

Under Taiwan-IFRSs, equity instruments that are designated as available-for-sale financial assets or are not designated as at FVTPL should be classified as available-for-sale financial assets and measured at fair value.

14) Allowance for sales discount

Under ROC GAAP, provisions of allowance for sales discount are recognized on the basis of past experience, and as a reduction in revenue and accounts receivable.

Under Taiwan-IFRSs, the allowance for sales discount is a present obligation with uncertain timing and an amount that arises from past events; therefore, it is reclassified as provisions under noncurrent liabilities.

15) Liquidation dividend

Under ROC GAAP, the cash dividend received from securities investment other than investment at FVTPL was recognized as recovery of investment cost.

Under Taiwan-IFRSs, liquidation dividend is recognized in profit or loss.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED BALANCE SHEET
JANUARY 1, 2012
(In Thousands of New Taiwan Dollars)

Assets

ROC GAAP Item	ROC GAAP Amount	Effects of Transition to Taiwan-IFRSs: Presentation Difference	Effects of Transition to Taiwan-IFRSs: Recognition or Measurement Difference	Taiwan-IFRSs Amount	Taiwan-IFRSs Item	Note (Note 1)
CURRENT ASSETS					CURRENT ASSETS	
Cash and Cash equivalents	$ 2,112,011	$ (791,176)	$ -	$ 1,320,835	Cash and Cash equivalents	h-1
Financial assets at fair value through profit or loss - current	10,055	-	-	10,055	Financial assets at fair value through profit or loss - current	
Available-for-sale financial assets - current	348,591	-	-	348,591	Available-for-sale financial assets - current	
Notes receivable, net	616,663	-	-	616,663	Notes receivable, net	
Notes receivable - related parties	164	-	-	164	Notes receivable - related parties	
Accounts receivable, net	7,126,563	8,645	-	7,135,208	Accounts receivable, net	h-14
Accounts receivable - related parties	49,141	-	-	49,141	Accounts receivable - related parties	
Other receivables	112,711	-	-	112,711	Other receivables	
Other receivables - related parties	5,084	-	-	5,084	Other receivables - related parties	
Other financial assets	-	791,176	-	791,176	Other financial assets - current	h-1
Inventories	3,228,657	-	-	3,228,657	Inventories	
Prepayments and others	390,727	-	-	390,727	Prepayments and others	
Deferred tax assets	87,315	(87,315)	-	-	-	
Total current assets	14,087,682	78,670	-	14,009,012	Total current assets	h-4
LONG-TERM INVESTMENTS					NONCURRENT ASSETS	
Investments accounted for by the equity method	3,180,524	-	(8,122)	3,172,402	Investments accounted for using equity method	h-12, Note 2
Financial assets at fair value through profit or loss - noncurrent	91,350	-	-	91,350	Financial assets at fair value through profit or loss - noncurrent	
Available-for-sale financial assets	76,423	-	195.000	271,423	Available-for-sale financial assets - noncurrent	h-13, h-15
Financial assets carried at cost	137,931	-	(137,931)	-	-	h-13
Total long-term investments	3,486,228	-	48,947			
PROPERTY, PLANT AND EQUIPMENT						
Cost	1,282,035	171,046	27,352	1,480,433	Property, plant and equipment	g-2, h-5, h-8
Land revaluation increment	27,352	-	(27,352)	-	-	g-2, h-5
Less: Accumulated depreciation	411,581	50,871	-	462,452	Less: Accumulated depreciation	h-6, h-8
	897,806	120,175	-	1,017,981		
Prepayments for equipment	239	(239)	-	-	Prepayments for equipment	h-7
Net property, plant and equipment	898,045	119,936	-	1,017,981	Net property, plant and equipment	
INTANGIBLE ASSETS						
Computer software	-	47,673	-	47,673	Computer software	h-6
Deferred pension cost	80,332	-	(80,332)	-	-	h-9
Goodwill	32,410	-	-	32,410	Goodwill	
Total intangible assets	112,742	47,673	(80,332)			
OTHER ASSETS						
Rental assets	30,449	(30,449)	-	-	-	h-8
Refundable deposits	92,795	-	-	92,795	Refundable deposits	
Deferred charges	182,130	(182,130)	-	-	-	h-6
Restricted assets	320	(320)	-	-	-	
-	-	320	-	320	Other financial assets	
-	-	106,765	37,962	144,727	Deferred tax assets	g-3, h-2, h-4, h-9, h-10
-	-	44,970	-	44,970	Other noncurrent assets	h-6, h-7
Total other assets	305,694	60,844	37,962	4,916,051	Total noncurrent assets	
TOTAL	$ 18,890,391	$ 28,095	$ 6,577	$ 18,925,063	TOTAL	

Liabilities and Stockholders' Equity

ROC GAAP Item	ROC GAAP Amount	Effects of Transition to Taiwan-IFRSs: Presentation Difference	Effects of Transition to Taiwan-IFRSs: Recognition or Measurement Difference	Taiwan-IFRSs Amount	Taiwan-IFRSs Item	Note (Note 1)
CURRENT LIABILITIES					CURRENT LIABILITIES	
Short-term loans	$ 3,353,925	$ -	$ -	$ 3,353,925	Short-term loans	
Financial liabilities at fair value through profit or loss - current	249	-	-	249	Financial liabilities at fair value through profit or loss - current	
Short-term bills payable	50,000	-	-	50,000	Short-term bills payable	
Notes payable	585,112	-	-	585,112	Notes payable	
Notes payable - related parties	200,396	-	-	200,396	Notes payable - related parties	
Accounts payable	3,306,595	-	-	3,306,595	Accounts payable	
Accounts payable - related parties	241,781	-	-	241,781	Accounts payable - related parties	
Income tax payable	130,032	-	-	130,032	Current tax liabilities	
Accrued expenses	505,705	-	28,192	533,897	Other payables	g-3, h-9, h-10
Other payables	39,927	-	-	39,927	Other payables - other	
Current portion of long-term debt	9,034	-	-	9,034	Current portion of long-term debt	
Others	145,686	8.645	-	154,331	Other current liabilities - other	h-14
Total current liabilities	8,568,442	8.645	28,192	8,605,279	Total current liabilities	
					NONCURRENT LIABILITIES	
LONG-TERM DEBT	1,569,207	-	-	1,569,207	Long-term debt	
RESERVE FOR LAND VALUE INCREMENT TAX	8,894	(8,894)	-	-	-	h-3
OTHER LIABILITIES						
-	-	-	14,022	14,022	Provision - noncurrent	h-9
Accrued pension liabilities	231,850	-	30,592	262,442	Accrued pension liabilities	g-3, h-9
Guarantee deposits received	1,453	-	-	1,453	Guarantee deposits received	
Deferred tax liabilities	401,602	28,344	-	429,946	Deferred tax liabilities	h-3, h-4
Total other liabilities	634,905	28,344	44,614			
Total long-term and other liabilities	2,213,006	19,450	44,614	2,277,070	Total noncurrent liabilities	
Total liabilities	10,781,448	28,095	72,806	10,882,349	Total liabilities	
EQUITY					EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION	
Stockholders' equity of parent company						
Common stock	2,313,901	-	-	2,313,901	Ordinary shares	
Capital surplus	1,268,203	-	(57,364)	1,210,839	Capital surplus	h-12
Retained earnings	3,921,928	-	72,302	3,994,230	Retained earnings	g-2, g-3, g-4, h-2, h-9, h-10, h-12, h-15
Other equity					Other equity	
Cumulative translation adjustment	189,980	-	(189,980)	-	Exchange differences on translating foreign operations	g-4
Net loss not recognized as pension cost	(60,452)	-	60,452	-	-	h-9
Unrealized gains (loss) on financial instruments	(38,828)	-	62,409	23,581	Unrealized gain on available-for-sale financial assets	h-13, h-15, Note2
Unrealized revaluation increment	13,649	-	(13,649)	-	-	g-2
Total other equity	104,349	-	(80,768)	23,581	Total other equity	
Total stockholders' equity of parent company	7,608,381	-	(65,830)	7,542,551	Total equity attributable to owners of the corporation	
Minority interest	500,562	-	(399)	500,163	NON-CONTROLLING INTERESTS	h-10
Total stockholders' equity	8,108,943	-	(66,229)	8,042,714	Total stockholders' equity	
TOTAL	$ 18,890,391	$ 28,095	$ 6,577	$ 18,925,063	TOTAL	

Note 1: Refer to Note 33, g. Exemptions from IFRS 1 and h. Explanations of significant reconciling items in the transition to Taiwan-IFRSs.

Note 2: The recognition or measurement differences between ROC GAAP and Taiwan-IFRSs were recognized according to shareholding.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED BALANCE SHEET
JUNE 30, 2012
(In Thousands of New Taiwan Dollars)

Assets

ROC GAAP Item	ROC GAAP Amount	Effects of Transition to Taiwan-IFRSs: Presentation Difference	Effects of Transition to Taiwan-IFRSs: Recognition or Measurement Difference	Taiwan-IFRSs Amount	Taiwan-IFRSs Item	Note (Note 1)
CURRENT ASSETS					CURRENT ASSETS	
Cash and Cash equivalents	$ 2,771,977	$ (867,385)	$ -	$ 1,904,592	Cash and Cash equivalents	h-1
Financial assets at fair value through profit or loss - current	10,260	-	-	10,260	Financial assets at fair value through profit or loss - current	
Available-for-sale financial assets - current	468,576	-	-	468,576	Available-for-sale financial assets - current	
Notes receivable, net	673,478	-	-	673,478	Notes receivable, net	
Notes receivable - related parties	597	-	-	597	Notes receivable - related parties	
Accounts receivable, net	8,007,760	13,680	-	8,021,440	Accounts receivable, net	h-14
Accounts receivable - related parties	39,145	-	-	39,145	Accounts receivable - related parties	
Other receivables	117,314	-	-	117,314	Other receivables	
Other receivables - related parties	2,545	-	-	2,545	Other receivables - related parties	
Other financial assets	-	867,385	-	867,385	Other financial assets - current	h-1
Inventories	2,591,833	-	-	2,591,833	Inventories	
Prepayments and others	353,006	-	-	353,006	Prepayments and others	
Deferred tax assets	79,545	(79,545)	-	-	-	h-4
Total current assets	15,116,036	(65,865)	-	15,050,171	Total current assets	
LONG-TERM INVESTMENTS					NONCURRENT ASSETS	
Investments accounted for by the equity method	3,264,645	-	(8,670)	3,255,975	Investments accounted for using equity method	h-12
Financial assets at fair value through profit or loss - noncurrent	92,700	-	-	92,700	Financial assets at fair value through profit or loss - noncurrent	
Available-for-sale financial assets	77,766	-	190,314	268,080	Available-for-sale financial assets - noncurrent	h-13, h-15 h-13
Financial assets carried at cost	131,429	-	(131,429)	-	-	
Total long-term investments	3,566,540	-	50,215			
PROPERTY, PLANT AND EQUIPMENT						
Cost	1,273,016	170,962	27,352	1,471,330	Property, plant and equipment	g-2, h-5, h-8
Land revaluation increment	27,352	-	(27,352)	-	-	g-2, h-5
Less: Accumulated depreciation	432,763	61,661	-	494,424	Less: Accumulated depreciation	h-6, h-8
	867,605	109,301	-	976,906		
Prepayments for equipment	3,686	(3,686)	-	-	Prepayments for equipment	h-7
Net property, plant and equipment	871,291	105,615	-	976,906	Net property, plant and equipment	
INTANGIBLE ASSETS						
Computer software	-	41,308	-	41,308	Computer software	h-6
Deferred pension cost	80,332	-	(80,332)	-	-	h-9
Goodwill	32,038	-	-	32,038	Goodwill	
Total intangible assets	112,370	41,308	(80,332)			
OTHER ASSETS						
Rental assets	30,275	(30,275)	-	-	-	h-8
Refundable deposits	74,999	-	-	74,999	Refundable deposits	
Deferred charges	158,666	(158,666)	-	-	-	h-6
Restricted assets	320	(320)	-	-	-	
-	-	320	-	320	Other financial assets	
-	-	108,827	36,423	145,250	Deferred tax assets	g-3, h-2, h-4, h-9, g-10
-	-	42,018	-	42,018	Other noncurrent assets	h-6, h-7
Total other assets	264,260	(38,096)	36,423	4,929,594	Total noncurrent assets	
TOTAL	$ 19,930,497	$ 42,962	$ 6,306	$ 19,979,765	TOTAL	

Liabilities and Stockholders' Equity

ROC GAAP Item	ROC GAAP Amount	Effects of Transition to Taiwan-IFRSs: Presentation Difference	Effects of Transition to Taiwan-IFRSs: Recognition or Measurement Difference	Taiwan-IFRSs Amount	Taiwan-IFRSs Item	Note (Note 1)
CURRENT LIABILITIES					CURRENT LIABILITIES	
Short-term loans	$ 3,518,459	$ -	$ -	$ 3,518,459	Short-term loans	
Notes payable	501,035	-	-	501,035	Notes payable	
Notes payable - related parties	180,792	-	-	180,792	Notes payable - related parties	
Accounts payable	3,835,238	-	-	3,835,238	Accounts payable	
Accounts payable - related parties	233,890	-	-	233,890	Accounts payable - related parties	
Income tax payable	112,601	-	-	112,601	Current tax liabilities	
Accrued expenses	593,825	-	24,279	618,104	Other payables	g-3, h-9, h-10
Dividend payable	533,846	-	-	533,846	Other payables	
Other payables	114,871	-	-	114,871	Other payables - other	
Current portion of long-term debt	9,034	-	-	9,034	Current portion of long-term debt	
Others	69,311	13,680	-	82,991	Other liabilities - other	h-14
Total current liabilities	9,702,902	13,680	24,279	9,740,861	Total current liabilities	
					NONCURRENT LIABILITIES	
LONG-TERM DEBT	1,565,290	-	-	1,565,290	Long-term debt	
RESERVE FOR LAND VALUE INCREMENT TAX	8,894	(8,894)	-	-	-	h-3
OTHER LIABILITIES						
-	-	-	14,523	14,523	Provision - noncurrent	h-9
Accrued pension liabilities	239,263	-	26,931	266,194	Accrued pension liabilities	g-3, h-9
Guarantee deposits received	683	-	-	683	Guarantee deposits received	
Deferred tax liabilities	399,600	38,176	-	437,776	Deferred income tax liabilities	h-3, h-4
Total other liabilities	639,546	38,176	41,454			
Total long-term and other liabilities	2,213,730	29,282	41,454	2,284,466	Total noncurrent liabilities	
Total liabilities	11,916,632	42,962	65,733	12,025,327	Total liabilities	
EQUITY					EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION	
Stockholders' equity of parent company						
Common stock	2,313,901	-	-	2,313,901	Ordinary shares	
Capital surplus	1,268,145	-	(57,364)	1,210,781	Capital surplus	h-12
Retained earnings	3,851,590	-	77,206	3,928,796	Retained earnings	g-2, g-3, g-4, h-2, h-9, h-10, h-12, h-15
Other equity					Other equity	
Cumulative translation adjustment	133,250	-	(189,980)	(56,730)	Exchange differences on translating foreign operations	g-4
Net loss not recognized as pension cost	(60,452)	-	60,452	-	-	h-9
Unrealized gains (loss) on financial instruments	(15,095)	-	64,365	49,270	Unrealized gain on available-for-sale financial assets	h-13, h-15, Note 2
Unrealized revaluation increment	13,649	-	(13,649)	-	-	g-2
Total other equity	71,352	-	(78,812)	(7,460)	Total other equity	
Total stockholders' equity of parent company	7,504,988	-	(58,970)	7,446,018	Total equity attributable to owners of the corporation	
Minority interest	508,877	-	(457)	508,420	NON-CONTROLLING INTERESTS	h-10
Total stockholders' equity	8,013,865	-	(59,427)	7,954,438	Total stockholders' equity	
TOTAL	$ 19,930,497	$ 42,962	$ 6,306	$ 19,979,765	TOTAL	

Note 1: Refer to Note 33, g. Exemptions from IFRS 1 and h. Explanations of significant reconciling items in the transition to Taiwan-IFRSs.

Note 2: The recognition or measurement differences between ROC GAAP and Taiwan-IFRSs were recognized according to shareholding.

TABLE 3

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2012
(In Thousands of New Taiwan Dollars)

Assets

ROC GAAP		Effects of Transition to Taiwan-IFRSs		Taiwan-IFRSs		
Item	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Item	Note (Note 1)
CURRENT ASSETS					CURRENT ASSETS	
Cash and Cash equivalents	$ 3,256,691	$ (1,680,295)	$ -	$ 1,576,396	Cash and Cash equivalents	h-1
Available-for-sale financial assets - current	162,914	-	-	162,914	Available-for-sale financial assets - current	
Notes receivable, net	753,999	-	-	753,999	Notes receivable, net	
Accounts receivable, net	7,722,091	17,851	-	7,739,942	Accounts receivable, net	h-14
Accounts receivable - related parties	65,878	-	-	65,878	Accounts receivable - related parties	
Other receivables	50,298	-	-	50,298	Other receivables	
Other receivables - related parties	3,415	-	-	3,415	Other receivables - related parties	
Other financial assets	-	1,680,295	-	1,680,295	Other financial assets - current	h-1
Inventories	2,649,570	-	-	2,649,570	Inventories	
Prepayments and others	248,437	-	-	248,437	Prepayments and others	
Deferred tax assets	89,055	(89,055)	-	-	-	h-4
Total current assets	15,002,348	(71,204)	-	14,931,144	Total current assets	
LONG-TERM INVESTMENTS					NONCURRENT ASSETS	
Investments accounted for by the equity method	3,526,921	-	(15,686)	3,511,235	Investments accounted for using equity method	h-12, Note 2
Financial assets at fair value through profit or loss - noncurrent	93,285	-	-	93,285	Financial assets at fair value through profit or loss - noncurrent	
Available-for-sale financial assets	82,886	-	369,346	452,232	Available-for-sale financial assets - noncurrent	h-13, h-15 h-13
Financial assets carried at cost	110,239	-	(110,239)	-	-	
Total long-term investments	3,813,331	-	243,421			
PROPERTY, PLANT AND EQUIPMENT						
Cost	1,298,958	172,238	27,352	1,498,548	Property, plant and equipment	g-2, h-5, h-8
Land revaluation increment	27,352	-	(27,352)	-	-	g-2, h-5
Less: Accumulated depreciation	449,938	73,984	-	523,922	Less: Accumulated depreciation	h-6, h-8
	876,372	98,254	-	974,626		
Prepayments for equipment	70,640	(70,640)	-	-	Prepayments for equipment	h-7
Net property, plant and equipment	947,012	27,614	-	974,626	Net property, plant and equipment	
INTANGIBLE ASSETS						
Computer software	-	37,032	-	37,032	Computer software	h-6
Deferred pension cost	73,340	-	(73,340)	-	-	h-9
Goodwill	31,186	-	-	31,186	Goodwill	
Total intangible assets	104,526	37,032	(73,340)			
OTHER ASSETS						
Rental assets	30,126	(30,126)	-	-	-	h-8
Refundable deposits	76,304	-	-	76,304	Refundable deposits	
Deferred charges	148,868	(148,868)	-	-	-	h-6
Restricted assets	320	(320)	-	-	-	
-	-	320	-	320	Other financial assets	
Deferred tax assets	378	105,450	38,833	144,661	Deferred tax assets	g-3, h-2, h-4, h-9, h-10
-	-	114,348	-	114,348	Other noncurrent assets	h-6, h-7
Total other assets	255,996	(40,804)	38,833	5,435,229	Total noncurrent assets	
TOTAL	$ 20,123,213	$ 34,246	$ 208,914	$ 20,366,373	TOTAL	

Liabilities and Stockholders' Equity

ROC GAAP		Effects of Transition to Taiwan-IFRSs		Taiwan-IFRSs		
Item	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Item	Note (Note 1)
CURRENT LIABILITIES					CURRENT LIABILITIES	
Short-term loans	$ 3,632,371	$ -	$ -	$ 3,632,371	Short-term loans	
Notes payable	327,099	-	-	327,099	Notes payable	
Notes payable - related parties	201,807	-	-	201,807	Notes payable - related parties	
Accounts payable	4,127,371	-	-	4,127,371	Accounts payable	
Accounts payable - related parties	274,279	-	-	274,279	Accounts payable - related parties	
Income tax payable	79,477	-	-	79,477	Current tax liabilities	
Accrued expenses	490,763	-	25,259	516,022	Other payables	g-3, h-9, h-10
Other payables	23,102	-	-	23,102	Other payables - other	
Current portion of long-term debt	9,034	-	-	9,034	Current portion of long-term debt	
Others	84,161	17,851	-	102,012	Other liabilities - other	h-14
Total current liabilities	9,249,464	17,851	25,259	9,292,574	Total current liabilities	
					NONCURRENT LIABILITIES	
LONG-TERM DEBT	1,561,373	-	-	1,561,373	Long-term debt	
RESERVE FOR LAND VALUE INCREMENT TAX	8,894	(8,894)	-	-	-	h-3
OTHER LIABILITIES						
-	-	-	14,760	14,760	Provision - noncurrent	h-9
Accrued pension liabilities	245,453	-	36,434	281,887	Accrued pension liabilities	g-3, h-9
Guarantee deposits received	684	-	-	684	Guarantee deposits received	
Deferred tax liabilities	441,747	25,289	-	467,036	Deferred income tax liabilities	h-3, h-4
Total other liabilities	687,884	25,289	51,194			
Total long-term and other liabilities	2,258,151	16,395	51,194	2,325,740	Total noncurrent liabilities	
Total liabilities	11,507,615	34,246	76,453	11,618,314	Total liabilities	
EQUITY					EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION	
Stockholders' equity of parent company						
Common stock	2,313,901	-	-	2,313,901	Ordinary shares	
Capital surplus	1,303,820	-	(57,364)	1,246,456	Capital surplus	h-12
Retained earnings	4,370,858	-	67,747	4,438,605	Retained earnings	g-2, g-3, g-4, h-2, h-9, h-10 h-12, h-15
Other equity					Other equity	
Cumulative translation adjustment	45,709	-	(189,980)	(144,271)	Exchange differences on translating foreign operations	g-4
Net loss not recognized as pension cost	(66,882)	-	66,882	-	-	h-9
Unrealized gains (loss) on financial instruments	59,291	-	259,256	318,547	Unrealized gain on available-for-sale financial assets	h-13, h-15, Note 2
Unrealized revaluation increment	13,649	-	(13,649)	-	-	g-2
Total other equity	51,767	-	122,509	(174,276)	Total other equity	
Total stockholders' equity of parent company	8,040,346	-	132,892	8,173,238	Total equity attributable to owners of the corporation	
Minority interest	575,252	-	(431)	574,821	NON-CONTROLLING INTERESTS	h-10
Total stockholders' equity	8,615,598	-	132,461	8,748,059	Total stockholders' equity	
TOTAL	$ 20,123,213	$ 34,246	$ 208,914	$ 20,366,373	TOTAL	

Note 1: Refer to Note 33, g. Exemptions from IFRS 1 and h. Explanations of significant reconciling items in the transition to Taiwan-IFRSs.

Note 2: The recognition or measurement differences between ROC GAAP and Taiwan-IFRSs were recognized according to shareholding.

TABLE 4

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars)

ROC GAAP		Effects of Transition to Taiwan-IFRSs		Taiwan-IFRSs		
Item	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Item	Note 1
OPERATING REVENUES					OPERATING REVENUES	
Net sales	$ 15,915,830	$ -	$ -	$ 15,915,830	Net sales	
Commission revenue	80,154	-	-	80,154	Commission revenue	
Other operating revenue	17,400	-	-	17,400	Other operating revenue	
	16,013,384	-	-	16,013,384	Total operating revenues	
OPERATING COSTS	14,567,616	-	-	14,567,616	OPERATING COSTS	
Cost of goods sold	6,642	-	-	6,642	Cost of goods sold	
Other operating costs	14,574,258	-	-	14,574,258	Other operating costs	
GROSS PROFIT	1,439,126	-	-	1,439,126	GROSS PROFIT	
OPERATING EXPENSES					OPERATING EXPENSES	
Selling and marketing expenses	804,646	-	(3,905)	800,741	Selling and marketing expenses	h-g, h-10
General and administrative expenses	174,029	150	(3,168)	171,011	General and administrative expenses	h-8, h-9, h-10
Total operating expenses	978,675	150	(7,073)	971,752	Total operating expenses	
OPERATIN INCOME	460,451	(150)	7,073	467,374	OPERATIN INCOME	
NONOPERATING INCOME AND GAINS					NONOPERATING INCOME AND GAINS	
Interest income	27,155	-	-	27,155	Interest income	
Investment income recognized under equity method	175,147	-	(688)	174,459	Share of the profit or loss of associates	Note 2
Gain on sale of investments	4,004	-	-	4,004	Gain on sale of investments	
Valuation gain on financial assets	1,555	-	-	1,555	Gain arising on financial assets designated as at FVTPL	
Valuation gain on financial liabilities	967	-	-	967	Gain arising on financial liabilities designated as at FVTPL	
Others	23,908	-	-	23,908	Others	
Total nonoperating income and gains	232,736	-	(688)	232,048	Total nonoperating income and gains	
NONOPERATING EXPENSES AND LOSSES					NONOPERATING EXPENSES AND LOSSES	
Interest expense	39,060	-	-	39,060	Financial costs	
Exchange loss, net	9,360	-	-	9,360	Exchange loss	
Impairment loss	6,000	-	-	6,000	Impairment loss	
Others	10,235	(150)	-	10,085	Others	h-8
Total nonoperating expenses and losses	64,655	(150)	-	64,505	Total nonoperating expenses and losses	
INCOME BEFORE INCOME TAX	628,532	-	6,385	634,917	PROFIT BEFORE INCOME TAX	
INCOME TAX	150,231	-	1,539	151,770	INCOME TAX EXPENSE	h-2, h-9, h-10
NET INCOME	$ 478,301	$ -	$ 4,846	483,147	NET PROFIT	
				(54,451)	EXCHANGE DIFFERENCES ON TRANSLATING FOREIGN OPERATIONS	
				8,140	UNREALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	
				(6,151)	SHARE OF THE OTHER COMPREHENSIVE INCOME OF ASSOCIATES	
				13,294	INCOME TAX RELATING TO THE COMPONENTS OF OTHER COMPREHENSIVE INCOME	
				(39,168)	OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	
				$ 443,979	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	
NET PROFIT ATTRIBUIABLE TO					NET PROFIT ATTRIBUIABLE TO	
Owners of the Corporation	$ 461,859			$ 466,763	Owners of the Corporation	
Non-controlling interests	16,442			16,384	Non-controlling interests	
	$ 478,301			$ 483,147		
					TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO	
-				$ 435,722	Owners of the Corporation	
-				8,257	Non-controlling interests	
-				$ 443,979		

Note 1: Refer to Note 33, g. Exemptions from IFRS 1, and h. Explanations of significant reconciling items in the transition to Taiwan-IFRSs.

Note 2: The recognition or measurement differences between ROC GAAP and Taiwan-IFRSs were recognized according to shareholding.

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars)

ROC GAAP		Effects of Transition to Taiwan-IFRSs		Taiwan-IFRSs		
Item	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Item	Note 1
OPERATING REVENUES					OPERATING REVENUES	
Net sales	$ 8,237,179	$ -	$ -	$ 8,237,179	Net sales	
Commission revenue	33,836	-	-	33,836	Commission revenue	
Other operating revenue	8,270	-	-	8,270	Other operating revenue	
Total operating revenues	8,279,285	-	-	8,279,285	Total operating revenues	
OPERATING COSTS	7,519,793	-	-	7,519,793	OPERATING COSTS	
Cost of goods sold	4,591	-	-	4,591	Cost of goods sold	h-9, h-10
Other operating costs	7,524,384	-	-	7,524,384	Other operating costs	h-8, h-9, h-10
GROSS PROFIT	754,901	-	-	754,901	GROSS PROFIT	
OPERATING EXPENSES					OPERATING EXPENSES	
Selling and marketing expenses	435,965	-	(2,986)	432,979	Selling and marketing expenses	
General and administrative expenses	91,070	75	5,361	96,506	General and administrative expenses	
Total operating expenses	527,035	75	2,375	529,485	Total operating expenses	
OPERATING INCOME	227,866	(75)	(2,375)	225,416	OPERATING INCOME	
NONOPERATING INCOME AND GAINS					NONOPERATING INCOME AND GAINS	
Interest income	14,877	-	-	14,877	Interest income	
Investment income recognized under equity method	93,858	-	(302)	93,556	Share of the profit or loss of associates	Note 2
Gain on sale of investments	-	-	-	-	Gain on sale of investments	
Valuation gain on financial assets	934	-	-	934	Gain on financial assets designated as at FVTPL	
Others	13,820	-	-	13,820	Others	
Total nonoperating income and gains	123,489	-	(302)	123,187	Total nonoperating income and gains	
NONOPERATING EXPENSES AND LOSSES					NONOPERATING EXPENSES AND LOSSES	
Interest expense	19,178	-	-	19,178	Financial costs	
Valuation loss on financial assets	2,740	-	-	2,740	Loss on financial assets at fair value through profit or loss	
Exchange loss, net	1,276	-	-	1,276	Exchange loss	
Impairment loss	-	-	-	-	Impairment loss	
Others	7,113	(75)	-	7,038	Others	h-8
Total nonoperating expenses and losses	30,307	(75)	-	30,232	Total nonoperating expenses and losses	
INCOME BEFORE INCOME TAX	321,048	-	(2,677)	318,371	PROFIT BEFORE INCOME TAX	
INCOME TAX	90,810	-	(617)	90,193	INCOME TAX EXPENSES	h-2, h-9, h-10
NET INCOME	$ 230,238	$ -	$ (2,060)	228,178	NET PROFIT	
				34,253	EXCHANGE DIFFERENCES ON TRANSLATING FOREIGN OPERATIONS	
				(33,793)	UNREALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	
				10,941	SHARE OF THE OTHER COMPREHENSIVE INCOME OF ASSOCIATES	
				(2,989)	INCOME TAX RELATING TO THE COMPONENTS OF OTHER COMPREHENSIVE INCOME	
				8,412	OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	
				$ 236,590	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	
NET PROFIT ATTRIBUIABLE TO					NET PROFIT ATTRIBUTABLE TO	
Owners of the Corporation	$ 220,664			$ 218,759	Owners of the Corporation	
Non-controlling interests	9,574			9,419	Non-controlling interests	
	$ 230,238			$ 228,178		
					TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO	
-				$ 223,276	Owners of the Corporation	
-				13,314	Non-controlling interests	
-				$ 236,590		

Note 1: Refer to Note 33, g. Exemptions from IFRS 1, and h. Explanations of significant reconciling items in the transition to Taiwan-IFRSs.

Note 2: The recognition or measurement differences between ROC GAAP and Taiwan-IFRSs were recognized according to shareholding.

TABLE 6

WAH LEE INDUSTRIAL CORPORATION AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012
(In Thousands of New Taiwan Dollars)

ROC GAAP		Effects of Transition to Taiwan-IFRSs		Taiwan-IFRSs		
Item	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Item	Note 1
OPERATING REVENUES					OPERATING REVENUES	
Net sales	$ 31,329,267	$ -	$ -	$ 31,329,267	Net sales	
Commission revenue	176,352	-	-	176,352	Commission revenue	
Other operating revenue	39,655	-	-	39,655	Other operating revenue	
Total operating revenues	31,545,274	-	-	31,545,274	Total operating revenues	
OPERATING COSTS	28,667,865	-	-	28,667,865	OPERATING COSTS	
Cost of goods sold	19,524	-	-	19,524	Cost of goods sold	h-9, h-10
Other operating costs	28,687,389	-	-	28,687,389	Other operating costs	h-8, h-9, h-10
GROSS PROFIT	2,857,885	-	-	2,857,885	GROSS PROFIT	
OPERATING EXPENSES					OPERATING EXPENSES	
Selling and marketing expenses	1,648,529	-	(4,530)	1,643,999	Selling and marketing expenses	
General and administrative expenses	374,964	299	(4,988)	370,275	General and administrative expenses	
Total operating expenses	2,023,493	299	(9,518)	2,014,274	Total operating expenses	
OPERATING INCOME	834,392	(299)	9,518	843,611	OPERATING INCOME	
NONOPERATING INCOME AND GAINS					NONOPERATING INCOME AND GAINS	
Interest income	65,542	-	-	65,542	Interest income	
Investment income recognized under equity method	417,542	-	(3,104)	414,438	Share of the profit or loss of associates	Note 2
Gain on disposal of property, plant and equipment	1,456	-	-	1,456	Gain on disposal of property, plant and equipment	
Gain on sale of investments	4,101	-	-	4,101	Gain on sale of investments	
Exchange gain, net	20,316	-	-	20,316	Exchange gain, net	
Valuation gain on financial assets	2,182	-	100	2,282	Gain on financial assets designated as at FVTPL	
Valuation gain on financial liabilities	939		-	939		
Others	90,162	-	-	90,162	Others	
Total nonoperating income and gains	602,240	-	(3,004)	599,236		
NONOPERATING EXPENSES AND LOSSES					NONOPERATING EXPENSES AND LOSSES	
Interest expense	79,521	-	-	79,521	Financial costs	
Loss on disposal of property, plant and equipment	2,956	-	-	2,956	Loss on financial assets at fair value through profit or loss	
Impairment loss	26,027	-	-	26,027	Impairment loss	
Others	12,670	(299)	-	12,371	Others	h-8
Total nonoperating expenses and losses	121,174	(299)	-	120,875	Total nonoperating expenses and losses	
INCOME BEFORE INCOME TAX	1,315,458	-	6,514	1,321,972	PROFIT BEFORE INCOME TAX	
INCOME TAX	275,263	-	1,164	276,427	INCOME TAX EXPENSES	h-2, h-9, h-10
NET INCOME	$ 1,040,195	$ -	$ 5,350	1,045,545	NET PROFIT	
				(102,905)	EXCHANGE DIFFERENCES ON TRANSLATING FOREIGN OPERATIONS	
				234,385	UNREALIZED GAIN ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	
				14,101	SHARE OF THE OTHER COMPREHENSIVE INCOME OF ASSOCIATES	
				(11,972)	ACTUARIAL GAINS ON DEFINED BENEFIT PLAN	
				22,771	INCOME TAX RELATING TO THE COMPONENTS OF OTHER COMPREHENSIVE INCOME	
				156,380	OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX	
				$ 1,201,925	TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	
NET PROFIT ATTRIBUIABLE TO					NET PROFIT ATTRIBUIABLE TO	
Owners of the Corporation	$ 981,127			$ 986,509	Owners of the Corporation	
Non-controlling interests	59,068			59,036	Non-controlling interests	
	$ 1,040,195			$ 1,045,545		
					TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO	
-				$ 1,127,267	Owners of the Corporation	
-				74,658	Non-controlling interests	
-				$ 1,201,925		

Note 1: Refer to Note 33, g. Exemptions from IFRS 1, and h. Explanations of significant reconciling items in the transition to Taiwan-IFRSs.

Note 2: The recognition or measurement differences between ROC GAAP and Taiwan-IFRSs were recognized according to shareholding.