GCS HOLDINGS, INC. AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

JUNE 30, 2013 AND 2012

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

PWCR 13000013

To the Board of Directors and Stockholders of GCS Holdings, Inc.

We have reviewed the accompanying consolidated balance sheets of GCS Holdings, Inc. and its subsidiary as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, and the related consolidated statements of comprehensive income, of changes in stockholders' equity and of cash flows for the six-month periods ended June 30, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these financial statements based on our reviews.

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

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above in order for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers", IAS 34, "Interim Financial Reporting" and IFRS 1, "First-time Adoption of International Financial Reporting Standards" endorsed by the Financial Supervisory Commission of Republic of China.

August 2, 2013

GCS HOLDINGS INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

ASSETS	Notes	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Current assets					
Cash and cash equivalents	6(1)	$ 189,942	$ 181,254	$ 195,447	$ 248,925
Accounts receivable - net	6(2)	135,689	88,779	91,777	68,741
Accounts receivable - related parties	6(2) and 7	26,381	31,052	35,283	40,233
Other receivables		14,267	16,693	11,144	6,002
Current income tax assets	6(16)	7,704	5,533	-	1,640
Inventories	6(3)	136,977	115,767	95,471	146,382
Prepayments		3,663	2,884	2,557	1,872
Other current assets		3,895	806	10,835	3,945
Total current assets		518,518	442,768	442,514	517,740
Non-current assets					
Property, plant and equipment	6(4)	121,304	113,805	122,169	99,976
Intangible assets		15,193	16,903	3,208	3,634
Deferred income tax assets	6(16)	150,228	143,399	142,666	139,300
Other non-current assets	8	31,842	12,800	21,343	8,069
Total non-current assets		318,567	286,907	289,386	250,979
Total assets		$ 837,085	$ 729,675	$ 731,900	$ 768,719

(Continued)

GCS HOLDINGS INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

LIABILITIES AND EQUITY	Notes	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Current liabilities					
Accounts payable		$33,067	$20,144	$16,614	$20,974
Other payables	6(5)	73,718	55,592	57,399	75,867
Current income tax liabilities	6(16)	391	-	1,224	1,228
Other current liabilities	6(6)	2,537	1,385	4,475	3,198
Total current liabilities		109,713	77,121	79,712	101,267
Non-current liabilities					
Deferred income tax liabilities	6(16)	26,960	24,075	20,723	19,385
Other non-current liabilities	6(6)	9,004	-	-	-
Total non-current liabilities		35,964	24,075	20,723	19,385
Total liabilities		145,677	101,196	100,435	120,652
Equity attributable to owners of parent					
Share capital	6(9)				
Common stock		364,906	364,906	364,906	364,906
Capital surplus	6(8) (10)				
Capital surplus		197,694	196,174	192,622	189,048
Retained earnings	6(11)				
Special reserve		6,821	6,821	-	-
Unappropriated retained earnings		109,701	69,536	64,703	76,259
Other equity items	6(12)				
Currency translation adjustment		12,286	(8,958)	9,234	17,854
Equity attributable to owners of the parent		691,408	628,479	631,465	648,067
Total equity		691,408	628,479	631,465	648,067
TOTAL LIABILITIES AND EQUITY		$ 837,085	$ 729,675	$ 731,900	$ 768,719

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

GCS HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT FOR EARNINGS (LOSS) PER SHARE AMOUNTS
(UNAUDITED)

	Notes	For the six-month periods ended June 30, 2013	2012
Sales revenue	6(13) and 7	$ 476,017	$ 407,382
Cost of goods sold	6(3)(14)	(293,578)	(297,843)
Net operating margin		182,439	109,539
Operating expenses	6(14)(15)		
Sales and marketing expenses		(10,203)	(10,107)
General and administrative expenses		(71,191)	(61,609)
Research and development expenses		(60,483)	(50,736)
Total operating expenses		(141,877)	(122,452)
Operating income (loss)		40,562	(12,913)
Non-operating income and expenses			
Other income		38	1,371
Other gains and losses		(9)	(2)
Finance cost		(39)	-
Total non-operating income and expenses		(10)	1,369
Income (loss) before income tax		40,552	(11,544)
Income tax expense	6(16)	(387)	(12)
Net income (loss)		$ 40,165	($ 11,556)
Other comprehensive income (loss)			
Currency translation differences	6(12)	$ 21,244	($ 8,620)
Total comprehensive income (loss) for the period		$ 61,409	($ 20,176)
Net income (loss), attributable to:			
Owners of parent		$ 40,165	($ 11,556)
Total comprehensive income (loss) attributable to:			
Owners of parent		$ 61,409	($ 20,176)
Basic earnings (loss) per share	6(17)	$ 1.10	($ 0.32)
Diluted earnings (loss) per share	6(17)	$ 1.10	($ 0.32)

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

GCS HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	Common Stock	Capital Surplus	Retained Earnings: Special Reserve	Retained Earnings: Unappropriated Earnings	Translation Differences of Foreign Operations	Total
For the six-month period ended June 30, 2012						
Balance at January 1, 2012	$ 364,906	$ 189,048	$ -	$ 76,259	-	$ 648,067
Compensation cost of employee stock options	-	3,574	-	-	-	3,574
Consolidated net loss for the six-month period ended June 30, 2012	-	-	-	(11,556)	-	(11,556)
Other comprehensive loss	-	-	-	-	(8,620)	(8,620)
Balance at June 30, 2012	$ 364,906	$ 192,622	$ -	$ 64,703	($ 9,234)	$ 631,465
For the six- month period ended June 30, 2013						
Balance at January 1, 2013	$ 364,906	$ 196,174	$ 6,821	$ 69,536	($ 8,958)	$ 628,479
Compensation cost of employee stock options	-	1,520	-	-	-	1,520
Consolidated net income for the six-month period ended June 30, 2013	-	-	-	40,165	-	40,165
Other comprehensive income	-	-	-	-	21,244	21,244
Balance at June 30, 2013	$ 364,906	$ 197,694	$ 6,821	$ 109,701	$ 12,286	$ 691,408

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

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GCS HOLDINGS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPERSSED IN THOUSANDS OF NEW TAIWAN DOLLARS)
(UNAUDITED)

	For the six-month periods ended June 30, 2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ 40,552	($ 11,544)
Adjustments to reconcile income (loss) before income tax to net cash provided by operating activities		
Income and expenses having no effect on cash flows		
Bad debt loss	9,303	-
Reversal of allowance for doubtful accounts	-	(1,300)
Depreciation	11,750	8,784
Amortization	2,396	527
Interest expense	39	-
Interest income	(38)	(71)
Gain on disposal of property, plant and equipment	-	(12)
Compensation cost of stock options	1,520	3,574
Changes in assets/liabilities relating to operating activities		
Net changes in assets relating to operating activities		
Accounts receivable	(47,685)	(18,216)
Other receivables	2,426	(5,142)
Inventories	(17,382)	48,957
Prepaid expenses	(779)	(685)
Net changes in liabilities relating to operating activities		
Accounts payable	12,257	(4,016)
Other payables	18,126	(21,634)
Other current liabilities	(916)	1,277
Cash provided by operations	31,569	499
Interest received	38	71
Interest paid	(39)	-
Net cash provided by operating activities	31,568	570
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	($ 4,546)	($ 30,481)
Proceeds from disposal of property, plant and equipment	-	287
Acquisition of intangible assets	(154)	(153)
Acquisition of other non-current assets	(18,618)	(11,563)
Increase in refundable deposits	(3,089)	(6,890)
Net cash used in investing activities	(26,407)	(48,800)
Effect of changes in exchange rates	3,527	(5,248)
Increase (Decrease) in cash and cash equivalents	8,688	(53,478)
Cash and cash equivalents at beginning of period	181,254	248,925
Cash and cash equivalents at end of period	$ 189,942	$ 195,447
Investing activities partially paid by cash		
Acquisition of property, plant and equipment	$ 15,619	$ 32,944
Property, plant and equipment payable at beginning of period	-	-
Property, plant and equipment payable at end of period	(11,073)	(2,463)
Cash paid	$ 4,546	$ 30,481

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

GCS HOLDINGS, INC. AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2013 AND 2012
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

GCS Holdings Inc. (the “Company”) was incorporated in Cayman Islands on November 30, 2010, as a holding company for the purpose of registering its shares with the GreTai Securities Market.

The Company and its subsidiary engage in the manufacturing of GaAs wafer and provide GaAs foundry related services.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on August 2, 2013.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

IFRS 9, ‘Financial Instruments: Classification and measurement of financial instruments’

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

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

C.The Group has not evaluated the overall effect of the IFRS 9 adoption. However, based on preliminary evaluation, it was noted that the IFRS 9 adoption may not have a significant impact to the Group.

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

A.The following are the new standards and amendments issued by IASB that are effective but not yet endorsed by the FSC and have not been adopted by the Group:

New standards, interpretations and amendments	Main Amendments	Effective date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparer received in IFRS 7, ‘Financial Instruments: Disclosures’ and exempts first-time adopters from providing the additional comparative disclosures.	July 1, 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	January 1, 2011
IFRS 9, ‘Financial instruments: Classification and measurement of financial liabilities’	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	January 1, 2015
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	July 1, 2011
Severe hyperinflation and removal of fixed dates for first-time adopters (amendment to IFRS 1)	When an entity’s date of transition to IFRSs is on, or after, the functional currency normalisation date, the entity may elect to measure all assets and liabilities held before the functional currency normalisation date at fair value on the date of transition to IFRSs. First-time adopters are allowed to apply the derecognition requirements in IAS 39, ‘Financial instruments:Recognition and measurement’, prospectively from the date of transition to IFRSs, and they are allowed not to retrospectively recognise related gains on the date of transition to IFRSs.	July 1, 2011

New standards, interpretations and amendments	Main Amendments	Effective date
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, 'Income taxes—recovery of revalued non-depreciable assets'.	January 1, 2012
IFRS 10, 'Consolidated financial statements'	The standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	January 1, 2013
IFRS 11,'Joint arrangements'	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	January 1, 2013
IFRS 12,'Disclosure of interests in other entities'	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	January 1, 2013
IAS 27,'Separate financial statements' (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, 'Consolidated financial statements'.	January 1, 2013
IAS 28,'Investments in associates and joint ventures'(as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11 , 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	January 1, 2013
IFRS 13, 'Fair value measurement'	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	January 1, 2013

New standards, interpretations and amendments	Main Amendments	Effective date
IAS 19 revised, 'Employee benefits' (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past-service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expenses, is recognised in other comprehensive income.	January 1, 2013
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	July 1, 2012
IFRIC 20, 'Stripping costs in the production phase of a surface mine'	Stripping costs that meet certain criteria should be recognised as the 'stripping activity asset'. To the extent that the benefit from the stripping activity is realised in the form of inventory produced, the entity shall account for the costs of that stripping activity in accordance with IAS 2, 'Inventories'.	January 1, 2013
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	January 1, 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendment clarifies criterion that an entity 'currently has a legally enforceable right to set off the recognised amounts' and gross settlement mechanisms with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement; they would therefore satisfy the IAS 32 criterion in these instances.	January 1, 2014
Mandatory effective date and transition disclosures (amendment to IFRS 7 and IFRS 9)	The mandatory effective date has been postponed to January 1, 2015.	January 1, 2015

New standards, interpretations and amendments	Main Amendments	Effective date
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9,‘Financial instruments’, and IAS 20,‘Accounting for government grants and disclosure of government assistance’, prospectively to government loans that exist at the date of transition to IFRS.	January 1, 2013
Improvements to IFRSs 2009-2011	Amendments to IFRS 1 and IAS 1, IAS 16, IAS 32 and IAS 34.	January 1, 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other Entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	January 1, 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define ‘Investment Entities’ and their characteristics. The parent company that meets the definition of investment entities should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	January 1, 2014
IFRIC 21, ‘Levies’	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, ‘Provisions, contingent liabilities and contingent assets’.	January 1, 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	January 1, 2014

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

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

(2) Basis of preparation

A. These consolidated financial statements have been prepared under the historical cost convention.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main Business Activities	Ownership		Description
			June 30, 2013	December 31, 2012	
The Company	Global Communication Semiconductors, LLC.	GaAs wafer and foundry service	100%	100%	
Name of investor	Name of subsidiary	Main Business Activities	Ownership		Description
			June 30, 2012	January 1, 2012	
The Company	Global Communication Semiconductors, LLC.	GaAs wafer and foundry service	100%	100%	

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

D. Adjustments for subsidiaries with different balance sheet dates:

Prior to 2012, the accounting period of the Company's subsidiary, Global Communication Semiconductors LLC., was not calendar year. However, the financial statements of the subsidiary have been adjusted to comply with the accounting period of the Company in the consolidated financial statements. The subsidiary had changed its accounting period to calendar year in the year of 2012.

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is United States dollars; however, the consolidated financial statements are presented in New Taiwan dollars under the regulations of the country where the consolidated financial statements are reported to the regulatory authorities.

A. Foreign currency transactions and balances

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

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

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

(d) All foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within ‘other gains and losses’.

B. Translation of foreign operations

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

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. However, since the short-term accounts receivable bear no interest, considering the discounting effects would not be significant, the Group subsequently measures those receivables at the invoice amount.

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

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

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

C. The Group neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

(10) Inventories

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

(11) Property, plant and equipment

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

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

C. Property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each significant part of an item of property, plant and equipment is required to be depreciated separately.

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

The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	7 years
Computer and communication equipment	5 years
Research equipment	7 years
Office equipment	7 ~10 years
Leasehold improvements	6 years

(12) Leased assets/leases (lessee)

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

B. An operating lease is a lease other than a finance lease. Payments made under an operating lease are recognised in profit or loss on a straight-line basis over the lease term.

(13) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 7 years.

(14) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist, the impairment loss shall be reversed to the extent of the loss previously recognised in profit or loss.

(15) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method. However, since the short-term accounts payable bear no interest, considering the discounting effects would not be significant, the Group subsequently measures those payables at the invoice amount.

(16) Derecognition of financial liabilities

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

(17) Offsetting financial instruments

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

(18) Employee benefits

A. Short-term employee benefits

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

B. Pensions

Defined contribution plans

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

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes termination benefits when it is demonstrably committed to a termination, when it has a detailed formal plan to terminate the employment of current employees and when it can no longer withdraw the plan. In the case of an offer made by the Group to encourage voluntary termination of employment, the termination benefits are recognised as expenses only when it is probable that the employees are expected to accept the offer and the number of the employees taking the offer can be reliably estimated. Benefits falling due more than 12 months after balance sheet date are discounted to their present value.

D. Employees' bonus and directors' and supervisors' remuneration

Employees' bonus and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share estimated using a valuation technique specified in IFRS 2, "Share-based Payment", after taking into account the effects of ex-rights and ex-dividends.

(19) Employee share-based payment

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

(20) Income tax

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

B. The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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

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

(21) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(22) Dividends

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

(23) Revenue recognition

A. Sales of goods

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

B. Sales of services

Revenue from delivering services is recognised under the percentage-of-completion method when the outcome of services provided can be estimated reliably. The stage of completion of a service contract is measured by the percentage of the actual services performed as of the financial reporting date to the total services to be performed by the proportion of contract costs incurred for services performed as of the financial reporting date to the estimated total costs for the service contract. If the outcome of a service contract cannot be estimated reliably, contract revenue should be recognised only to the extent that contract costs incurred are likely to be recoverable.

(24) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision-maker that makes strategic decisions.

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

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

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

None.

(2) Critical accounting estimates and assumptions

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

A.Realizability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Assessment of the realizability of deferred income tax assets involves critical accounting judgments and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

As of June 30, 2013, the Group recognised deferred income tax assets amounting to $150,228.

B.Evaluation of inventories

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

As of June 30, 2013, the carrying amount of inventories was $136,977.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Cash on hand	$ 60	$ 58	$ 60	$ 61
Checking and savings accounts	150,625	135,948	148,857	157,850
Money market matual fund	39,257	45,248	46,530	91,014
	$ 189,942	$ 181,254	$ 195,447	$ 248,925

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

B.The Group has no cash and cash equivalents pledged to others.

(2) Accounts receivable, net

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Accounts receivable	$ 149,848	$ 91,068	$ 94,132	$ 72,454

Less: Allowance for doubtful accounts	(10,947)	(1,490)	(1,533)	(2,881)
Allowance for sales discount and allowance	(3,212)	(799)	(822)	(832)
	$ 135,689	$ 88,779	$ 91,777	$ 68,741

A.As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, accounts receivable that were neither past due nor impaired were $98,000, $66,168, $70,684 and $45,770, respectively.

B.The aging analysis of accounts receivable that were past due but not impaired is as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Up to 30 days	$ 21,822	$ 16,381	$ 16,282	$ 18,953
31 to 60 days	5,252	6,207	3,462	1,489
61 to 90 days	9,937	-	1,314	2,529
Over 90 days	678	23	35	-
	$ 37,689	$ 22,611	$ 21,093	$ 22,971

C.Analysis of movement of impaired accounts receivable:

(a) As of June 30, 2013, December 31, 2012, June 30, 2012, and January 1, 2012, the Group's provisions for impairment of accounts receivable were $10,947, $1,490, $1,533 and $2,881, respectively.

(b) Movements on the Group provision for impairment of accounts receivable are as follows:

	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012
At January 1	$ 1,490	$ 2,881
Provision for impairment	9,303	(1,300)
Effect of exchange rate	154	(48)
At June 30	$ 10,947	$ 1,533

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

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

(3) Inventories

	June 30, 2013		
	Cost	Allowance	Book Value
Raw materials	$ 79,629	($ 14,100)	$ 65,529
Work in process	67,273	(4,426)	62,847
Finished goods	8,601	-	8,601
	$ 155,503	($ 18,526)	$ 136,977

	December 31, 2012		
	Cost	Allowance	Book Value
Raw materials	$ 82,255	($ 14,809)	$ 67,446

	Cost	Allowance	Book Value
Work in process	57,096	(8,775)	48,321
	$ 139,351	($ 23,584)	$ 115,767

	June 30, 2012		
	Cost	Allowance	Book Value
Raw materials	$ 73,488	($ 20,027)	$ 53,461
Work in process	49,418	(7,408)	42,010
	$ 122,906	($ 27,435)	$ 95,471

	January 1, 2012		
	Cost	Allowance	Book Value
Raw materials	$ 101,376	($ 16,241)	$ 85,135
Work in process	70,072	(8,825)	61,247
	$ 171,448	($ 25,066)	$ 146,382

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

	For the six-month periods ended June 30,	
	2013	2012
Cost of inventories sold	$ 319,282	$ 306,058
Loss on market price decline	5,772	2,680
Revenue from sale of scraps	(31,468)	(10,895)
Gain on physical inventory count	(8)	-
	$ 293,578	$ 297,843

(4) Property, plant and equipment

	Machinery and equipment	Computer and communication equipment	Research equipment	Office equipment	Others	Total
At January 1, 2013						
Cost	$ 574,332	$ 5,453	$ 23,953	$ 5,688	$ 171,598	$ 781,024
Accumulated depreciation and impairment	(509,409)	(3,182)	(21,795)	(4,628)	(128,205)	(667,219)
	$ 64,923	$ 2,271	$ 2,158	$ 1,060	$ 43,393	$ 113,805
For the six-month period ended June 30, 2013						
Opening net book amount	$ 64,923	$ 2,271	$ 2,158	$ 1,060	$ 43,393	$ 113,805
Additions	2,096	513	-	-	13,010	15,619
Depreciation charge	(6,380)	(403)	(249)	(109)	(4,609)	(11,750)
Net exchange differences	2,076	72	68	33	1,381	(3,630)
Closing net book amount	$ 62,715	$ 2,453	$ 1,977	$ 984	$ 53,175	$ 121,304
At June 30, 2013						
Cost	$ 595,381	$ 6,147	$ 24,744	$ 5,876	$ 190,280	$ 822,428
Accumulated depreciation and impairment	(532,666)	(3,694)	(22,767)	(4,892)	(137,105)	(701,124)
	$ 62,715	$ 2,453	$ 1,977	$ 984	$ 53,175	$ 121,304

	Machinery and equipment	Computer and communication equipment	Research equipment	Office equipment	Others	Total
At January 1, 2012						
Cost	$ 588,768	$ 5,074	$ 23,958	$ 5,931	$ 160,400	$ 784,131
Accumulated depreciation and impairment	(526,425)	(2,776)	(22,122)	(4,603)	(128,229)	(684,155)
	$ 62,343	$ 2,298	$ 1,836	$ 1,328	$ 32,171	$ 99,976
For the six-month period ended June 30, 2012						
Opening net book amount	$ 62,343	$ 2,298	$ 1,836	$ 1,328	$ 32,171	$ 99,976
Additions	1,271	189	239	-	31,245	32,944
Reclassifications	4,975	426	510	-	(5,998)	(87)
Depreciation charge	(5,563)	(308)	(279)	(109)	(2,525)	(8,784)
Net exchange differences	(1,358)	(32)	(26)	(18)	(446)	(1,880)
Closing net book amount	$ 61,668	$ 2,573	$ 2,280	$ 1,201	$ 54,447	$ 122,169
At June 30, 2012						
Cost	$ 586,496	$ 5,623	$ 24,390	$ 5,853	$ 183,528	$ 805,890
Accumulated depreciation and impairment	(524,828)	(3,050)	(22,110)	(4,652)	(129,081)	(683,721)
	$ 61,668	$ 2,573	$ 2,280	$ 1,201	$ 54,447	$ 122,169

(5) Accrued expenses

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Accrued salary and bonus	$ 22,774	$ 20,072	$ 16,869	$ 24,400
Accrued unused leave	11,612	10,438	11,157	11,994
Accrued employees' bonus and directors' and supervisors' remuneration	-	-	482	489
Accrued service fee	3,276	4,631	7,063	15,710
Accrued rent fee	5,651	4,414	3,042	3,015
Accrued utilities	2,032	1,177	1,827	1,441
Accrued miscellaneous expenses	7,313	3,263	3,721	3,878
Other accrued expenses	21,060	11,597	13,238	14,940
	$ 73,718	$ 55,592	$ 57,399	$ 75,867

(6) Finance lease liabilities

The Group leases machinery and equipment under finance lease. Based on the terms of the lease contracts, the Group has the option to purchase these assets at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable when the leases expire. Future minimum lease payments and their present values as at June 30, 2013 are as follows:

	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
Not later than one year	$ 2,500	($ 431)	$ 2,069
(Accounted for under 'Other current liabilities')			
Non-current			
Later than one year but not later than five years	9,790	(786)	9,004
(Accounted for under 'Other non-current liabilities')	$ 12,290	($ 1,217)	$ 11,073

(7) Pension plan

The Company's subsidiary has established a 401(K) pension plan ("the Plan") covering substantially all employees. The Plan provides voluntary salary reduction contributions by eligible participants in accordance with Section 401(K) of the Internal Revenue Code, as well as discretionary matching contributions below 15% of employees' salary determined annually by its Board of Directors from the Company's subsidiary to its employees' individual pension accounts. The Company's subsidiary has not adopted the Plan in accordance with IRC 401K until August 2010.

The pension costs under the defined contribution pension plan for the six-month periods ended June 30, 2013 and 2012 were $4,241 and $4,519, respectively.

(8) Share-based payment-employee compensation plan

A. As of June 30, 2013 and 2012, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting condtion	Actual for feiture rate in the current period	Estimated future forfeiture rate
Employee stock options	From January 2011 to October 2011	2,207,498 shares	10 years	Note 1	32.88%	4.95%
Employee stock options	April 2013	1,533,000 shares	10 years	Note 2	0.00%	4.95%

Note 1: Some employee stock options shall vest and become exercisable as to 50% of the shares immediately, and as to the remaining 50% of such share to be vested in the following year. Some options shall vest and become exercisable as to 25% of the shares covered on the first anniversary of the vesting commencement date, and as to the remaining 75% of such shares ratably in equal installments as of the last day of each of the succeeding 36 months.

Note 2: Some employee stock options shall vest and become exercisable as to 50% of the shares in two years from the vesting commencement date, and as to the remaining 50% of such shares ratably in equal installments as of the last day of each of the succeeding 24 months.

B. Details of the employee stock options are set forth below:

	For the six-month period ended June 30, 2013			For the six-month period ended June 30, 2012		
	No. of options	Currency/unit	Weighted-average exercise price	No. of shares	Currency/unit	Weighted-average exercise price
Options outstanding at January 1	2,207,498	US dollars	$ 1.17	2,244,498	US dollars	$ 1.17
Options granted	1,533,000	NTD	18.10	-	NTD	-
Options canceled	(1,774,528)	US dollars	1.17	(37,000)	US dollars	1.17
Options outstanding at end of June 30	1,965,970	US dollars /NTD	1.17/18.10	2,207,498	US dollars	1.17
Options exercisable at end of June 30	432,970			1,524,006		

C. As of June 30, 2013 and 2012, the details of outstanding employee stock options are as follows:.

	Stock options exercise price (US dollars/NTD)	Weighted-average excepted remaining period
June 30, 2013	$ 1.17/18.10	7.52years/9.80 years
December 31, 2012	$ 1.17	8.02 years
June 30, 2012	$ 1.17	8.53 years
January 1, 2012	$ 1.17	9.03 years

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

Type of arrangement	Grant date	Fair value (in USD)	Currency/unit	Expected price volatility	Expected option period	Expected dividend yield rate	Risk-free interest rate	Fair value unit (in NT dollars)
Employee stock options	January 2011	$ 1.31	US dollars	76.33%	1.48~6.05	-	4.83%	$0.52~$0.90
Employee stock options	January 2011	1.31	〃	76.33%	5.75~6.25	-	4.83%	0.89~0.92
Employee stock options	May 2011	1.22	〃	63.00%	6.08	-	2.51%	0.74
Employee stock options	July 2011	1.22	〃	63.00%	6.08	-	1.94%	0.73
Employee stock options	October 2011	1.22	〃	64.00%	6.08	-	1.16%	0.72
Employee stock options	April 2013	18.10	NTD	82.97%	6.3	-	1.11%	13.86

E. Expenses incurred on share-based payment transactions are shown below:

	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012
Equity-settled	$ 1,520	$ 3,574

(9) Common stock

A. As of June 30, 2013, the contributed capital of the Company was $364,906, consisting of 36,490,587 outstanding shares with par value of $10 (in New Taiwan dollars) per share.

Movements in the number of the Company’s ordinary shares outstanding are as follows:

	2013	2012
At January 1	36,490,587	36,490,587
At June 30	36,490,587	36,490,587

B. The stockholders’ during their meeting on June 28, 2013 adopted a resolution to issue 1,824,529 employee restricted ordinary shares with par value of $10 (in New Taiwan dollars) per share, with the effective date set on July 24, 2013. The subscription price is $0 (in New Taiwan dollars) per share. The employee restricted ordinary shares issued are subject to certain transfer restrictions before their vesting conditions are met. Other than these restrictions, the rights and obligations of these shares issued are the same as other issued ordinary shares.

(10) Capital surplus

Capital surplus arising from accounting standards in R.O.C. can be capitalised or distributed as proposed by the Board of Directors and resolved by the stockholders.

	2013					
	Share premium		Employee stock options		Total	
At January 1	$	143,814	$	52,360	$	196,174
Employee stock options exercised		-		1,520		1,520
At June 30	$	143,814	$	53,880	$	197,694

	2012					
	Share premium		Employee stock options		Total	
At January 1	$	143,814	$	45,234	$	189,048
Employee stock options exercised		-		3,574		3,574
At June 30	$	143,814	$	48,808	$	192,622

(11) Retained earnings

	For the six-month period ended June 30, 2013		For the six-month period ended June 30, 2012	
At January 1	$	76,357	$	76,259
Profit (Losses) for the period		40,165	(	11,556)
At June 30	$	116,522	$	64,703

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset losses incurred in previous years and then a special surplus reserve as required by the applicable securities authority under the applicable public company rules in Taiwan. After combining accumulated undistributed earnings in the previous years and setting aside a certain amount of remaining profits of such financial year as a reserve or reserves for development purposes as the Board of Directors may from time to time think fit, subject to the compliance with the Law, the Company shall distribute no less than 10% of the remaining profit in the following sequence:

(a)no more than 15% and no less than 5% as employees' bonus;

(b)no more than 2% as directors' bonus; and

(c)the balance as dividends to the stockholders.

B. As the Company operates in the stable growth stage, the residual dividend policy is adopted taking into consideration the Company's financial structure, operating results and future expansion plans, and cash dividends shall account for at least 10% of the total dividends distributed. Dividends are distributed by stock and by cash. The individuals who are entitled to employee stock dividends may include the employees of the Company's affiliates who meet certain criteria.

C. The Company expects no distribution to be made for the earnings of 2012; therefore, no employees' bonus and directors' remuneration has been accrued. The appropriation of 2012 earnings had not been resolved by the Board of directors and the stockholders.

D. The Company accrued employees' bonus and directors' remuneration based on 10% of net income to be distributed and 5% and 2% of the distributed amount as employees' bonus and directors' remuneration, respectively. The estimated employees' bonus and directors' remuneration will be recognised as operating cost or operating expense of the year. If there is difference between estimated and actual amounts resolved by the shareholders, the difference shall be recognised as cost or expense in the subsequent year. The company did not accrue employees' bonus and directors' remuneration for the six-month period ended June 30, 2013 due to minority.

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

(12) Other equity items

	Currency translation	
	2013	2012
At January 1	($ 8,958)	$ 17,854
Currency translation differences	21,244	(8,620)
At June 30	$ 12,286	$ 9,234

(13) Operating revenue

	For the six-month periods ended June 30,	
	2013	2012
Sales revenue	463,557	369,074
Service revenue	12,460	38,308
	$ 476,017	$ 407,382

(14) Expenses by nature

	For the six-month periods ended June 30,	
	2013	2012
Employee benefit expense	$ 201,090	$ 169,086
Depreciation charges on property, plant and equipment	11,750	8,784
Amortization charges on intangible assets	2,396	527
	$ 215,236	$ 178,397

(15) Employee benefit expense

	For the six-month periods ended June 30,	
	2013	2012
Wages and salaries	$ 179,133	$ 143,547
Insurance fees	17,495	20,159
Pension costs	4,241	4,519
Other personnel expenses	221	861
	$ 201,090	$ 169,086

(16) Income tax

A. Income tax expense

a) Components of income tax expense:

	For the six-month periods ended June 30,	
	2013	2012
Current tax:		
Current tax on profits for the period	$ 387	$ 12
Income tax expense	$ 387	$ 12

B. Reconciliation of income tax expense and income:

	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012
Income tax expense calculated at the statutory rate	$ 16,101	$ -
Tax effect of permanent differences	10,491	-
Tax effect of loss carryforward	(30,476)	-
Tax effect of minimum tax	387	12
Income tax expense	$ 387	$ 12

(17) Earnings per share

	For the six-month period ended June 30, 2013		
	Amount after tax	Weighted average outstanding common shares	Earnings per share (in dollars)
Basic earnings per share:			
Profit attributable to ordinary shareholders of the parent	$ 40,165	36,491	$ 1.10
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 40,165	36,491	
Assumed conversion of all dilutive potential ordinary shares - Employee compensation	-	110	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 40,165	36,601	$ 1.10

	For the six-month period ended June 30, 2012		
	Amount after tax	Weighted average outstanding common shares	Loss per share (in dollars)
Basic loss per share:			
Loss attributable to ordinary shareholders of the parent	($ 11,556)	36,491	($ 0.32)

(18) Operating lease commitments

The Company's subsidiary entered into operating lease contracts with Hamazawa Investment Company for its office and plant located in Los Angeles, California, USA. The lease period was originally from September 2002 to April 2016. The contracts were renewed on January 1, 2013 whereby the lease period is extended to April 2022. As of each balance sheet date, the future minimum rental payments based on the above lease agreements are as follows:

Years	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
2012	$ -	$ -	$ 5,571	$ 11,291
2013	6,617	12,435	11,142	11,291
2014	13,233	12,435	11,142	11,291
2015	13,233	12,435	11,142	11,291
2016	13,233	12,435	3,713	3,762
2017 and after	70,576	66,320	-	-
	$ 116,892	$ 116,060	$ 42,710	$ 48,926

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

None.

(2) Significant transactions and balances with related parties

A. Sales of goods and services:

	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012
Sales of goods:		
-Associates	$ 97,300	$ 109,746

There are no significant differences in sale prices and collection terms between related parties and third parties. The collection termwas within 45 days from the date of sales.

B. Period-end balances arising from sales of goods/services:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Receivables from associates	$ 26,381	$ 31,052	$ 35,283	$ 40,233

The receivables from related parties arise mainly from sale transactions. The receivables are due 45 days from the date of sales. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

(3) Key management compensation

	For the six-month periods ended June 30,	
	2013	2012
Salaries and other short-term employee benefits	$ 31,873	$ 35,745
Post-employment benefits	3,702	3,196
Other long-term benefits	1,048	959
Share-based payments	915	2,205
	$ 37,538	$ 42,105

8. PLEDGED ASSETS

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

Assets	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012	Purpose
Other financial assets, non-current	$ 7,174	$ 6,932	$ 7,132	$ 5,493	Rental security deposit for office and deposit for wastewater treatment

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Please refer to Note 6(18) for the operating lease commitments.

(2) Capital commitments

	June 30, 2013	December 31, 2012
Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:		
Property, plant and equipment	$ 24,839	$ 2,370
Intangible assets	-	1,483
	$ 24,839	$ 3,853

	June 30, 2012	January 1, 2013
Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:		
Property, plant and equipment	$ -	$ 17,116
Intangible assets	5,246	-
	$ 5,246	$ 17,116

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital risk management

In order to safeguard the Group’s ability to adapt to the changes in the industry and to accelerate the new product development, the Group’s objectives when managing capital are to maintain the sufficient financial resources to support the operating capital, capital expenditures, research and development activities and dividend paid to shareholders, etc.

The Group monitors capital through the ratio of total liabilities divided by total assets. The Group’s strategy is to maintain the ratio within 20%. As of June 30, 2013, December 31, 2012, June 30, 2012, January 1, 2012, the Group’s ratios of total liabilities divided by total assets were as follows:

	June 30, 2013	December 31, 2012
Total liabilities	$ 145,677	$ 101,196
Total assets	$ 837,085	$ 729,675
Total liabilities/total assets ratios	17%	14%

	June 30, 2012	January 1, 2012
Total liabilities	$ 100,435	$ 120,652
Total assets	$ 731,900	$ 768,719
Total liabilities/total assets ratios	14%	16%

(2) Financial instruments

A. The carrying amounts measured at amortized cost approximate to the fair values of the Group's financial instruments, including cash and cash equivalents, accounts receivable, other receivables, other current assets, accounts payable, other payables and accrued rent expense (accounted for under 'Other current liabilities' and 'Other non-current liabilities').

B. Financial risk management policies

a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and financial performance.

b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

a) Market risk

Foreign exchange risk

- The Group's businesses are mainly conducted in functional currency. Therefore, the foreign exchange risk is deemed minimal.

Price risk

- The Group does not hold any equity securities so no equity price risk is expected. The Group is also not exposed to commodity price risk.

Interest rate risk

- The Group is not exposed to interest rate risk since it has no borrowings issued at variable rates.

b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

ii. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The financial assets that are neither past due nor impaired are accounts receivable. Please refer to Note 6(2).

iv. The financial assets that were past due but not impaired are accounts receivable. Please refer to Note 6(2).

v. The financial assets with impairment are accounts receivable. Please refer to Note 6(2).

c) Liquidity risk

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

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above mentioned forecasts.

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

		Less than 1 year		Over 1 year
Non-derivative financial liabilities:				
June 30, 2013				
Accounts payable	$	33,067	$	-
Other payables		73,718		-
Other current liabilities		2,069		-
Other non-current liabilities		-		9,004

		Less than 1 year		Over 1 year
Non-derivative financial liabilities:				
December 31, 2012				
Accounts payable	$	20,144	$	-
Other payables		55,592		-

		Less than 1 year		Over 1 year
Non-derivative financial liabilities:				
June 30, 2012				
Accounts payable	$	16,614	$	-
Other payables		57,399		-

		Less than 1 year		Over 1 year
Non-derivative financial liabilities:				
January 1, 2012				
Accounts payable	$	20,974	$	-
Other payables		75,867		-

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others:

(a) Loans granted during the six-month period ended June 30, 2013:

None.

(b) Endorsements and guarantees provided by the Company to others:

None.

(c) Holding of marketable securities at the end of the period:

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of June 30, 2013				Footnote
				Number of shares	Book value	Ownership (%)	Market value	
GCS Holdings, Inc.	Global Communication Semiconductors LLC.	Related party	Long-term equity investments accounted for under the equity method	-	$556,952	100%	$556,952	-

(d) Aggregate purchase or sales of the same securities reaching $100,000 or 20% of paid-in capital or more:

None.

(e) Acquisition of real estate reaching $100,000 or 20% of paid-in capital or more:

None.

(f) Disposal of real estate reaching $100,000 or 20% of paid-in capital or more:

None.

(g) Purchases and sales transactions with related parties totaling over $100,000 or 20 % of paid-in capital or more:

None.

(h) Receivables from related parties reaching $100,000 or 20% of paid-in capital or more:

None.

(i) Derivative financial instruments undertaken:

None.

(j) Significant inter-company transactions:

None.

B. Related information regarding subsidiaries as of June 30, 2013

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at June 30, 2013			Net profit (loss) of the investee for the six-month period ended June 30, 2013	Investment income (loss) recognised by the Company for the six-month period ended June 30, 2013	Footnote
				Balance as at June 30, 2013	Balance as at January 1, 2013	Number of shares	Ownership (%)	Book value			
GCS Holdings Inc.	Global Communication Semiconductors LLC.	Los Angeles, USA	GaAs wafer and foundry service	$403,975	$403,975	-	100	$ 556,952	$ 44,931	$ 44,931	-

C. Relevant information regarding investment in Mainland China:

None.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the six-month period ended June 30, 2013			
	Cayman Islands	America	Adjustments and elimination	Consolidated amount
Revenue from external customers	$ -	$ 476,017	$ -	$ 476,017
Inter-segment revenue	-	-	-	-
Total segment revenue	$ -	$ 476,017	$ -	$ 476,017
Segment profit (loss) (Note)	$ 40,165	$ 45,318	($ 44,931)	$ 40,552
Total assets	$ 691,574	$ 731,495	($ 585,984)	$ 837,085

	For the six-month period ended June 30, 2012			
	Cayman Islands	America	Adjustments and elimination	Consolidated amount
Revenue from external customers	$ -	$ 407,382	$ -	$ 407,382
Inter-segment revenue	-	-	-	-
Total segment revenue	$ -	$ 407,382	$ -	$ 407,382
Segment profit (loss) (Note)	($ 11,489)	($ 6,593)	$ 6,538	$ 11,544
Total assets	$ 635,582	$ 610,046	($ 513,728)	$ 731,900

Note: Profit (loss) before tax

(3) Reconciliation for segment income (loss)

The Company and its subsidiary engage in a single industry and the chief operating decision-maker assesses performance and allocates resources of the whole group. The Company is regarded as a single operating segment. Therefore, there is no inter-segment revenue. The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the income statement. The amount provided to the chief operating decision-maker with respect to total assets is measured in a manner consistent with that in the balance sheet.

15. INITIAL APPLICATION OF IFRSs

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

(1) Exemptions elected by the Group

Leases

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

(2) Except for derecognition of financial assets and financial liabilities, hedge accounting and non-controlling interest to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Group, other exceptions to the retrospective application are set out below:

Accounting estimates

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

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

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

A. Reconciliation for equity as of January 1, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 248,925	$ -	$ 248,925	
Accounts receivable	68,741	-	68,741	
Accounts receivable-related parties	40,233	-	40,233	
Other receivables	6,002	-	6,002	
Current income tax assets	1,640	-	1,640	
Inventories	146,382	-	146,382	
Prepayments	1,872	-	1,872	
Deferred income tax assets-current	37,100	(37,100)	-	(1)
Other current assets	3,945	-	3,945	
Total current assets	554,840	(37,100)	517,740	
Non-current assets				
Property, plant and equipment	102,552	(2,576)	99,976	(2)
Intangible assets	3,634	-	3,634	
Deferred income tax assets-non-current	82,815	56,485	139,300	(1)
Other non-current assets	5,493	2,576	8,069	(2)
Total non-current assets	194,494	56,485	250,979	
Total assets	$ 749,334	$ 19,385	$ 768,719	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Accounts payable	$ 20,974	$ -	$ 20,974	
Other payables	72,852	3,015	75,867	(3)
Current income tax liabilities	1,228	-	1,228	
Other current liabilities	3,198	-	3,198	
Total current liabilities	98,252	3,015	101,267	
Non-current liabilities				
Deferred income tax liabilities	-	19,385	19,385	
Total non-current liabilities	-	19,385	19,385	
Total Liabilities	98,252	22,400	120,652	
Equity attributable to owners of the parent				
Share capital				
Common stock	364,906	-	364,906	
Capital surplus	189,048	-	189,048	
Retained earnings				
Unappropriated retained earnings	79,274	(3,015)	76,259	(3)
Cumulative translation adjustments	17,854	-	17,854	
Total equity	651,082	(3,015)	648,067	
Total liabilities and equity	$ 749,334	$ 19,385	$ 768,719	

B. Reconciliation for equity as of December 31, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 181,254	$ -	$ 181,254	
Accounts receivable	88,779	-	88,779	
Accounts receivable-related parties	31,052	-	31,052	
Other receivables	16,693	-	16,693	
Current income tax assets	5,533		5,533	
Inventories	115,767	-	115,767	
Prepayments	2,884	-	2,884	
Other current assets	806	-	806	
Total current assets	442,768	-	442,768	
Non-current assets				
Property, plant and equipment	119,673	(5,868)	113,805	(2)
Intangible assets	16,903	-	16,903	
Deferred income tax assets-non-current	119,324	24,075	143,399	(1)
Other non-current assets	6,932	5,868	12,800	(2)
Total non-current assets	262,832	24,075	286,907	
Total assets	$ 705,600	$ 24,075	$ 729,675	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs
Current liabilities			
Accounts payable	$ 20,144	$ -	$ 20,144
Other payables	51,178	4,414	55,592
Other current liabilities	1,385	-	1,385
Total current liabilities	72,707	4,414	77,121
Non-current liabilities			
Deferred income tax liabilities	-	24,075	24,075
Total non-current liabilities	-	24,075	24,075
Total Liabilities	72,707	28,489	101,196
Equity attributable to owners of the parent			
Share capital			
Common stock	364,906	-	364,906
Capital surplus	196,174	-	196,174
Retained earnings			
Special reserve	6,821	-	6,821
Unappropriated retained earnings	73,950	(4,414)	69,536
Cumulative translation adjustments	(8,958)	-	(8,958)
Total equity	632,893	(4,414)	628,479
Total liabilities and equity	$ 705,600	$ 24,075	$ 729,675

C. Reconciliation for equity as of June 30, 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 195,447	$ -	$ 195,447	
Accounts receivable	91,777	-	91,777	
Accounts receivable-related parties	35,283	-	35,283	
Other receivables	11,144			
Inventories	95,471	-	95,471	
Deferred income tax assets-current	8,229	(8,229)	-	(1)
Prepayments	2,557	-	2,557	
Other current assets	10,835	-	10,835	
Total current assets	450,743	(8,229)	442,514	
Non-current assets				
Property, plant and equipment	136,380	(14,211)	122,169	(2)
Intangible assets	3,208	-	3,208	
Deferred income tax assets-non-current	113,714	28,952	142,666	(1)
Other non-current assets	7,132	14,211	21,343	(2)
Total non-current assets	260,434	28,952	289,386	
Total assets	$ 711,177	$ 20,723	$ 731,900	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Accounts payable	$ 16,614	$ -	$ 16,614	
Other payables	54,357	3,042	57,399	(3)
Current income tax liabilities	1,224	-	1,224	
Other current liabilities	4,475	-	4,475	
Total current liabilities	76,670	3,042	79,712	
Non-current liabilities				
Deferred income tax liabilities	-	20,723	20,723	
Total non-current liabilities	-	20,723	20,723	
Total Liabilities	76,670	23,765	100,435	
Equity attributable to owners of the parent				
Share capital				
Common stock	364,906	-	364,906	
Capital surplus	192,622	-	192,622	
Retained earnings				
Unappropriated retained earnings	67,785	(3,082)	64,703	(3)
Cumulative translation adjustments	9,194	40	9,234	
Total equity	634,507	(3,042)	631,465	
Total liabilities and equity	$ 711,177	$ 20,723	$ 731,900	

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

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 815,150	$ -	$ 815,150	
Operating costs	(580,991)	-	(580,991)	
Net operating margin	234,159	-	234,159	
Operating expenses				
Selling expenses	(18,561)	-	(18,561)	
General and administrative expenses	(108,573)	(1,768)	(110,341)	(3)
Research and development expenses	(105,461)	-	(105,461)	
Operating loss	1,564	(1,768)	(204)	
Non-operating income and expenses				
Other income	122	-	122	
Other gains and losses	1,876	-	1,876	
Profit before income tax	3,562	(1,768)	1,794	
Income tax benefit	5,233	-	5,233	
Profit for the period	$ 8,795	($ 1,768)	7,027	
Other comprehensive income				
Currency translation differences			(26,812)	
Total comprehensive income (loss) for the period			($ 19,785)	
Profit attributable to:				
Owners of the parent			($ 7,027)	
Total comprehensive income attributable to:				
Owners of the parent			($ 19,785)	

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

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 407,382	$ -	$ 407,382	
Operating costs	(297,843)	-	(297,843)	
Net operating margin	109,539	-	109,539	
Operating expenses				
Selling expenses	(10,107)	-	(10,107)	
General and administrative expenses	(61,542)	(67)	(61,609)	(3)
Research and development expenses	(50,736)	-	(50,736)	
Operating loss	(12,846)	(67)	(12,913)	
Non-operating income and expenses				
Other income	1,371	-	1,371	
Other gains and losses	(2)	-	(2)	
Loss before income tax	(11,477)	(67)	(11,544)	
Income tax benefit	(12)	-	(12)	
Loss for the period	($ 11,489)	($ 67)	($ 11,556)	
Other comprehensive income				
Currency translation differences			(8,620)	
Total comprehensive loss for the period			($ 20,176)	
Loss attributable to:				
Owners of the parent			($ 11,556)	
Total comprehensive loss attributable to:				
Owners of the parent			($ 20,176)	

Reasons for difference are outlined below:

(a) In accordance with accounting standards in R.O.C., a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. A deferred tax asset or liability that is not related to an asset or liability for financial reporting should be classified as current or noncurrent according to the expected time period to realise the asset or settle the liability. However, under IAS 1, 'Presentation of Financial Statements', an entity should not classify a deferred tax asset or liability as current.

In accordance with accounting standards in R.O.C., when evidence shows that part or whole of the deferred tax asset with 50% probability or above will not be realised, an entity should reduce the amount of deferred tax asset by adjusting the valuation allowance account. In accordance with IAS 12, 'Income Taxes', a deferred tax asset should be recognised if, and only if, it is considered probable that it will be realised.

Deferred income tax assets and liabilities cannot be offset as they do not meet the criteria of offsetting assets and liabilities under IAS 12, 'Income Taxes'. Thus, the Group reclassified deferred income tax assets and liabilities at the transition date.

(b) Prepayment for acquisition of property, plant and equipment is presented in 'Property, plant and equipment' in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers". However, such prepayment should be presented in 'Other non-current assets' based on its nature under IFRSs.

(c) In accordance with current accounting standards in R.O.C., for the Group's long-term lease contracts with variable rents which are adjusted year by year, the lease payment is recognised as an expense for each period based on each rent agreement. However, in accordance with IAS 17, 'Leases', all lease payments stipulated in the lease contracts should be recognised as an expense over the lease term on a straight-line basis.

(4) Major adjustments for the consolidated statement of cash flows for the year ended December 31, 2012 and the six-month period ended June 30, 2012:

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

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

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