Shuttle Inc.

Financial Statements for the Six Months Ended June 30, 2012 and 2011 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Shuttle Inc.

We have audited the accompanying balance sheets of Shuttle Inc. (the "Company") as of June 30, 2012 and 2011, and the related statements of income, changes in stockholders' equity and cash flows for the six months then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As stated in Note 9 to the financial statements, the carrying values of certain long-term investments accounted for by the equity method as of June 30, 2012 and 2011, which amounted to $607,520 thousand and $738,990 thousand, respectively, and the related investment income (loss) for the six months then ended, which was $63,148 thousand and $(13,670) thousand, respectively, were based on the investees' unaudited financial statements.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of the long-term investments accounted for by the equity method been audited, the financial statements referred to above present fairly, in all material respects, the financial position of Shuttle Inc. as of June 30, 2012 and 2011, and the results of its operations and its cash flows for the six months then ended, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting relevant to financial accounting standards, and accounting principles generally accepted in the Republic of China.

We have also audited the consolidated financial statements of Shuttle Inc. and subsidiaries as of and for the six months ended June 30, 2012 and 2011, and have issued a qualified opinion thereon in our report dated August 29, 2012.

August 29, 2012

<u>*Notice to Readers*</u>

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

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

SHUTTLE INC.

BALANCE SHEETS
JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Par Value)

	2012		2011	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Note 4)	$ 794,601	19	$ 696,120	14
Financial assets at fair value through profit or loss (Notes 2 and 5)	1,193	-	306	-
Available-for-sale financial assets (Notes 2 and 6)	139,728	3	128,173	2
Notes receivable (Notes 2 and 3)	-	-	103	-
Accounts receivable, net of allowance for doubtful accounts of $18,844 thousand in 2012 and $49,332 thousand in 2011 (Notes 2 and 3)	72,022	2	188,179	4
Accounts receivable - related parties, net (Notes 2, 3 and 18)	234,504	5	1,744,543	35
Other financial assets	4,163	-	522	-
Inventories (Notes 2 and 7)	199,467	5	262,983	5
Deferred income tax assets (Notes 2 and 15)	35,855	1	35,526	1
Restricted assets(Note 20)	20,017	-	-	-
Other current assets (Note 15)	27,808	1	82,168	2
Total current assets	1,529,358	36	3,138,623	63
LONG-TERM INVESTMENTS				
Investments accounted for by the equity method (Notes 2 and 9)	1,628,358	39	738,990	15
Available-for-sale financial assets (Notes 2 and 6)	13,555	-	12,588	-
Financial assets carried at cost (Notes 2 and 8)	60,352	1	65,054	2
Total long-term investments	1,702,265	40	816,632	17
PROPERTY, PLANT AND EQUIPMENT (Notes 2,10 and 19)				
Cost				
Land	442,685	10	442,685	9
Buildings	453,827	11	453,806	9
Machinery and equipment	74,210	2	238,154	5
Transportation equipment	21,186	1	21,186	-
Office equipment	25,041	1	24,151	1
Other equipment	16,144	-	19,403	-
Total cost	1,033,093	25	1,199,385	24
Less: Accumulated depreciation	208,495	5	342,826	7
Less: Accumulated impairment	7,651	-	25,692	-
Fixed assets cost and revaluation	816,947	20	830,867	17
Construction in progress and prepayments for equipment	4,376	-	-	-
Property, plant and equipment, net	821,323	20	830,867	17
INTANGIBLE ASSETS				
Deferred pension cost (Note 2)	1,191	-	-	-
OTHER ASSETS				
Assets leased to others (Notes 2, 11 and 19)	81,780	2	82,126	2
Deferred income tax assets (Notes 2 and 15)	49,883	1	60,176	1
Refundable deposits (Note 20)	31,355	1	11,610	-
Deferred charges (Notes 2)	20,539	-	8,363	-
Total other assets	183,557	4	162,275	3
TOTAL	$ 4,237,694	100	$ 4,948,397	100

	2012		2011	
LIABILITIES AND STOCKHOLDERS' EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Notes payable	$ -	-	$ 50	-
Accounts payable	253,798	6	782,663	16
Accounts payable - related parties (Note 18)	14,820	1	24,619	-
Accrued expenses	253,923	6	300,036	6
Other financial liabilities	11,674	-	2,401	-
Deferred credits - gain on intercompany transactions (Notes 2 and 18)	35,234	1	35,364	1
Other current liabilities	8,677	-	5,157	-
Total current liabilities	578,126	14	1,150,290	23
OTHER LIABILITIES				
Accrued pension liabilities (Notes 2 and 12)	10,527	-	12,217	1
Guarantee deposits	-	-	100	-
Deferred credits - gain on intercompany transactions (Notes 2 and 18)	613	-	681	-
Total other liabilities	11,140	-	12,998	1
Total liabilities	589,266	14	1,163,288	24
STOCKHOLDERS' EQUITY				
Capital stock - $10 par value; authorized: 500,000 thousand shares; issued: 340,131 thousand shares in 2012; 352,158 thousand shares in 2011	3,401,313	80	3,521,583	71
Capital surplus				
Additional paid-in capital	201,765	5	208,899	4
Treasury stock transactions	104,984	2	87,195	2
Long-term investments	2,325	-	-	-
Total capital surplus	309,074	7	296,094	6
Retained earnings				
Legal reserve	1,126	-	-	-
Special reserve	10,136	1	-	-
Unappropriated earnings	89,565	2	4,242	-
Total retained earnings	100,827	3	4,242	-
Others				
Cumulative translation adjustments	(28,001)	(1)	(33,560)	(1)
Net loss not recognized as pension cost	(860)	-	-	-
Unrealized loss on financial instruments	(133,925)	(3)	(3,250)	-
Total other equity	(162,786)	(4)	(36,810)	(1)
Total stockholders' equity	3,648,428	86	3,785,109	76
TOTAL	$ 4,237,694	100	$ 4,948,397	100

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

(With Deloitte & Touche audit report dated August 29, 2012)

SHUTTLE INC.

STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2012		2011	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES (Notes 2 and 18)				
Sales	$ 685,401	101	$ 1,377,308	104
Less: Sales returns and allowances	9,383	1	47,661	4
Net sales	676,018	100	1,329,647	100
Technical services revenue	324,043	48	97,786	7
Total operating revenues	1,000,061	148	1,427,433	107
OPERATING COSTS (Notes 7, 16 and 18)				
Cost of goods sold	596,151	89	1,109,869	83
GROSS PROFIT	403,910	59	317,564	24
REALIZED INTERCOMPANY GAIN (Note 2)	5,162	1	43,448	3
REALIZED GROSS PROFIT	409,072	60	361,012	27
OPERATING EXPENSES (Notes 16 and 18)				
Marketing	83,868	12	98,994	7
General and administrative	81,928	12	75,731	6
Research and development	167,601	25	170,869	13
Total operating expenses	333,397	49	345,594	26
OPERATING INCOME	75,675	11	15,418	1
NONOPERATING INCOME AND GAINS (Notes 2, 5, 6 and 18)				
Gain on sale of investments, net	29,542	5	816	-
Interest income	2,414	-	1,079	-
Valuation gain on financial instruments, net	1,193	-	306	-
Rental revenue	589	-	665	-
Gain on disposal of property, plant and equipment	406	-	2,400	-
Dividend income	29	-	-	-
Others	23,418	4	5,183	1
Total nonoperating income and gains	57,591	9	10,449	1

(Continued)

SHUTTLE INC.

STATEMENTS OF INCOME
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2012		2011	
	Amount	**%**	**Amount**	**%**
NONOPERATING EXPENSES AND LOSSES (Notes 2, 9 and 16)				
Exchange loss, net	$ 12,258	2	$ 6,783	1
Investment loss recognized under equity method	7,561	1	13,670	1
Interest expense	1	-	1,765	-
Others	25,891	4	307	-
Total nonoperating expenses and losses	45,711	7	22,525	2
INCOME BEFORE INCOME TAX	87,555	13	3,342	-
INCOME TAX BENEFIT (Notes 2 and 15)	2,010	-	900	-
NET INCOME	$ 89,565	13	$ 4,242	-

	2012		2011	
	Before Income Tax	**After Income Tax**	**Before Income Tax**	**After Income Tax**
EARNINGS PER SHARE (Note 17)				
Basic	$ 0.26	$ 0.26	$ 0.01	$ 0.01

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

(With Deloitte & Touche audit report dated August 29, 2012) (Concluded)

SHUTTLE INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

	Common Capital Stock		Capital Surplus (Notes 2, 13 and 14)			Retained Earnings (Notes 2, 13 and 15)			Others (Notes 2 and 14)				
	Shares (In Thousands)	Amount	Additional Paid-in Capital	Treasury Stock Transactions	Long-term Investments	Legal Reserve	Special Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Net Loss Not Recognized as Pension Cost	Unrealized Loss on Financial Instruments	Treasury Stock	Total Stockholders' Equity
BALANCE, JANUARY 1, 2012	352,158	$ 3,521,583	$ 208,899	$ 87,195	$ -	$ -	$ -	$ 11,262	$ (10,319)	$ (860)	$ (89,284)	$ (109,615)	$ 3,618,861
Appropriation of 2011 earnings													
Legal reserve	-	-	-	-	-	1,126	-	(1,126)	-	-	-	-	-
Special reserve	-	-	-	-	-	-	10,136	(10,136)	-	-	-	-	-
Retirement of treasury stock - 12,027 thousand shares	(12,027)	(120,270)	(7,134)	17,789	-	-	-	-	-	-	-	109,615	-
Net changes in valuation gain/loss on available-for-sale financial assets - Shuttle Inc.	-	-	-	-	-	-	-	-	-	-	(26,586)	-	(26,586)
Net changes in valuation gain/loss on available-for-sale financial assets - subsidiaries	-	-	-	-	-	-	-	-	-	-	(18,055)	-	(18,055)
Translation adjustments	-	-	-	-	-	-	-	-	(17,682)	-	-	-	(17,682)
Adjustment brought by changes in percentage of ownership in equity-method investees	-	-	-	-	2,325	-	-	-	-	-	-	-	2,325
Net income for the six months ended June 30, 2012	-	-	-	-	-	-	-	89,565	-	-	-	-	89,565
BALANCE, JUNE 30, 2012	340,131	$ 3,401,313	$ 201,765	$ 104,984	$ 2,325	$ 1,126	$ 10,136	$ 89,565	$ (28,001)	$ (860)	$ (133,925)	$ -	$ 3,648,428
BALANCE, JANUARY 1, 2011	352,158	$ 3,521,583	$ 665,836	$ 87,195	$ -	$ -	$ -	$ (456,937)	$ (43,976)	$ -	$ 56,243	$ -	$ 3,829,944
Additional paid-in capital used to offset company losses	-	-	(456,937)	-	-	-	-	456,937	-	-	-	-	-
Net changes in valuation gain/loss on available-for-sale financial assets - Shuttle Inc.	-	-	-	-	-	-	-	-	-	-	(46,738)	-	(46,738)
Net changes in valuation gain/loss on available-for-sale financial assets - subsidiaries	-	-	-	-	-	-	-	-	-	-	(12,755)	-	(12,755)
Translation adjustments	-	-	-	-	-	-	-	-	10,416	-	-	-	10,416
Net income for the six months ended June 30, 2011	-	-	-	-	-	-	-	4,242	-	-	-	-	4,242
BALANCE, JUNE 30, 2011	352,158	$ 3,521,583	$ 208,899	$ 87,195	$ -	$ -	$ -	$ 4,242	$ (33,560)	$ -	$ (3,250)	$ -	$ 3,785,109

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

(With Deloitte & Touche audit report dated August 29, 2012)

SHUTTLE INC.

STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 89,565	$ 4,242
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	9,643	13,423
Amortization	44,519	66,306
Reversal of doubtful accounts	(806)	(4,875)
Realized intercompany gain	(5,162)	(43,448)
Provision for loss on inventories	5,451	10,413
Abandonment loss on inventories	1,249	2,208
Gain on sale of investments	(29,542)	(816)
Investment loss recognized under equity method, net	7,561	13,670
Gain on disposal of property, plant and equipment	(406)	(2,400)
Valuation gain on financial instruments	(1,193)	(306)
Deferred income tax	(2,010)	(963)
Pension liabilities	(1,846)	(1,783)
Changes in operating assets and liabilities		
Financial instruments held for trading	5,874	29,782
Notes receivable	100	(103)
Accounts receivable	(31,909)	(66,548)
Accounts receivable - related parties	2,389	(272,809)
Other financial assets	18,997	7,547
Inventories	(14,167)	102,118
Other current assets	34,238	(58,977)
Notes payable	-	(148)
Accounts payable	125,592	(89,451)
Accounts payable - related parties	(3,649)	922
Accrued expenses	(40,386)	(21,073)
Other financial liabilities	13,258	(172)
Other current liabilities	(2,523)	2,024
Net cash provided by (used in) operating activities	224,837	(311,217)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of available-for-sale financial assets	(45,595)	-
Proceeds from disposal of available-for-sale financial assets	75,923	1,166
Decrease in accounts receivable - related parties	17,090	-
Acquisition of investments accounted for by equity method	(361,720)	(72,583)
Proceed from investees' capital reduction	-	70,880
Acquisition of property, plant and equipment	(13,711)	(7,700)
Proceeds from disposal of property, plant and equipment	372	33,130
Increase in restricted assets	(20,017)	-
Decrease (increase) in refundable deposits	2,771	(11,585)
Increase in deferred charges	(43,876)	(46,848)
Net cash used in investing activities	(388,763)	(33,540)

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SHUTTLE INC.

STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2012 AND 2011
(In Thousands of New Taiwan Dollars)

	2012	2011
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term loans	$ -	$ (514,294)
Decrease in guarantee deposits	-	(200)
Net cash used in financing activities	-	(514,494)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(163,926)	(859,251)
CASH, BEGINNING OF PERIOD	958,527	1,555,371
CASH, END OF PERIOD	$ 794,601	$ 696,120
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	$ -	$ 1,423
Income tax paid	$ 245	$ 112
INVESTING ACTIVITIES AFFECTING BOTH CASH AND NONCASH ITEMS		
Acquisition of property, plant and equipment	$ 8,083	$ 8,620
Decrease (increase) in payables for equipment purchased (included in other financial liabilities)	5,628	(920)
Cash paid for acquisition of properties	$ 13,711	$ 7,700

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

(With Deloitte & Touche audit report dated August 29, 2012) (Concluded)

1. ORGANIZATION AND OPERATIONS

Shuttle Inc. (the "Company" or "Shuttle") was incorporated in June 1983. The Company is engaged in manufacturing and selling laptops, barebones, mainboards, other computer peripherals, and in providing related technical services. In order to improve operating efficiency, reduce exchange rate risk, increase flexibility of fund procurement and lower the borrowing costs, the Company relocated part of its operation from its subsidiaries in China to its subsidiaries in Hong Kong.

As of June 30, 2012 and 2011, the Company had 444 and 435 employees, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, Business Accounting Law, Guidelines Governing Business Accounting, and accounting principles generally accepted in the Republic of China (R.O.C.). Significant accounting policies are summarized as follows:

Foreign Currencies

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

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

The financial statements of foreign subsidiaries are translated into New Taiwan dollars at the following exchange rates: Assets and liabilities - spot rates at period-end; shareholders' equity - historical rates; income and expenses - average rates during the period. The resulting translation adjustments are recorded as a separate component of shareholders' equity.

Accounting Estimates

Under above guidelines, law and principles, certain estimates and assumptions have been used for the allowance for doubtful accounts, allowance for loss on inventories, depreciation of property, plant and equipment, income tax, pension cost, allowance for product warranties, etc. Actual results may differ from these estimates.

Current and Noncurrent Assets and Liabilities

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

Financial Assets and Liabilities at Fair Value through Profit or Loss

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

Available-for-sale Financial Assets

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

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

Fair value is determined as follows: Open-end mutual funds - net asset values at the end of the period; publicly traded stocks - closing prices at the end of the period.

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

Financial Assets Carried at Cost

Investments in equity instruments with no quoted prices in an active market and with fair values that cannot be reliably measured, such as non-publicly traded stocks and stocks traded in the Emerging Stock Market, are measured at their original cost. The accounting treatment for dividends on financial assets carried at cost is the same with that for dividends on available-for-sale financial assets. An impairment loss is recognized when there is objective evidence that the asset is impaired. A reversal of this impairment loss is disallowed.

Impairment of Accounts Receivable

Effective January 1, 2011, the Company adopted the third-time revised Statement of Financial Accounting Standards (SFAS) No. 34, “Financial Instruments: Recognition and Measurement.” One of the main revisions is that impairment of receivables originated by the Company should be covered by SFAS No. 34. Accounts receivable are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the accounts receivable, the estimated future cash flows of the asset have been affected.

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

Inventories

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

Investments Accounted for by the Equity Method

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

The investment cost is allocated to the assets and liabilities of the investee on the basis of their fair values at the date of investment, and the investment cost in excess of the fair value of the identifiable net assets of the investee is recognized as goodwill. Goodwill is not amortized. The fair value of the net identifiable assets of the investee in excess of the investment cost is used to reduce the fair value of each of the noncurrent assets of the investee in proportion to the respective fair values of the noncurrent assets, with any excess recognized as an extraordinary gain.

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

Investments accounted for by the equity method are assessed for impairment at the end of each reporting period and considered to be impaired when there is objective evidences of impairment.

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

Property, Plant and Equipment, and Leased Assets

Property, plant and equipment, and leased assets are stated at cost less accumulated depreciation and accumulated impairment losses. Major additions and improvements to property, plant and equipment, and leased assets are capitalized, while costs of repairs and maintenance are expensed currently.

When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the amount previously recognized as impairment would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized.

Depreciation is computed using the straight-line method over the following estimated service lives: buildings - 2 to 60 years; machinery and equipment - 2 to 7 years; motor vehicles - 5 years; office equipment - 2 to 5 years; and other equipment - 2 to 10 years. Property, plant and equipment, and leased assets still in use beyond their original estimated useful lives are further depreciated over their new estimated useful lives.

The related cost, accumulated depreciation, and accumulated impairment losses of an item of property, plant and equipment, and leased assets are derecognized from the balance sheet upon its disposal. Any gain or loss on disposal of the asset is included in nonoperating gains or losses in the period of disposal.

Deferred Expenses

Deferred expenses mainly consist of computer software. The amounts are stated at cost and are amortized over 2 years.

When an indication of impairment is identified, any excess of the carrying amount of an asset over its recoverable amount is recognized as a loss. If the recoverable amount increases in a subsequent period, the previously recognized impairment loss would be reversed and recognized as a gain. However, the adjusted amount may not exceed the carrying amount that would have been determined, net of amortization, had no impairment loss been recognized.

Pension Cost

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

Income Tax

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

The Company's tax credits for research and development expenditures are recognized using the flow-through method.

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

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

Stock-based Compensation

Effective January 1, 2008, the Company adopted SFAS No. 39, "Accounting for Share-based Payment." Compensation cost of treasury stock transferred to employees is measured by option pricing model.

Treasury Stock

Treasury stock is stated at cost and shown as a deduction in shareholders' equity.

Revenue Recognition

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

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

3. EFFECTS OF CHANGES IN ACCOUNTING PRINCIPLES

Financial Instruments

On January 1, 2011, the Company adopted the newly revised Statement of Financial Accounting Standards (SFAS) No. 34, "Financial Instruments: Recognition and Measurement." Under the revisions, loans and receivables originated by the Company are now covered by SFAS No. 34.

Operating Segments

On January 1, 2011, the Company adopted the newly issued SFAS No. 41, "Operating Segments." The statement requires that segment information be disclosed based on the information about the components of the Company that management uses to make operating decisions. SFAS No. 41 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the Company's chief operating decision maker in order to allocate resources to the segments and assess their performance.

4. CASH

	June 30	
	2012	**2011**
Cash		
Cash on hand	$ 300	$ 200
Domestic checking accounts and demand deposits	269,086	594,855
Foreign demand accounts in domestic banks	56,250	100,925
Foreign demand accounts in overseas banks	-	140
Time deposits - annual yield rate - 0.72%-0.88% in 2012	460,000	-
Foreign time deposits - annual yield rate - 0.20% in 2012	8,965	-
	$ 794,601	$ 696,120

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

Financial instruments classified as held for trading were as follows:

	June 30	
	2012	**2011**
Trading financial assets		
Forward exchange contracts	$ 1,193	$ 306

The Company entered into derivative contracts during the six months ended June 30, 2012 and 2011 to manage exposures due to exchange rate and interest rate fluctuations. The financial risk management objective of the Company is to minimize risks due to changes in fair value or cash flows.

Outstanding forward exchange contracts consisted of the following:

	Currency	Maturity Date	Contract Amount (In Thousands)
June 30, 2012			
Sell	JPY/NTD	2012.8.13-2012.12.6	JPY77,000/NTD28,479
Sell	USD/NTD	2012.7.6	USD2,495/NTD74,505
Sell	EUR/NTD	2012.7.4-2012.10.18	EUR2,397/NTD91,686
June 30, 2011			
Sell	JPY/USD	2011.8.18-2011.11.15	JPY43,000/USD534
Sell	USD/NTD	2011.7.13-2011.9.23	USD14,000/NTD402,201
Sell	EUR/USD	2011.9.6-2011.9.15	EUR1,240/USD1,791

Loss on financial assets held for trading for the six months ended June 30, 2012 and 2011 was $4,742 thousand and $40,394 thousand, respectively.

6. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30	
	2012	2011
Current		
Domestic quoted stocks	$ 130,589	$ 127,249
Overseas quoted stocks	8,139	-
Mutual funds	1,000	924
	$ 139,728	$ 128,173
Noncurrent		
Domestic quoted stocks	$ 8,418	$ 5,989
Overseas quoted stocks	5,137	6,599
	$ 13,555	$ 12,588

Movements of unrealized gain or loss on financial instruments were as follows:

	2012	2011
Balance, beginning of period	$ (101,505)	$ (6,303)
Recognized in shareholders' equity	(5,723)	(47,964)
Transferred to profit or loss	(20,863)	1,226
Balance, end of period	$ (128,091)	$ (53,041)

In February 2012, Techmosa International Inc. (Techmosa) merged to WT Microelectronics Co., Ltd. (WT Microelectronics); therefore, stock of Techmosa held by the Company has been transferred to stock of WT Microelectronics. The Company has recognized gain on sale of investment in the amount of $28,722 thousand for the six months ended June 30, 2012.

7. INVENTORIES

	June 30	
	2012	2011
Finished goods	$ 107,312	$ 104,984
Raw materials	87,460	145,872
Work in process	4,205	11,332
Merchandise	490	795
	$ 199,467	$ 262,983

The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2012 and 2011 was $596,151 thousand and $1,109,869 thousand, respectively, which included $5,451 thousand and $10,413 thousand, respectively, loss on write-downs of inventories. Abandonment loss on inventories for the six months ended June 30, 2012 and 2011 was $1,249 thousand and $2,208 thousand, respectively. Gain on physical inventory was $11 thousand for the six months ended June 30, 2011.

8. FINANCIAL ASSETS CARRIED AT COST

	June 30	
	2012	2011
Domestic unquoted common stocks		
iCatch Technology, Inc.	$ 35,000	$ 35,000
Technology Partner IV Venture Capital Corp.	18,000	18,000
Twinmos Technologies Inc.	-	-
	53,000	53,000
Emerging market stocks		
Partner Tech Corp.	7,352	12,054
	$ 60,352	$ 65,054

The stocks held by the Company were measured at cost because they had no active market and their fair values could not be reliably measured.

The Company received from Technology Partner IV Venture Capital Corp. cash of $12,000 thousand in June 2011 as return of capital.

In the fourth quarter of 2011, the Company recognized impairment loss of $4,702 thousand on its investments in Partner Tech Corp.

The Company recognized impairment loss of $38,500 thousand on its investments in Twinmos Technologies Inc.

9. INVESTMENTS ACCOUNTED FOR BY THE EQUITY METHOD

	June 30			
	2012		2011	
	Amount	% of Ownership	Amount	% of Ownership
Unquoted companies				
Holco (BVI) Inc.	$ 967,679	100	$ 116,241	100
Gold Fountain Limited	498,140	100	425,283	100
Hong Yi Investment Co., Ltd.	137,337	100	172,436	100
Shuttle Computer Incorporation	25,202	100	25,030	100
	$ 1,628,358		$ 738,990	

The Company invested in Gold Fountain Limited the amounts of $116,240 thousand and $37,153 thousand for the year ended December 31, 2011 and six months ended June 30, 2012, respectively. The Company received $58,880 thousand and $90,660 thousand from Gold Fountain Limited as return of capital in February and September 2011, respectively.

The Company invested in Holco (BVI) Inc. the amounts of $72,583 thousand, $555,360 thousand, and $324,567 thousand, for the six months ended June 30, 2011, the year ended December 31, 2011, and the six months ended June 30, 2012, respectively.

The investment gain and loss recognized by the equity-method in 2012 and 2011 are summarized as follows:

	Six Months Ended June 30	
	2012	2011
Holco (BVI) Inc.	$ (55,866)	$ 10,534
Gold Fountain Limited	28,140	(19,373)
Hong Yi Investment Co., Ltd.	20,116	(4,864)
Shuttle Computer Incorporation	49	33
	$ (7,561)	$ (13,670)

As of and for the six months ended June 30, 2012, except the carrying values and related investment income (loss) of S.H.K., the subsidiary of Holco (BVI) Inc., and S.C.S., the subsidiary of Gold Fountain Limited were based on audited financial statements, the carrying values and related investment income (loss) were based on the investees' unaudited financial statements.

The investment income from equity-method investees for the six months ended June 30, 2011 was based on unaudited financial statements.

The carrying values of the long-term investments based on the investees' unaudited financial statements as of June 30, 2012 and 2011 was $607,520 thousand and $738,990 thousand, respectively. The related investment income (loss) based on the investees' unaudited financial statements for the six months ended June 30, 2012 and 2011 was $63,148 thousand and $(13,670) thousand, respectively.

All subsidiaries were included in the Company's consolidated financial statements as of and for the six months ended June 30, 2012 and 2011.

10. PROPERTY, PLANT AND EQUIPMENT

	June 30	
	2012	2011
Accumulated depreciation		
Buildings	$ 111,891	$ 103,782
Machinery and equipment	59,181	201,976
Transportation equipment	12,670	8,591
Miscellaneous equipment	12,570	12,362
Other equipment	12,183	16,115
	$ 208,495	$ 342,826
Accumulated impairment		
Machinery and equipment	$ 7,651	$ 25,692

The depreciation expense for the six months ended June 30, 2012 and 2011 was $9,470 thousand and $13,250 thousand, respectively.

11. ASSETS LEASED TO OTHERS

	June 30	
	2012	2011
Cost		
Land	$ 69,953	$ 69,953
Buildings	19,316	19,316
	89,269	89,269
Less: Accumulated depreciation	7,489	7,143
	$ 81,780	$ 82,126

12. PENSION PLANS

The pension plan under the Labor Pension Act (the “LPA”) is a defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages. Such pension costs were $8,478 thousand and $7,150 thousand for the six months ended June 30, 2012 and 2011, respectively.

Based on the defined benefit plan under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. The pension fund is deposited in the Bank of Taiwan in the committee’s name.

Information about the defined benefit pension plan was summarized as follows:

Movements of the fund under the defined benefit plans were summarized as follows:

	Six Months Ended June 30	
	2012	**2011**
Balance, beginning of period	$ 11,870	$ 6,810
Contributions	2,849	2,424
Interest	-	15
Balance, end of period	$ 14,719	$ 9,249

Movements of the accrued pension cost under the defined benefit plans were summarized as follows:

	Six Months Ended June 30	
	2012	**2011**
Balance, beginning of period	$ 12,373	$ 14,000
Add: Payments	1,003	641
Less: Contributions	(2,849)	(2,424)
Balance, end of period	$ 10,527	$ 12,217

13. SHAREHOLDERS' EQUITY

Employee Restricted Stock Plans

In their meeting on June 15, 2012, the shareholders approved a restricted stock plan for employees with a total amount of $75,000 thousand, consisting of 12,500 thousand shares, and authorize the board of directors to determine the issue prices of the restricted shares when they are issued. The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

a. The employees should not sell, pledge, transfer, donate or in any other way dispose of these shares.
b. The employees holding these shares are entitled to receive cash and stock dividends.
c. The employees holding these shares have voting right.

If an employee fails to meet the vesting conditions, the Company will buy back his/her restricted shares and have them canceled.

As of June 30, 2012, the Company had not yet issued any restricted shares to employees.

Capital Surplus

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from long-term investments and conversion options may not be used for any purpose.

Appropriation of Earnings and Dividend Policy

The Company's Articles of Incorporation provide that, under the board of directors' resolution, annual net income less any deficit and 10% as legal reserve plus unappropriated earnings of prior years should be distributed. Bonus to directors and profit sharing to employees of Shuttle of not more than 3% and not less than 8% of the remainder, respectively; provided that the ratio for cash dividend shall not exceed 10% of the total distribution.

A special capital reserve equivalent to the net debit balance of the other components of shareholders' equity (for example, cumulative translation adjustments, net loss not recognized as pension cost, and unrealized loss on financial instruments) shall be made from unappropriated earnings pursuant to existing regulations promulgated by the Securities and Futures Bureau (SFB). Any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

Under the Company Law, the appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2011 had been approved in the shareholders' meeting on June 15, 2012. The approved legal reserve and special reserve was $1,126 thousand and $10,136 thousand, respectively, and no bonus to employees and no remuneration to directors and supervisors.

The Company's loss for 2010 had been approved in the shareholders' meetings on June 15, 2011.

For the six months ended June 30, 2012 and 2011, there were both no bonus to employees and no remuneration to directors and supervisors because the distributable earnings is not sufficient to the special reserve regulated by SFB.

Under the Integrated Income Tax System that became effective on January 1, 1998, R.O.C. resident shareholders are allowed a tax credit for their proportionate share of the income tax paid by Shuttle on earnings generated since January 1, 1998.

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

14. TREASURY STOCK

(Shares in Thousands)

Purpose of Treasury Stock	Number of Shares, Beginning of Period	Movements: Addition During the Period	Movements: Reduction During the Period	Number of Shares, End of Period
Six months ended June 30, 2012				
To maintain the Company's credibility and shareholders' interest	12,027	-	12,027	-

From August to December 2011, the Company bought 12,027 thousand shares of treasury stock in order to maintain the Company's creditability and shareholders' interest.

On January 6, 2012, the board of directors approved to cancel the treasury stock mentioned in the preceding paragraph of 12,027 shares, with a total amount of $109,615 thousand (decreased capital stock and capital surplus - issuance of common shares by $120,270 thousand and $7,134 thousand, respectively, and resulted in $17,789 of capital surplus - treasury stock transactions). The effective date of capital reduction was January 31, 2012.

Under the Securities and Exchange Act, treasury stock should not exceed 10% of outstanding common stock and the amount should not exceed the total of retained earnings and additional paid-in capital. The Company should neither pledge treasury stock nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

15. INCOME TAX

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

	Six Months Ended June 30	
	2012	2011
Income tax expense at the statutory rate	$ 14,884	$ 568
Tax effect of adjusting items:		
Permanent differences	(12,625)	822
Temporary differences	5,542	1,078
Loss carry forwards used	(7,601)	(2,468)
Investment tax credits used	(200)	-
Income tax payable	$ -	$ -

b. Income tax benefit consisted of the following:

	Six Months Ended June 30	
	2012	2011
Income tax currently payable	$ -	$ -
Deferred income tax	(2,010)	(963)
Income tax adjustments to prior years	-	63
Income tax benefit	$ (2,010)	$ (900)

c. Net deferred income tax assets consisted of the following:

	June 30	
	2012	2011
Current		
Investment tax credits	$ 57,509	$ -
Loss carryforwards	26,400	-
Warranty liabilities	9,853	12,709
Provision for doubtful accounts	7,743	7,545
Deferred credits	5,990	6,012
Unrealized allowance for loss on inventories	2,563	9,266
Unrealized advertisement expenses	2,222	-
Unrealized exchange gains	(1,765)	(406)
Others	857	400
	111,372	35,526
Less: Valuation allowance	75,517	-
Deferred income tax assets	$ 35,855	$ 35,526

(Continued)

	June 30	
	2012	2011
Noncurrent		
Loss carryforwards	$ 91,508	$ 117,978
Investment loss recognized on overseas equity-method investments	27,104	22,642
Impairment loss	11,733	17,402
Accrued pension cost	1,328	1,982
Deferred credits	104	116
Investment tax credits	-	57,709
Others	464	465
	132,241	218,294
Less: Valuation allowance	82,358	158,118
Deferred income tax assets	$ 49,883	$ 60,176

(Concluded)

As of June 30, 2012, investment tax credits comprised of:

Laws and Statutes	Tax Credit Source	Total Creditable Amount	Remaining Creditable Amount	Expiry Year
Statute for Upgrading Industries	Research and development expenditures/personnel training expenditures	$ 3,574	$ 2,192	2012
Statute for Upgrading Industries	Research and development expenditures/personnel training expenditures	55,317	55,317	2013
			$ 57,509	

As of June 30, 2012, loss carryforwards consisted of the following:

Expiry Year	Unused Amount
2019	$ 71,670
2020	41,175
2021	5,063
	$ 117,908

d. Information about integrated income tax was as follows:

	June 30	
	2012	2011
Balance of imputation credit account (ICA)	$ 3,288	$ 3,522

The creditable ratio for distribution of 2011 earnings was 20.48%. As of December 31, 2010, the Company had accumulated deficit. Balance of imputation credit account (ICA) will be allocated to shareholders of the Company on the date of dividend distribution.

For distribution of earnings generated after January 1, 1998, the rate of creditable tax from imputation credits allocated to shareholders of the Company is based on the balance of the ICA as of the date of dividend distribution.

All of the Company's earnings generated prior to December 31, 1997 have been used to make up for deficit.

The tax authorities have examined income tax returns of the Company through 2010 (except 2009).

16. PERSONNEL, DEPRECIATION AND AMORTIZATION EXPENSES

	Six months ended June 30, 2012			
	Classified as Operating Costs	**Classified as Operating Expenses**	**Classified as Nonoperating Expenses and Losses**	**Total**
Personnel				
Salary	$ -	$ 179,468	$ -	$ 179,468
Insurance and social welfare	-	13,833	-	13,833
Pension	-	9,481	-	9,481
Others	-	5,922	-	5,922
	$ -	$ 208,704	$ -	$ 208,704
Depreciation	$ 2,579	$ 6,891	$ 173	$ 9,643
Amortization	$ 43,982	$ 537	$ -	$ 44,519

	Six months ended June 30, 2011			
	Classified as Operating Costs	**Classified as Operating Expenses**	**Classified as Nonoperating Expenses and Losses**	**Total**
Personnel				
Salary	$ 21,927	$ 146,005	$ -	$ 167,932
Insurance and social welfare	1,745	10,194	-	11,939
Pension	1,102	6,689	-	7,791
Others	1,011	4,257	-	5,268
	$ 25,785	$ 167,145	$ -	$ 192,930
Depreciation	$ 7,623	$ 5,627	$ 173	$ 13,423
Amortization	$ 65,040	$ 1,266	$ -	$ 66,306

17. EARNINGS PER SHARE

	Amounts (Numerator)		Shares	EPS (NT$)	
	Before Income Tax	After Income Tax	(Denominator) (In Thousands)	Before Income Tax	After Income Tax
Six months ended June 30, 2012					
Basic and diluted EPS					
Income for the period attributable to common stockholders	$ 87,555	$ 89,565	340,131	$ 0.26	$ 0.26
Six months ended June 30, 2011					
Basic and diluted EPS					
Income for the period attributable to common stockholders	$ 3,342	$ 4,242	352,158	$ 0.01	$ 0.01

18. RELATED-PARTY TRANSACTIONS

a. The Company's related parties were as follows:

Related Party	Relationship with the Company
Gold Fountain Limited	Subsidiary
Hong Yi Investment Co., Ltd. (Hong Yi)	Subsidiary
Holco (BVI) Inc.	Subsidiary
Shuttle Commerce (Shenzhen) Ltd. (S.C.M.)	Subsidiary of Gold Fountain Limited
Shuttle Computer Handels GmbH (S.C.H.)	Subsidiary of Gold Fountain Limited
Shuttle Computer Group Inc. (S.C.G.)	Subsidiary of Gold Fountain Limited
Japan Shuttle Co., Ltd. (S.C.J.)	Subsidiary of Gold Fountain Limited
Shuttle Technology (Kunshan) Ltd. (S.C.Q.)	Subsidiary of Gold Fountain Limited
Shuttle Technology (Shenzhen) Ltd. (S.C.E.)	Subsidiary of Gold Fountain Limited
Shuttle Information Technology (SIP) Ltd. (S.C.S.)	Subsidiary of Gold Fountain Limited
Shuttle Computer (H.K.) Co., Ltd. (S.H.K.)	Subsidiary of Holco (BVI) Inc.
Shuttle International Inc. (S.C.A.)	Subsidiary of Holco (BVI) Inc.
Kaki Infotech (Shenzhen) Ltd. (KAKI)	Subsidiary of Holco (BVI) Inc.
Importadora Creative Vision Limitada (S.C.C.)	Indirect subsidiary of Holco (BVI) Inc.
Ares International Corporation	Chairman is the second degree relative of the Company's chairman

b. The significant transactions with the related parties were summarized as follows:

	Six Months Ended June 30			
	2012		2011	
	Amount	% to Total	Amount	% to Total
1) Net sales				
S.C.H.	$ 145,925	22	$ 106,896	8
S.C.G.	142,882	21	90,855	7
S.C.J.	39,650	6	44,066	3
S.C.M.	4,568	-	471,832	36
KAKI	809	-	-	-
S.H.K.	-	-	65,625	5
S.C.Q.	-	-	218	-
	$ 333,834	49	$ 779,492	59

	Six Months Ended June 30			
	2012		2011	
	Amount	% to Total	Amount	% to Total
2) Technical service revenue				
S.H.K.	$ 324,043	100	$ 97,786	100
3) Purchases				
S.H.K.	$ 15,466	3	$ 723	-
S.C.M.	-	-	64,575	7
	$ 15,466	3	$ 65,298	7
4) Operating expenses				
S.C.Q.	$ 11,926	4	$ 12,603	4
Ares International Corporation	114	-	-	-
S.C.A.	-	-	15,429	4
S.C.E.	-	-	13,874	4
	$ 12,040	4	$ 41,906	12
5) Nonoperating income and gains - others				
S.C.J.	$ 34	-	$ 10	-
S.C.H.	28	-	72	1
S.H.K.	3	-	260	5
S.C.G.	3	-	50	1
S.C.M.	-	-	521	10
S.C.S.	-	-	31	1
S.C.E.	-	-	17	-
	$ 68	-	$ 961	18
6) Accounts receivable - related parties				
Accounts receivable				
S.H.K.	$ 74,537	32	$ 33,631	2
S.C.H.	65,629	28	59,561	3
S.C.G.	53,018	23	49,433	3
S.C.J.	34,874	15	40,641	2
S.C.M.	3,728	1	103,569	6
KAKI	809	-	-	-
	232,595	99	286,835	16
Other receivable				
S.C.S.	1,909	1	32,863	2
S.H.K.	-	-	1,132,326	65
S.C.M.	-	-	292,519	17
	1,909	1	1,457,708	84
	$ 234,504	100	$ 1,744,543	100

	June 30			
	2012		2011	
	Amount	% to Total	Amount	% to Total
7) Accounts payable - related parties				
S.H.K.	$ 7,958	54	$ -	-
S.C.Q.	3,902	26	12,388	50
S.C.E.	1,962	13	5,967	24
S.C.A.	916	6	6,264	26
Ares International Corporation	82	1	-	-
	$ 14,820	100	$ 24,619	100
8) Deferred credits - current				
S.C.G.	$ 15,510	44	$ 4,009	11
S.C.H.	14,059	40	3,534	10
S.C.J.	5,057	14	1,454	4
S.C.M.	600	2	2,334	7
KAKI	8	-	-	-
S.H.K.	-	-	24,033	68
	$ 35,234	100	$ 35,364	100
9) Guarantees				
S.H.K.	$ 1,633,240	99	$ 1,630,600	100
S.C.C.	8,853	1	-	-
	$ 1,642,093	100	$ 1,630,600	100

The Company sold to S.C.S. property, plant and equipment with book value of $30,049 thousand (original cost $68,711 thousand less accumulated depreciation $37,546 thousand and accumulated impairment $1,116 thousand) for $30,730 thousand. The amount of $681 thousand gain on disposal of the asset was initially recorded as deferred credit - noncurrent. For the six months ended June 30, 2012, the Company recognized $34 thousand as realized gain on disposal of the asset.

Related Party	Maximum Balance	Ending Balance	Interest Rate	Interest Income
10) Financing to related parties				
Six months ended June 30, 2012				
S.C.J.	$ -	$ 17,090	-	$ -

Accounts receivable from related parties are mainly advances by the Company to Shuttle Commerce (Shenzhen) Ltd. and Shuttle Computer (H.K.) Limited for purchase transactions; the collection period is 60-90 days; the Company paid to suppliers on behalf of the related parties.

In order to improve operating efficiency, reduce exchange rate risk, increase flexibility of fund procurement and lower the borrowing costs, the Company relocated part of its operation from S.C.M to S.H.K. S.C.M transferred the inventories to S.H.K. at cost, along with some other payable to the Company.

The Company provided research and development skill and consultation to S.H.K. and charged fees for technical services.

The Company's sales prices to related parties are based on based on the price levels in the areas. The Company's purchases from related parties are based on cost-plus price. The payment period of the accounts payable is 120 days. The related-party transactions were conducted under normal terms.

19. MORTGAGED OR PLEDGED ASSETS

The Company's assets mortgaged or pledged as collateral for bank loans and other financings were as follows:

	June 30	
	2012	**2011**
Property, plant and equipment, net	$ 784,171	$ 792,321
Leased assets, net	81,739	82,085
	$ 865,910	$ 874,406

20. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

As of June 30, 2012, unused letters of credit amounted to $4,781 thousand.

In March 2012, Technology Properties Limited, LLC (TPL) filed a lawsuit in the U.S. International Trade Commission (ITC) and the U.S. District Court for Eastern District of Texas, alleging that the Company infringed the U.S. patents No. 7295443 and No. 7255424. The litigation is now under investigation by the representatives of government. As of August 29, 2012, the Company was unable to assess the result and the potential loss of the lawsuit.

The Company has entered into a Taipei City Electronic Schoolbag Operation Agreement with the Ministry of Economic Affairs (MOEA). The contract period was from June 1, 2011 to November 30, 2012. According to the agreement, prior to applying for subsidies from MOEA of each applicable period, the Company should provide a performance bank guarantee for that period. As of June 30, 2012, the performance bank guarantees and subsidies from MOEA were recorded as refundable deposits of $20,000 thousand and restricted assets - current of $20,017 thousand, respectively.

21. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

	June 30			
	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Non-derivative financial instruments				
Financial assets at fair value equivalent to book value	$ 1,156,662	$ 1,156,662	$ 2,641,077	$ 2,641,077
Available-for-sale financial assets	153,283	153,283	140,761	140,761
Financial assets carried at cost	60,352	48,022	65,054	52,158
Investments accounted for by the equity method	1,628,358	1,628,358	738,990	738,990
Financial liabilities at fair value equivalent to book value	534,215	534,215	1,109,869	1,109,869
Derivative financial instruments, categorized by location of transaction counterparty				
Domestic				
Forward exchange contract	1,193	1,193	306	306

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

1) The carrying amounts of the following short-term financial instruments approximate their fair values because of their short maturities: Cash, receivables, other financial assets, restricted assets, refundable deposit, payables, accrued expenses, other financial liabilities, and guarantee deposits received.

2) Fair values of available-for-sale financial assets are based on their quoted prices in an active market. Fair values of financial assets carried at cost and investments accounted for by the equity method are based on the Company's proportionate share of the net assets of the investees.

3) Fair values of derivatives are based on their quoted prices in an active market. For those derivatives with no quoted market prices, their fair values are determined using valuation techniques incorporating estimates and assumptions consistent with those generally used by other market participants to price financial instruments.

   The Company uses the exchange rate of foreign exchange swap by Reuters.

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

	Quoted Market Prices		Valuation Techniques	
	June 30		June 30	
	2012	2011	2012	2011
Assets				
Available-for-sale financial assets	$ 153,283	$ 140,761	$ -	$ -
Financial assets at fair value through profit or loss	-	-	1,193	306

d. Valuation losses from changes in fair value of financial instruments determined using valuation techniques were $4,742 thousand and $40,394 thousand for the six months ended June 30, 2012 and 2011, respectively.

e. As of June 30, 2012 and 2011, financial assets exposed to fair value interest rate risk amounted to $501,456 thousand and $17,364 thousand, respectively; financial liabilities exposed to fair value interest rate risk amounted to zero and $100 thousand, respectively; financial assets exposed to cash flow interest rate risk amounted to $344,517 thousand and $690,366 thousand, respectively. There were both no financial liability exposed to cash flow interest rate risk on June 30, 2012 and 2011.

f. As of June 30, 2012 and 2011, the interest income (expense) associated with financial assets (liabilities) other than those at FVTPL was as follows:

	Six Months Ended June 30	
	2012	2011
Total interest income	$ 2,414	$ 1,079
Total interest expense	(1)	(1,765)

g. Financial risks

1) Market risk

The Company invests in forward exchange contract and foreign currency options, of which the fair values are affected by changes in market interest rates. The expiry dates of the Company's outstanding forward exchange contract and foreign currency options as of June 30, 2012 are between July 4, 2012 and December 6, 2012. Management does not expect the changes in fair values to be material.

2) Credit risk

Credit risk represents the potential loss that would be incurred by the Company if the counterparties breached contracts. Financial instruments with positive fair values at the balance sheet date are evaluated for credit risk. The counterparties to the foregoing financial instruments are reputable financial institutions and business organizations. Management does not expect the Company's exposure to default by those parties to be material.

3) Liquidity risk

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

The subsidiaries' investments in debt instruments are traded in active markets and can be disposed of quickly at close to their fair values. The Company's investments in financial assets carried at cost have no active markets; therefore, the liquidity risk is expected to be high.

The Company's investment in forward exchange contracts are expected to produce cash outflow of EUR2,397 thousand, JPY77,000 thousand, and US$2,495 thousand and cash inflow of NTD$194,670 thousand from July 4, 2012 to December 6, 2012. The forward rate was determined; therefore, the liquidity risk is not expected to be material.

22. OTHERS

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

	June 30					
	2012			2011		
	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)	Foreign Currencies (Thousands)	Exchange Rate	New Taiwan Dollars (Thousands)
Financial assets						
Monetary items						
USD	$ 5,532	29.88	$ 165,297	$ 67,182	28.725	$ 1,929,797
EUR	2,630	37.56	98,780	1,647	41.63	68,583
JPY	108,595	0.3754	40,767	114,164	0.3573	40,791
HKD	-	-	-	51	3.691	190
Non-monetary items						
USD	-	-	-	13	28.725	367
EUR	44	37.56	1,657	-	-	-
Investments accounted for by the equity method						
USD	49,060	29.88	1,465,819	18,852	28.725	541,523
Financial liabilities						
Monetary items						
USD	9,490	29.88	283,550	32,157	28.725	923,721
HKD	26	3.802	100	94	3.691	348
RMB	1	4.7242	4	68	4.4386	301
EUR	9	37.56	330	-	-	-
Non-monetary items						
USD	1	29.88	29	-	-	-
EUR	-	-	-	1	41.63	61
JPY	1,159	0.3754	435	-	-	-

23. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Futures Bureau for the Company and its investees:

a. Financings provided: Table 1 (attached);

b. Endorsements/guarantees provided: Table 2 (attached);

c. Marketable securities held: Table 3 (attached);

d. Marketable securities acquired or disposed of at costs or prices of at least $100 million or 20% of the paid-in capital: Table 4 (attached);

e. Acquisition of individual real estate at costs of at least $100 million or 20% of the paid-in capital: None;

f. Disposal of individual real estate at prices of at least $100 million or 20% of the paid-in capital: None;

g. Total purchases from or sales to related parties of at least $100 million or 20% of the paid-in capital: Table 5 (attached);

h. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: None;

i. Names, locations, and related information of investees over which the Company exercises significant influence: Table 6 (attached);

j. Derivative transactions of the Company: Notes 5 and 21; derivative transaction of investees over which the Company has a controlling interest: None.

k. Investments in Mainland China

1) Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee, and the limit of investment in Mainland China: Table 7 (attached);

2) Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

a) Amount of purchase and accounts payable: Note 18;

b) Amount of sales and accounts receivable

		Sales		Accounts Receivable	
Seller Company	**Related Party**	**Amount**	**% to Sales**	**Amount**	**% to Accounts Receivable**
Shuttle Inc.	S.C.M.	$ 4,568	-	$ 3,728	2
Shuttle Inc.	KAKI	809	-	809	-
S.H.K.	KAKI	51,028	1	52,039	2
S.H.K.	S.C.S.	663	-	-	-

c) The amount of disposal of property, plant and equipment: None;

d) Endorsements, guarantees or collateral directly or indirectly provided to the investees: None;

e) Financings directly or indirectly provided to the investees: None;

f) Other transactions that significantly impacted current year's profit or loss or financial position: None.

24. OPERATING SEGMENT FINANCIAL INFORMATION

The Company is solely engaged in manufacturing and selling of computer equipment. Thus, information regarding segment reporting is not applicable.

25. PRE-DISCLOSURE FOR ADOPTION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS

Under Rule No. 0990004943 issued by the Financial Supervisory Commission (FSC) on February 2, 2010, the Company and subsidiaries made pre-disclosure information on the adoption of International Financial Reporting Standards (IFRSs) in the consolidated financial statements.

TABLE 1

SHUTTLE INC.

FINANCING PROVIDED
SIX MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars)

No.	Financing Company Name	Borrower	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Interest Rate	Type of Financing (Note 1)	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Collateral		Financing Limit for Each Borrowing Company (Note 2)	Financing Company's Financing Amount Limits (Note 3)
											Item	Value		
0	Shuttle Inc.	S.C.J.	Other receivable - related parties	$ 17,090	$ -	-	a.	$ 39,650	-	$ -	-	-	$ 66,930	$ 720,714

Note 1: Type of financing:

a. Shuttle Inc. (the "Company") has transactions with the borrower.
b. The borrower needs short-term financing.

Note 2: The maximum financing amount is the transaction amount during the six months ended June 30, 2012.

Note 3: The maximum financing amount is 20% of net assets of the Company.

SHUTTLE INC.

ENDORSEMENT/GUARANTEE PROVIDED
SIX MONTHS ENDED JUNE 30, 2012
(Amounts In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Each Guaranteed Party's Endorsement/ Guarantee Amount (Note 1)	Maximum Balance for the Period	Ending Balance	Value of Collateral	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements	Maximum Collateral/ Guarantee Amounts Allowed (Note 2)
		Name	Nature of Relationship						
0	Shuttle Inc.	S.H.K.	Subsidiary of Holco (BVI) Inc.	$ 2,702,678	$ 1,656,520	$ 1,633,240	$ -	45.32%	$ 2,702,678
		S.C.C.	Indirect subsidiary Holco (BVI) Inc.	2,702,678	8,853	8,853	8,853	0.25%	2,702,678

Note 1: The Company limits the endorsement/guarantee amount on each entity to within 20% of the net value of the Company; for 100% held foreign subsidiary the amount is limited to within 75% of the net value of the Company.

Note 2: The Company limits the endorsement/guarantee amount within 75% of the net value of the Company.

SHUTTLE INC.

MARKETABLE SECURITIES HELD
JUNE 30, 2012
(Amounts in Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2012				Note
				Shares/Units	Carrying Value (Note 3)	Percentage of Ownership (%)	Market Value or Net Asset Value (Note 1)	
Shuttle Inc.	Stock							
	Holco (BVI) Inc.	Subsidiary	Investments accounted for using equity method	3,270	$ 967,679	100.00	$ 967,679	
	Gold Fountain Limited	Subsidiary	〃	19,425,886	498,140	100.00	498,140	
	Hong Yi Investment Co., Ltd.	Subsidiary	〃	16,000,000	137,337	100.00	137,337	
	Shuttle Computer Incorporation	Subsidiary	〃	2,520,000	25,202	100.00	25,202	
	Prime View International Co., Ltd.	-	Available-for-sale financial assets - current	1,835,000	105,852	0.17	60,097	
	WT Microelectronics Co., Ltd.	-	〃	1,012,383	44,595	0.31	40,748	
	Amtran Technology Co., Ltd.	-	〃	784,711	25,316	0.10	18,833	
	Mediatek Inc.	-	〃	30,420	17,765	-	8,305	
	Au Optronics Corp.	-	〃	216,298	12,682	-	2,606	
	ARMH-Arm Holdings Plc.	-	〃	11,450	8,446	-	8,139	
	Elitegroup Computer Systems Co., Ltd.	-	Available-for-sale financial assets - noncurrent	684,377	46,411	0.06	8,418	
	Elad Europe Ltd.	-	〃	637,522	19,308	0.85	5,137	
	Twinmos Technologies Inc.	-	Financial assets carried at cost - noncurrent	805,000	-	0.39	-	Note 4
	Partner Tech Corp.	-	〃	1,193,508	7,352	1.94	14,390	Emerging stock
	Technology Partner IVVenture Capital Corp.	-	〃	1,800,000	18,000	3.24	9,661	
	iCatch Technology, Inc.	-	〃	2,500,000	35,000	4.55	23,971	
	Fund							
	Franklin Temp SinoAm Glbl Mi Yid BdA	-	Available-for-sale financial assets - current	100,000	1,000	-	1,000	
Holco (BVI) Inc.	Share certificate							
	S.H.K.	Subsidiary	Investments accounted for using equity method	-	833,178	100.00	833,178	
	S.C.A.	Subsidiary	〃	-	29,268	100.00	29,268	
	KAKI	Subsidiary	〃	-	35,088	75.00	35,088	
	Atron Mall, Inc.	Subsidiary	〃	-	41,692	100.00	41,692	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2012				Note
				Shares/Units	Carrying Value (Note 3)	Percentage of Ownership (%)	Market Value or Net Asset Value (Note 1)	
Gold Fountain Limited	Stock							
	S.C.G.	Subsidiary	Investments accounted for using equity method	30,000	$ 125,339	100.00	$ 125,339	
	S.C.H.	Subsidiary	〃	-	155,045	100.00	155,045	
	S.C.J.	Subsidiary	〃	1,000	24,279	100.00	24,279	
	S.C.B.	Subsidiary	〃	638,085	9,397	100.00	9,397	
	Share certificate							
	S.C.M.	Subsidiary	〃	-	-	100.00	-	Note 2
	S.C.E.	Subsidiary	〃	-	5,052	100.00	5,052	
	S.C.Q.	Subsidiary	〃	-	27,803	100.00	27,803	
	S.C.S.	Subsidiary	〃	-	157,759	100.00	157,759	
Hong Yi Investment Co., Ltd.	Stock							
	Ares International Corporation.	Chairman within second degree of kinship to the Company's chairman	Available-for-sale financial assets - current	1,214,546	11,769	2.57	21,680	
	WT Microelectronics Co., Ltd.	-	〃	707,234	31,153	0.21	28,466	
	Prime View International Co., Ltd.	-	〃	476,000	28,646	0.04	15,589	
	Partner Tech Corp.	-	Financial assets carried at cost - noncurrent	1,631,901	10,052	2.66	19,676	Emerging stock
	GVision Co., Ltd.	-	〃	105,470	1,781	0.42	-	
Atron Mall, Inc.	Share certificate							
	S.C.C.	Subsidiary	Investments accounted for using equity method	-	40,178	75.00	40,178	
S.C.S.	Share certificate							
	Shanghai Wiwin Information Technology Co., Ltd.	-	Investments accounted for using equity method	-	7,086	30.00	7,086	

Note 1: For investments accounted for using equity method and financial assets carried at cost with no quoted market prices, their fair values are determined by the Company's proportionate share in the investee's equity. Fair values of available-for-sale investments are based on closing prices as of June 30, 2012. Mutual funds are based on net asset values as of June 30, 2012.

Note 2: The accumulated book value had a credit amount of $7,689 thousand as of June 30, 2012 and was classified as other liabilities.

Note 3: Available-for-sale financial assets are stated at the original acquisition cost.

Note 4: An impairment loss was recognized to the full amount of the original acquisition cost.

(Concluded)

SHUTTLE INC.

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars, Except Shares/Units)

Acquiring or Selling Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal		Adjustment Arising from Changes in Percentage of Ownership in Investees	Investment Loss Recognized Under Equity Method	Cumulative Translation Adjustments	Ending Balance	
					Shares (Thousand)	Amount	Shares (Thousand)	Amount	Shares (Thousand)	Amount				Shares (Thousand)	Amount
Shuttle Inc.	Domestic unquoted common stocks Holco (BVI) Inc.	Investment accounted for using equity method	-	Subsidiary	2,152.55	$ 703,098	1,117.45	$ 324,567 (Note 1)	-	$ -	$ 2,325	$ (55,866) (Note 2)	$ (6,445)	3,270	$ 967,679
Holco (BVI) Inc.	Domestic unquoted common stocks S.H.K.	Investment accounted for using equity method	-	Subsidiary	-	630,669	-	295,863 (Note 1)	-	-	-	(87,418) (Note 3)	(5,936)	-	833,178

Note 1: The amount of additional investment.

Note 2: Recognition of investment losses was based on the investee's unaudited financial statements.

Note 3: Recognition of investment losses was based on the investee's audited financial statements.

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SHUTTLE INC.

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Shuttle Inc.	S.C.G.	Subsidiary of Gold Fountain Limited	Sale	$ (142,882)	(21)	Within 120 days	Note 1	Month end 120 days	$ 53,018	17	
	S.C.H.	Subsidiary of Gold Fountain Limited	Sale	(145,925)	(22)	Within 120 days	Note 1	Month end 120 days	65,629	21	
S.C.G.	Shuttle Inc.	Parent company of Gold Fountain Limited	Purchase	142,882	91	Within 120 days	Note 1	Month end 120 days	(53,018)	(79)	
S.C.H.	Shuttle Inc.	Parent company of Gold Fountain Limited	Purchase	145,925	86	Within 120 days	Note 1	Month end 120 days	(65,629)	(96)	

Note 1: The prices were determined after taking the selling and post-sale service expenses into consideration.

TABLE 6

SHUTTLE INC.

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Value			
Shuttle Inc.	Gold Fountain Limited	Cayman Islands	Holding company	$ 841,652	$ 804,499	19,425,886	100	$ 498,140	$ 28,140	$ 28,140	Subsidiary; Note 2
	Hong Yi Investment Co., Ltd.	1F., No. 30, Ln. 76, Ruiguang Rd., Neihu Dist., Taipei City	Investment	160,000	160,000	16,000,000	100	137,337	20,116	20,116	Subsidiary; Note 2
	Holco (BVI) Inc.	B.V.I.	Holding company	986,057	661,490	3,270	100	967,679	(55,866)	(55,866)	Subsidiary; Note 2
	Shuttle Computer Incorporation	1F., No. 30, Ln. 76, Ruiguang Rd., Neihu Dist., Taipei City	Selling of computer peripherals	50,000	50,000	2,520,000	100	25,202	49	49	Subsidiary; Note 2
Holco (BVI) Inc.	S.H.K.	Unit 511 5/F, Tower 1 Silvercord 30 Canton Road Kl	Selling of computer peripherals	909,522	613,659	-	100	833,178	(87,418)	(87,418)	Indirect subsidiary; Note 1
	S.C.A.	48389 Fremont Blvd Ste 110 Fremont CA 94538-6558	Selling of computer peripherals	25,737	25,737	-	100	29,268	5,964	5,964	Indirect subsidiary; Note 2
	KAKI	2F, West Wing, Guanghua Building, Terra 8th Road, Futian District, Shenzhen	Selling of computer peripherals	43,024	14,320	-	75	35,088	(13,005)	(7,303)	Indirect subsidiary; Note 2
	Atron Mall, Inc.	17068 Evergreen PL, City of Industry, CA 91745 U.S.A.	Holding company	7,834	-	-	100	41,692	33,809	33,809	Indirect subsidiary; Note 2
Gold Fountain Limited	S.C.G.	17068 Evergreen Place Industry, CA 91745 U.S.A.	Selling of computer peripherals	186,662	186,662	30,000	100	125,339	(691)	(691)	Indirect subsidiary; Note 2
	S.C.H.	Fritz-Strassmann Str. 5 D-25337 Elmshorn, Germany	Selling of computer peripherals	239,815	239,815	-	100	155,045	2,298	2,298	Indirect subsidiary; Note 2
	Shuttle International Brazil Informatica Ltda.	Avenida Brigadeiro Faria Lima, 1903-CJ. 143 - Jardim Paulist Ano	Selling of computer peripherals	10,624	-	638,085	100	9,397	(40)	(40)	Indirect subsidiary; Note 2
	S.C.M.	6H, West Wing, No. 210 Bldg Terra Technical & Commercial Garden, Terra 4th Road, Shenzhen	Selling of computer peripherals	40,457	40,457	-	100	-	10,645	10,645	Indirect subsidiary; Notes 2 and 3
	S.C.J.	7F, Aioisonpo Building, 2-8-11 Sumiyosi Koutou-Ku Tokyo 135-0002, Japan	Selling of computer peripherals	34,658	16,804	1,000	100	24,279	279	279	Indirect subsidiary; Note 2
	S.C.E.	D26, 8 Floor, No. 210 Bldg Terra Technical & Commercial Garden, Terra 4th Road, Shenzhen	Selling of computer peripherals	25,736	25,736	-	100	5,052	(1,309)	(1,309)	Indirect subsidiary; Note 2
	S.C.Q.	No. 520, Haoteng Road, Development Zone, Kunshan Jiangsu P.R. China	Selling of computer peripherals	32,010	32,010	-	100	27,803	(661)	(661)	Indirect subsidiary; Note 2
	S.C.S.	No. 200, Central Suhong Rd. Integrated Free Trade Zone, Suzhou Industrial Park	Selling of computer peripherals	215,745	208,250	-	100	157,759	18,648	18,648	Indirect subsidiary; Note 1
Atron Mall, Inc.	S.C.C.	Santa Clara 301 of 2806 Hue Churaba, Santiago, Chile	Selling of computer peripherals	5,440	-	-	75	40,178	45,119	33,839	Note 2

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2012			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2012	December 31, 2011	Shares	Percentage of Ownership	Carrying Value			
S.C.S.	Shanghai Wiwin Information Technology Co., Ltd.	Room 203, No. 10, Lane 198, Zhangheng Rd., Zhongjiang Hi-Tech Park Shanghai 201203, China	Selling of computer peripherals	$ 7,086	$ -	-	30	$ 7,086	$ -	$ -	Note 2

Note 1: Recognition of investment gains (losses) was based on the investee's audited financial statements.

Note 2: Recognition of investment gains (losses) was based on the investee's unaudited financial statements.

Note 3: The accumulated book value had a credit amount of $7,689 thousand as of June 30, 2012 and was classified as other liabilities.

(Concluded)

TABLE 7

SHUTTLE INC.

INVESTMENT IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2012
(In Thousands of New Taiwan Dollars)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2012	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2012	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2012	Accumulated Inward Remittance of Earnings as of June 30, 2012
					Outflow	Inflow					
S.C.H.	Selling of computer peripherals	$ 40,457	(Note 1)	$ 40,457	$ -	$ -	$ 40,457	100	$ 10,645	$ - (Note 4)	$ -
S.C.E.	Selling of computer peripherals	25,736	(Note 1)	25,736	-	-	25,736	100	(1,309)	5,052	-
S.C.Q.	Selling of computer peripherals	32,010	(Note 1)	32,010	-	-	32,010	100	(661)	27,803	-
S.C.S.	Selling of computer peripherals	215,745	(Note 1)	208,250	7,495	-	215,745	100	18,648	157,759	-
KAKI	Selling of computer peripherals	57,125	(Note 1)	14,320	28,704	-	43,024	75	(7,303)	35,088	-

Accumulated Investment in Mainland China as of June 30, 2012	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
$364,593	US$16,750,000	$3,648,428 × 60% = $2,189,057

Note 1: Investments were through a holding company registered in a third region.

Note 2: Except those of S.C.S. were calculated on audited financial statements, the investment gains or losses were calculated on unaudited financial statements for the same period.

Note 3: Subject to 60% of net asset value of GUC according to the revised “Guidelines Governing the Approval of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission.

Note 4: The accumulated book value had a credit amount of $7,689 thousand as of June 30, 2012 and was classified as other liabilities.