Shuttle Inc. and Subsidiaries

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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Stockholders
Shuttle Inc.

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

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

As stated in Note 4 to the consolidated financial statements, the financial statements of some non-important subsidiaries included in the consolidated financial statements were unreviewed. The total assets and total liabilities of these subsidiaries as of June 30, 2013 were $960,774 thousand and $146,321 thousand, representing 11.02% of consolidated total assets and 3.05% of consolidated total liabilities, respectively. The total assets and total liabilities of these subsidiaries as of June 30, 2012 were $994,443 thousand and $71,230 thousand, representing 13.17% of consolidated total assets and 1.84% of consolidated total liabilities, respectively. The total comprehensive income of these subsidiaries for the three months ended June 30, 2013 and 2012 and for the six months ended June 30, 2013 and 2012 were $13,604 thousand, $55,608 thousand, $77,813 thousand and $34,920 thousand, representing 7.49%, 102.66%, 28.80% and 104.14% of consolidated comprehensive income, respectively.

Based on our reviews, except for the effects of such adjustments, if any, as might have been required had we been able to obtain reviewed financial statements of the subsidiaries and an investee as of and for the six months ended June 30, 2013 and 2012, as explained in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards 1, "First-time Adoption of International Financial Reporting Standards" and International Accounting Standards 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

August 9, 2013

Notice to Readers

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

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

SHUTTLE INC. AND SUBSIDIARIES

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

	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS								
Cash and cash equivalents (Notes 4 and 6)	$ 1,159,613	13	$ 1,254,133	17	$ 1,475,596	19	$ 1,540,143	24
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	-	-	1,193	-	5,874	-
Available-for-sale financial assets - current (Notes 4 and 8)	168,510	2	178,074	2	205,463	3	236,850	4
Notes receivable from unrelated parties (Notes 4, 5 and 9)	1,407	-	1,587	-	-	-	100	-
Trade receivables from unrelated parties (Notes 4, 5 and 9)	4,867,347	56	3,447,616	47	2,792,822	37	2,001,311	31
Other receivables (Notes 4 and 9)	19,490	-	13,690	-	17,718	-	29,282	1
Current tax assets	14,370	-	33,874	1	2,869	-	1,020	-
Inventories (Notes 4, 5 and 10)	1,315,698	15	1,263,940	17	1,631,604	22	1,069,193	17
Prepayments	124,407	1	54,318	1	33,966	-	87,429	1
Other current assets (Note 17)	132,646	2	124,922	2	45,507	1	80,788	1
Total current assets	7,803,488	89	6,372,154	87	6,206,738	82	5,051,990	79
NON-CURRENT ASSETS								
Available-for-sale financial assets - non-current (Notes 4 and 8)	6,451	-	6,153	-	13,555	-	7,685	-
Financial assets measured at cost - non-current (Notes 4 and 11)	67,704	1	67,704	1	72,185	1	72,185	1
Investments accounted for using equity method (Notes 4 and 12)	6,244	-	6,773	-	7,086	-	-	-
Property, plant and equipment (Notes 4 and 13)	596,741	7	616,701	9	957,058	13	950,351	15
Investment properties (Notes 4 and 14)	81,435	1	81,607	1	81,780	1	81,953	1
Goodwill (Notes 4 and 15)	-	-	-	-	12,682	-	5,979	-
Other intangible assets (Notes 4 and 16)	16,039	-	17,584	-	22,315	-	21,459	1
Deferred tax assets (Note 4)	119,384	2	108,522	2	128,207	2	122,958	2
Other non-current assets (Note 17)	24,661	-	21,791	-	49,486	1	54,084	1
Total non-current assets	918,659	11	926,835	13	1,344,354	18	1,316,654	21
TOTAL	$ 8,722,147	100	$ 7,298,989	100	$ 7,551,092	100	$ 6,368,644	100
LIABILITIES AND EQUITY								
CURRENT LIABILITIES								
Short-term borrowings (Note 18)	$ 733,143	8	$ 511,127	7	$ 471,974	6	$ 639,302	10
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	563	-	574	-	-	-	-	-
Trade payables to unrelated parties (Note 19)	3,223,900	37	2,398,368	33	2,904,484	39	1,591,499	25
Trade payables to related parties (Note 32)	289	-	-	-	82	-	706	-
Other payables (Note 20)	565,352	6	364,908	5	334,556	4	341,431	6
Current tax liabilities (Notes 4 and 26)	23	-	622	-	2,856	-	2,979	-
Provisions - current (Notes 4 and 21)	160,212	2	127,180	2	84,722	1	57,815	1
Advance receipts (Notes 22 and 32)	52,808	1	32,140	1	43,485	1	82,502	1
Other current liabilities	13,513	-	23,832	-	27,473	-	14,927	-
Total current liabilities	4,749,803	54	3,458,751	48	3,869,632	51	2,731,161	43
NON-CURRENT LIABILITIES								
Other non-current liabilities	1,157	-	1,109	-	1,020	-	783	-
Accrued pension liabilities (Notes 4 and 23)	1,429	-	1,061	-	15,404	-	17,577	-
Deferred tax liabilities (Note 4)	39,320	1	7,776	-	1,765	-	2,741	-
Total non-current liabilities	41,906	1	9,946	-	18,189	-	21,101	-
Total liabilities	4,791,709	55	3,468,697	48	3,887,821	51	2,752,262	43
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY								
Ordinary shares	3,401,313	39	3,401,313	47	3,401,313	45	3,521,583	55
Capital surplus	220,300	3	309,074	4	309,074	4	296,094	5
Retain earnings								
Legal reserve	32,952	-	1,126	-	1,126	-	-	-
Special reserve	215,275	3	10,136	-	10,136	-	-	-
Unappropriated earnings (or accumulated deficits)	187,100	2	305,911	4	72,368	1	(6,312)	-
Total retain earnings	435,327	5	317,173	4	83,630	1	(6,312)	-
Other equity	(131,749)	(2)	(204,955)	(3)	(151,607)	(2)	(89,284)	(1)
Treasury shares	-	-	-	-	-	-	(109,615)	(2)
Total equity attributable to owners of the Company	3,925,191	45	3,822,605	52	3,642,410	48	3,612,466	57
NON-CONTROLLING INTERESTS	5,247	-	7,687	-	20,861	1	3,916	-
Total equity	3,930,438	45	3,830,292	52	3,663,271	49	3,616,382	57
TOTAL	$ 8,722,147	100	$ 7,298,989	100	$ 7,551,092	100	$ 6,368,644	100

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

(With Deloitte & Touche review report dated August 9, 2013)

SHUTTLE INC. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 32)								
Sales	$ 4,070,893	101	$ 3,483,130	101	$ 7,178,724	101	$ 6,021,456	101
Less: Sales returns and allowances	41,882	1	28,999	1	60,006	1	64,214	1
Net sales	4,029,011	100	3,454,131	100	7,118,718	100	5,957,242	100
OPERATING COSTS (Note 10)								
Cost of goods sold	3,469,147	86	3,112,524	90	6,190,074	87	5,264,164	88
GROSS PROFIT	559,864	14	341,607	10	928,644	13	693,078	12
OPERATING EXPENSES (Note 32)								
Selling and marketing expenses	190,343	5	154,043	4	370,996	5	334,725	6
General and administrative expenses	60,353	1	69,549	2	124,404	2	145,482	2
Research and development expenses	112,804	3	54,439	2	204,965	3	161,241	3
Total operating expenses	363,500	9	278,031	8	700,365	10	641,448	11
OTHER REVENUE AND EXPENSES (Note 25)	154	-	-	-	143	-	372	-
PROFIT FROM OPERATIONS	196,518	5	63,576	2	228,422	3	52,002	1
NON-OPERATING INCOME AND EXPENSES								
Interest income (Note 4)	1,305	-	1,918	-	2,153	-	3,565	-
Rental revenue	761	-	443	-	1,466	-	883	-
Other income	13,357	-	762	-	18,601	-	27,201	-
Share of the profit or loss of associates and jointly controlled entities accounted for using equity method (Note 4)	(234)	-	-	-	(855)	-	-	-
Gain (loss) on disposal of investment	(7,741)	-	-	-	(7,741)	-	49,452	1
Valuation gain (loss) on financial instruments at fair value through profit or loss (Note 4)	(1,660)	-	3,278	-	(563)	-	1,193	-
Foreign exchange loss, net (Note 25)	(1,056)	-	(3,633)	-	(7,558)	-	(11,353)	-
Other losses	(1,022)	-	(1,435)	-	(8,279)	-	(27,507)	-
Interest expense	(2,405)	-	(3,571)	-	(4,744)	-	(7,116)	-
Total non-operating income and expenses	1,305	-	(2,238)	-	(7,520)	-	36,318	1

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SHUTTLE INC. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	$ 197,823	5	$ 61,338	2	$ 220,902	3	$ 88,320	2
INCOME TAX EXPENSE (BENEFIT) (Note 26)	(24,692)	-	3,100	-	(23,952)	-	7,200	-
NET PROFIT FOR THE PERIOD	173,131	5	64,438	2	196,950	3	95,520	2
OTHER COMPREHENSIVE INCOME								
Exchange differences on translating foreign operations	18,741	-	6,847	-	72,706	1	(16,937)	-
Unrealized gain (loss) on available-for-sale financial assets	(10,395)	-	(17,173)	-	229	-	(44,641)	(1)
Share of the other comprehensive income of associates and jointly controlled entities accounted for using equity method	129	-	53	-	326	-	(409)	-
Other comprehensive income for the period, net of income tax	8,475	-	(10,273)	-	73,261	1	(61,987)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 181,606	5	$ 54,165	2	$ 270,211	4	$ 33,533	1
NET PROFIT ATTRIBUTABLE TO:								
Owner of the Company	$ 174,445	4	$ 55,664	2	$ 199,445	3	$ 89,942	2
Non-controlling interests	(1,314)	-	8,774	-	(2,495)	-	5,578	-
	$ 173,131	4	$ 64,438	2	$ 196,950	3	$ 95,520	2
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the Company	$ 183,115	5	$ 45,099	2	$ 272,651	4	$ 27,619	1
Non-controlling interests	(1,509)	-	9,066	-	(2,440)	-	5,914	-
	$ 181,606	5	$ 54,165	2	$ 270,211	4	$ 33,533	1
EARNINGS PER SHARE (Note 27)								
Basic	$0.51		$0.16		$0.59		$0.26	
Diluted	$0.51		$0.16		$0.58		$0.26	

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

(With Deloitte & Touche review report dated August 9, 2013) (Concluded)

SHUTTLE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company										
			Retained Earnings			Other Equity (Note 24)					
	Share Capital (Note 24)	Capital Surplus (Note 24)	Legal Reserve	Special Reserve	Unappropriated Earnings (Notes 24 and 26)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2012	$ 3,521,583	$ 296,094	$ -	$ -	$ (6,312)	$ -	$ (89,284)	$ (109,615)	$ 3,612,466	$ 3,916	$ 3,616,382
Appropriation of the 2011 earnings											
Legal reserve	-	-	1,126	-	(1,126)	-	-	-	-	-	-
Special reserve	-	-	-	10,136	(10,136)	-	-	-	-	-	-
	-	-	1,126	10,136	(11,262)	-	-	-	-	-	-
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	11,031	11,031
Change in capital surplus from investments in associates accounted for by using equity method	-	2,325	-	-	-	-	-	-	2,325	-	2,325
Retirement of treasury stock	(120,270)	10,655	-	-	-	-	-	109,615	-	-	-
Net profit for the six months ended June 30, 2013	-	-	-	-	89,942	-	-	-	89,942	5,578	95,520
Other comprehensive income for the six months ended June 30, 2012, net of income tax	-	-	-	-	-	(17,682)	(44,641)	-	(62,323)	336	(61,987)
Total comprehensive for the six months ended June 30, 2012	-	-	-	-	89,942	(17,682)	(44,641)	-	27,619	5,914	33,533
BALANCE, JUNE 30, 2012	$ 3,401,313	$ 309,074	$ 1,126	$ 10,136	$ 72,368	$ (17,682)	$ (133,925)	$ -	$ 3,642,410	$ 20,861	$ 3,663,271
BALANCE, JANUARY 1, 2013	$ 3,401,313	$ 309,074	$ 1,126	$ 10,136	$ 305,911	$ (56,546)	$ (148,409)	$ -	$ 3,822,605	$ 7,687	$ 3,830,292
Appropriation of the 2012 earnings											
Legal reserve	-	-	31,826	-	(31,826)	-	-	-	-	-	-
Special reserve	-	-	-	205,139	(205,139)	-	-	-	-	-	-
Cash dividends distributed by the Company - $0.239 per share	-	-	-	-	(81,291)	-	-	-	(81,291)	-	(81,291)
	-	-	31,826	205,139	(318,256)	-	-	-	(81,291)	-	(81,291)
Issue of cash dividends from capital surplus - $0.261 per share	-	(88,774)	-	-	-	-	-	-	(88,774)	-	(88,774)
Net profit (loss) for the six months ended June 30, 2013	-	-	-	-	199,445	-	-	-	199,445	(2,495)	196,950
Other comprehensive income (loss) for the six months ended June 30, 2013, net of income tax	-	-	-	-	-	72,977	229	-	73,206	55	73,261
Total comprehensive income (loss) for the six months ended June 30, 2013	-	-	-	-	199,445	72,977	229	-	272,651	(2,440)	270,211
BALANCE, JUNE 30, 2013	$ 3,401,313	$ 220,300	$ 32,952	$ 215,275	$ 187,100	$ 16,431	$ (148,180)	$ -	$ 3,925,191	$ 5,247	$ 3,930,438

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

(With Deloitte & Touche review report dated August 9, 2013)

SHUTTLE INC. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2013	**2012**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 220,902	$ 88,320
Adjustments to reconcile income before income tax to net cash provided by operating activities:		
Depreciation	28,679	26,192
Amortization	54,347	44,455
Provision for doubtful accounts	6,708	2,238
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	563	(1,193)
Interest expenses	4,744	7,116
Interest income	(2,153)	(3,565)
Share of the loss of associates and jointly controlled entities accounted for using equity method	855	-
Gain on disposal of property, plant and equipment	(143)	(372)
Loss (gain) on disposal of investment	7,741	(49,452)
Provision for loss on inventory	68,247	12,503
Loss (gain) on foreign exchange	1,242	(623)
Changes in operating assets and liabilities:		
Financial assets held for trading	(574)	5,874
Notes receivable	180	100
Trade receivables	(1,432,802)	(798,599)
Other receivables	(4,388)	11,549
Inventories	(120,005)	(581,928)
Prepayment	(121,039)	18,460
Other current assets	32,889	4,364
Trade payable	829,809	1,317,603
Trade payables to related parties	289	(624)
Other payables	26,450	18,630
Advance receipts	20,794	(37,724)
Provisions	33,032	26,907
Other current liabilities	(10,318)	12,862
Accrued pension liabilities	368	(2,173)
Cash generated from operations	(353,583)	120,920
Interest paid	(4,744)	(7,116)
Income tax paid	(3,848)	(970)
Net cash provided by (used in) operating activities	(362,175)	112,834
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	-	(76,749)
Proceeds from disposal of available-for-sale financial assets	1,754	107,077
Acquisition of investments accounted for using equity method	-	(7,495)
Acquisition of property, plant and equipment	(515)	(58,752)

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SHUTTLE INC. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2013	**2012**
Proceeds from disposal of property, plant and equipment	$ 776	$ 372
Acquisition of intangible assets	(1,794)	(10,301)
Proceeds from disposal of intangible assets	52	-
Increase in goodwill	-	(6,731)
Decrease (increase) in refundable deposits	(21,109)	30,917
Decrease (increase) in other noncurrent assets	(2,870)	4,597
Interest received	2,065	3,598
Net cash used in investing activities	(21,641)	(13,467)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	222,016	(157,822)
Increase in guarantee deposits	48	249
Increase in non-controlling interests	-	13,692
Net cash provided by (used in) financing activities	222,064	(143,881)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	67,232	(20,033)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(94,520)	(64,547)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,254,133	1,540,143
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,159,613	$ 1,475,596

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

(With Deloitte & Touche review report dated August 9, 2013) (Concluded)

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATIONS

Shuttle Inc. (the "Company", the Company and its subsidiaries are collectively referred to as the "Group") 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. The Company's shares were listed and traded on the Taiwan GreTai Securities Market (the "TGTSM") on December 8, 1998 until the shares became listed and traded on the Taiwan Stock Exchange (the "TWSE") since March 17, 2000.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on August 9, 2013.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

In addition to the disclosure in Note 3 to the consolidated financial statements as of March 31, 2013, the Company and its entire controlled subsidiaries (the "Group") have not applied the International financial reporting standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC), and Standing Interpretations (SIC) that have been issued by the IASB.

As of the date that the consolidated financial statements were approved and authorized for issue, the Financial Supervisory Commission ("FSC") has not announced the effective dates for the following new and revised standards, amendments and interpretations:

New, Revised Standards, Amendments and Interpretations		Effective Date Announced by IASB (Note)
Amendment to IAS 36	Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets	January 1, 2014
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21	Levies	January 1, 2014

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

b. Significant changes in accounting policy resulted from new and revised standards, amendments and interpretations in issue but not yet effective

In addition to the disclosure in Note 3 to the consolidated financial statements as of March 31, 2013, and except for the following, the initial application of the above new and revised standards, amendments and interpretations did not have any material impact on the Group's accounting policies:

IFRS 13 "Fair Value Measurement

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

c. Material impact on consolidated financial statements resulted from new and revised standards, amendments and interpretations in issue but not yet effective

The Group is in the process of estimating the impact of the initial application of the standards, amendments and interpretations on its financial position and results of operations. Disclosures will be provided until a detailed review of the impact has been completed and the consolidated financial statements have been approved and authorized for issuance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by the Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International financial reporting standards, International Accounting Standards, and the Interpretations approved by the FSC. The Company's date of transition to Taiwan - IFRS is January 1, 2012, and the effect of the transition to Taiwan - IFRSs is disclosed in Note 39.

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the same basis as the consolidated financial statements as of March 31, 2013. Refer to the Note 4 to the consolidated financial statements as of March 31, 2013 for details.

Subsidiary included in consolidated financial statements

Investor	Investee	Main Business	% of Ownership June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Shuttle Inc. (Shuttle)	Holco (BVI) Inc.	Investments holding company	100.00	100.00	100.00	100.00
	Shuttle Computer Incorporation (Shuttle Computer)	Selling and maintaining computer and its peripheral products	-	100.00	100.00	100.00
	Hong Yi Investment Co., Ltd. (Hong Yi)	Investment	100.00	100.00	100.00	100.00
	Gold Fountain Limited	Investments holding company	100.00	100.00	100.00	100.00
Holco (BVI) Inc.	Atron Mall, Inc. (Atron Mall)	Investments holding company	100.00	100.00	100.00	-
	Kaki Infotech (Shenzhen) Ltd. (Kaki)	Selling and maintaining computer and its peripheral products	75.00	75.00	50.00	60.00
	Shuttle International Inc. (S.C.A.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	100.00
	Shuttle Computer (H.K.) Ltd., (S.H.K.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	100.00
Atron Mall, Inc. (Atron Mall)	Importadora Creative Vision Limitada (S.C.C.)	Selling and maintaining computer and its peripheral products	75.00	75.00	75.00	-
Gold Fountain Limited	Shuttle Computer Handels GmbH (S.C.H.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	100.00
	Shuttle Computer Group Inc. (S.C.G.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	100.00
	Japan Shuttle Co., Ltd. (S.C.J.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	100.00
	Shuttle Commerce (Shenzhen) Ltd. (S.C.M.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	100.00
	Shuttle Technology (Shenzhen) Ltd. (S.C.E.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	100.00
	Shuttle Information Technology (Sip) Ltd. (S.C.S.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	100.00
	Shuttle Technology (Kunshan) Ltd. (S.C.Q.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	100.00
	Shuttle International Brazil Informatica Ltda (S.C.B.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	-

Shuttle Computer liquidated and returned all shares to Shuttle on March 29, 2013.

The financial statements of subsidiaries, except S.H.K., S.C.S., Holco (BVI) Inc. and Gold Fountain Limited, included in the consolidated financial statements were unaudited due to these subsidiaries do not meet the criteria of "important subsidiaries" stated in Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants. The financial statements of some non-important subsidiaries included in the consolidated financial statements were unreviewed. The total assets and total liabilities of these subsidiaries as of June 30, 2013 were $960,774 thousand and $146,321 thousand, representing 11.02% of consolidated total assets and 3.05% of consolidated total liabilities, respectively. The total assets and total liabilities of these subsidiaries as of June 30, 2012 were $994,443 thousand and $71,230 thousand, representing 13.17% of consolidated total assets and 1.84% of consolidated total liabilities, respectively. The total comprehensive income of these subsidiaries for the three months ended June 30, 2013 and 2012 and for the six months ended June 30, 2013 and 2012 were $13,604 thousand, $55,608 thousand, $77,813 thousand and $34,920 thousand, representing 7.49%, 102.66%, 28.80% and 104.14% of consolidated comprehensive income, respectively.

c. Other significant accounting policies

The same accounting policies have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Refer to Note 4 to the consolidated financial statements as of March 31, 2013 for the details of summary of significant accounting policy.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Refer to the Note 5 to the consolidated financial statements as of March 31, 2013 for the details of critical accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Cash on hand	$ 1,098	$ 1,321	$ 1,060	$ 1,230
Checking accounts and demand deposits	745,909	913,854	771,653	761,134
Cash equivalents				
Time deposits with maturities of less than three months	400,792	327,606	691,286	766,114
Repurchase agreements collateralized by bonds	11,814	11,352	11,597	11,665
	$ 1,159,613	$ 1,254,133	$ 1,475,596	$ 1,540,143

Time deposits with maturities of more than three months on June 30, 2013, December 31, June 30 and January 1, 2012 were $105,750 thousand, $84,641 thousand, $0 thousand and $50,934 thousand respectively, which were classified as other current assets (Note 17).

Refer to Note 6 to the consolidated financial statements as of March 31, 2013 for other related information on cash and cash equivalents.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets held for trading				
Derivatives (not designated for hedge)				
Forward exchange contracts	$ -	$ -	$ 1,193	$ 5,874
Financial liabilities held for trading				
Derivatives (not designated for hedge)				
Forward exchange contracts	$ 563	$ 574	$ -	$ -

The Company did not apply hedge accounting on the aforementioned contracts at the balance sheet date.

Forward exchange contracts as of balance sheet dates were as follows:

	Currency	Maturity Period	Contract Amount (In Thousands)
June 30, 2013			
Sell	EUR/NTD	2013.7.25-2013.11.22	EUR3,949/NTD153,760
Sell	JPY/NTD	2013.7.5-2013.9.27	JPY92,490/NTD28,283
December 31, 2012			
Sell	EUR/NTD	2013.1.4-2013.5.29	EUR3,343/NTD126,887
Sell	JPY/NTD	2013.1.7-2013.6.21	JPY51,400/NTD18,546
June 30, 2012			
Sell	EUR/NTD	2012.7.4-2012.10.18	EUR2,397/NTD91,686
Sell	USD/NTD	2012.7.6	USD2,495/NTD74,505
Sell	JPY/NTD	2012.8.13-2012.12.6	JPY77,000/NTD28,479
January 1, 2012			
Sell	EUR/NTD	2012.2.13-2012.3.26	EUR900/NTD37,112
Sell	EUR/USD	2012.2.1-2012.5.3	EUR2,400/USD3,235
Sell	JPY/USD	2012.2.16-2012.5.16	JPY60,000/USD782

The Company entered into derivative contracts during the six months ended June 30, 2013 and 2012 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.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Domestic investments				
Domestic listed stocks and emerging stocks	$ 162,516	$ 171,648	$ 204,742	$ 231,605
Mutual funds	-	-	1,000	-
Foreign investments				
Foreign listed stocks	12,445	12,579	13,276	12,930
	$ 174,961	$ 184,227	$ 219,018	$ 244,535
Current	$ 168,510	$ 178,074	$ 205,463	$ 236,850
Non-current	6,451	6,153	13,555	7,685
	$ 174,961	$ 184,227	$ 219,018	$ 244,535

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Notes receivable	$ 1,407	$ 1,587	$ -	$ 100
Trade receivable	$ 4,893,467	$ 3,466,685	$ 2,817,369	$ 2,023,604
Less: Allowance doubtful debts	(26,120)	(19,069)	(24,547)	(22,293)
	$ 4,867,347	$ 3,447,616	$ 2,792,822	$ 2,001,311
Other receivables	$ 19,490	$ 13,690	$ 17,718	$ 29,282

a. Notes receivable

The average credit terms range from 30 to 60 days from month end. When determining the collectability of notes receivable, the Company considered that if there is any change in the credit quality to the balance sheet date.

b. Trade receivable

The average credit terms range from 90 to 150 days from month end. Trade receivables are individually assessed for impairment and considered to be impaired when there is objective evidence of impairment. For trade receivable, the allowance for doubtful accounts is estimated based on historical uncollected receivables experience and the present financial position of the customer.

For the trade receivables balances that were past due at the end of the reporting period, the Group did not recognize any allowance for impairment loss, because there was no a significant change in credit quality and the amounts were still considered recoverable.

The age of receivables that were past due but not impaired was as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Less than 60 days	$ 22,152	$ 174,969	$ 18,082	$ 125,520
61 days to 90 days	11,703	55	920	1,333
91 days to 120 days	629	373	4,024	1,487
More than 121 days	109	439	5,489	-
	$ 34,593	$ 175,836	$ 28,515	$ 128,340

The above aging analysis was based on days overdue.

Movements of the allowance for doubtful accounts were as follows:

	For the Six Months Ended June 30	
	2013	2012
Balance, beginning of period	$ 19,069	$ 22,293
Add: Provision for doubtful accounts	6,708	2,238
Effect of exchange rate changes	343	16
Balance, end of period	$ 26,120	$ 24,547

c. Other receivables

Other receivables are individually assessed for impairment and considered to be impaired when there is objective evidence of impairment. As of June 30, 2013, there was no past due other receivables and the Group had not recognized allowance for impairment on other receivables.

10. INVENTORIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Finished goods	$ 346,114	$ 444,060	$ 471,835	$ 294,373
Work in process	156,048	101,325	186,163	99,598
Raw materials	768,438	695,488	938,717	635,688
Merchandise	45,098	23,067	34,889	39,534
	$ 1,315,698	$ 1,263,940	$ 1,631,604	$ 1,069,193

The cost of inventories recognized as cost of goods sold for the six months ended June 30, 2013 and 2012 included loss on write-downs of inventories $68,247 thousand and $12,503 thousand, respectively.

11. FINANCIAL ASSETS MEASURED AT COST

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Current				
Domestic unquoted common shares	$ 50,300	$ 50,300	$ 54,781	$ 54,781
Domestic emerging market stocks	17,404	17,404	17,404	17,404
	$ 67,704	$ 67,704	$ 72,185	$ 72,185

The above stocks are classified as available-for-sale financial assets based on financial assets categories. Since the range of fair values measurement is significant and difficult to reasonably evaluate the possibilities of the estimations, the fair values of the investments cannot be reliably measured, thus the above stocks investment owned by the Company were carried at costs less any impairment losses at the balance sheet date.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Investments in associates				
Shanghai Wiwin Information Technology Co., Ltd.	$ 6,244	$ 6,773	$ 7,086	$ -

In March 2012, S.C.S. acquired 30% equity of Shanghai Wiwin Information Technology Co., Ltd. (Shanghai Wiwin) for $7,495 thousand (RMB1,500 thousand). Shanghai Wiwin Information Technology Co., Ltd. is engaged in selling computer peripherals.

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

Name of Associate	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Shanghai Wiwin Information Technology Co., Ltd.	30%	30%	30%	-

The investment accounted for by the equity method and the share of profit or loss and other comprehensive income of the investee were calculated based on the financial statements that have not been reviewed. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income even if the financial statements of Shanghai Wiwin were not reviewed.

13. PROPERTY, PLANT, AND EQUIPMENT

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Land	$ 279,120	$ 279,017	$ 448,557	$ 448,810
Buildings	181,113	182,698	348,760	353,592
Machinery and equipment	45,080	47,362	50,873	50,526
Transportation equipment	12,694	16,303	13,439	15,604
Miscellaneous equipment	18,027	19,852	13,741	12,151
Leasehold improvements	34,580	44,096	52,256	53,897
Other equipment	26,127	27,373	29,432	15,771
	$ 596,741	$ 616,701	$ 957,058	$ 950,351

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvement	Other Equipment	Total
Cost								
Balance at January 1, 2012	$ 448,810	$ 473,524	$ 125,746	$ 29,730	$ 31,651	$ 60,730	$ 34,079	$ 1,204,270
Additions	-	-	5,506	708	855	10,234	16,500	33,803
Disposal	-	-	(2,770)	-	-	-	(421)	(3,191)
Effect of foreign exchange differences	(253)	(814)	(846)	(165)	2,028	(1,022)	(1,255)	(2,327)
Balance at June 30, 2012	$ 448,557	$ 472,710	$ 127,636	$ 30,273	$ 34,534	$ 69,942	$ 48,903	$ 1,232,555
Balance at January 1, 2013	$ 279,017	$ 248,169	$ 100,653	$ 36,428	$ 40,448	$ 71,501	$ 49,490	$ 825,706
Additions	-	924	404	-	1,025	102	1,040	3,495
Disposal	-	-	(41)	(7,011)	(844)	-	(829)	(8,725)
Effect of foreign exchange differences	103	332	2,655	402	436	3,299	1,352	8,579
Balance at June 30, 2013	$ 279,120	$ 249,425	$ 103,671	$ 29,819	$ 41,065	$ 74,902	$ 51,053	$ 829,055
Accumulated depreciation and impairment								
Balance at January 1, 2012	$ -	$ 119,932	$ 75,220	$ 14,126	$ 19,500	$ 6,833	$ 18,308	$ 253,919
Depreciation expense	-	4,531	4,403	2,788	1,574	10,956	1,767	26,019
Disposal	-	-	(2,770)	-	-	-	(421)	(3,191)
Effect of foreign exchange differences	-	(513)	(90)	(80)	(281)	(103)	(183)	(1,250)
Balance at June 30, 2012	$ -	$ 123,950	$ 76,763	$ 16,834	$ 20,793	$ 17,686	$ 19,471	$ 275,497
Balance, January 1, 2013	$ -	$ 65,471	$ 53,291	$ 20,125	$ 20,596	$ 27,405	$ 22,117	$ 209,005
Depreciation expense	-	2,619	4,774	3,224	2,953	11,569	3,368	28,507
Disposal	-	-	-	(6,437)	(837)	-	(818)	(8,092)
Effect of foreign exchange differences	-	222	526	213	326	1,348	259	2,894
Balance at June 30, 2013	$ -	$ 68,312	$ 58,591	$ 17,125	$ 23,038	$ 40,322	$ 24,926	$ 232,314

Depreciation expense is computed using the straight-line method over the following estimated service lives:

Buildings	
Main building	35-60 years
Renovation engineering	3-10 years
Air conditioner equipment	2-8 years
Machinery and equipment	2-7 years
Transportation equipment	5-7 years
Miscellaneous equipment	2-5 years
Leasehold improvements	3-5 years
Other equipment	2-12 years

14. INVESTMENT PROPERTIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Land	$ 69,954	$ 69,954	$ 69,954	$ 69,954
Buildings	11,481	11,653	11,826	11,999
	$ 81,435	$ 81,607	$ 81,780	$ 81,953

Except for depreciation expense recognized, the Group had no significant addition, disposal, and impairment on investment properties during the three months ended June 30, 2013 and 2012. Refer to Note 14 to the consolidated financial statements as of March 31, 2013 for information on addition, disposal, and impairment of investment properties during the three months ended March 31, 2013 and 2012.

Depreciation expense is computed by the straight-line method over 2 to 60 years estimated service lives.

The fair value of the Group’s investment properties as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 was $256,359 thousand, $255,456 thousand, $253,981 thousand and $255,884 thousand, respectively. Management of the Group used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group’s investment property was held under freehold interests. The carrying amount of investment properties pledged by the Group to secure loan to the Group were reflected in Note 33.

15. GOODWILL

In June 2012, Holco (BVI) Inc. increased its investment in KAKI and rose the percentage of ownership from 50% to 75%, and the Group recognized goodwill of $6,731 thousand. During the year ended December 31, 2012, the Company assessed the recoverable amount of the goodwill of its investments in KAKI and recognized an impairment loss of total amount of the goodwill.

16. OTHER INTANGIBLE ASSETS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Computer software	$ 16,039	$ 17,584	$ 22,315	$ 21,459

Except for recognizing amortization expense, there is no material addition, disposal and impairment in the three months ended June 30, 2012 and 2013. Please refer to Note 16 to the consolidated financial statements for the three months ended March 31, 2013 and 2012.

The cost of computer software was amortized by the straight-line method over 2 to 3 years.

17. OTHER ASSETS - CURRENT AND NONCURRENT

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Current				
Other financial assets				
Time deposits with maturities of more than three months	$ 105,750	$ 84,641	$ -	$ 50,934
Restricted assets	-	-	20,017	-
	105,750	84,641	20,017	50,934
Refundable deposits	-	34,550	-	-
Other	26,896	5,731	25,490	29,854
	$ 132,646	$ 124,922	$ 45,507	$ 80,788
Non-current				
Refundable deposits	$ 23,802	$ 21,747	$ 40,196	$ 41,802
Others prepayments	859	44	9,290	12,282
	$ 24,661	$ 21,791	$ 49,486	$ 54,084

The annual yield rates of time deposits with maturities of more than three months were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Time deposits with maturities of more than three months	0.27%-2.85%	0.15%-0.92%	-	1.40%

18. SHORT-TERM LOANS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Usance letters of credit	$ 733,143	$ 511,127	$ 471,974	$ 639,302

Annual interest rates were as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Usance letters of credit	1.10%-1.53%	1.18%-1.55%	1.335%-1.65%	1.6%-2.35%

19. TRADE PAYABLE

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Trade payable- Operating	$ 3,223,900	$ 2,398,368	$ 2,904,484	$ 1,591,499

The Company's financial risk management policy is to ensure that all payables are paid when due according to the credit terms which were agreed in advance.

20. OTHER PAYABLES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Payable for dividends	$ 170,066	$ -	$ -	$ -
Accrued salary and compensation	131,983	137,778	133,928	150,224
Payable for mold template	57,123	42,504	35,167	40,055
Advertising and promotion fees payable	40,444	32,581	23,271	21,513
Payable for commission	30,092	19,749	26,738	7,407
Royalties Payable	25,031	14,787	25,414	17,399
Accrual bonuses to employees	14,360	8,943	-	-
Payables for insurance	8,066	14,304	6,670	6,687
Payables to equipment suppliers	4,004	1,024	1,137	26,086
Others	84,183	93,238	82,231	72,060
	$ 565,352	$ 364,908	$ 334,556	$ 341,431

21. PROVISIONS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Warranties	$ 160,212	$ 127,180	$ 84,722	$ 57,815

22. ADVANCE RECEIPTS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Advance receipts	$ 52,808	$ 32,140	$ 43,485	$ 82,502

23. RETIREMENT BENEFIT PLANS

The Group's pension plans include defined contribution plan and defined benefit plan. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2012 and January 1, 2012, and recognized in their respective periods. Refer to Note 23 to the consolidated financial statements as of March 31, 2013 for information on the Group's retirement benefit plans.

Pension expenses of defined contribution plan were included in the following line items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Operating costs	$ 4,212	$ 2,201	$ 7,926	$ 4,979
Marketing expenses	$ 1,658	$ 723	$ 3,367	$ 1,636
General and administrative expenses	$ 2,065	$ 2,481	$ 4,131	$ 5,611
Research and development expenses	$ 2,963	$ 2,270	$ 6,019	$ 5,135

Pension expenses of defined benefit plan were included in the following line items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Operating costs	$ 13	$ -	$ 37	$ -
Marketing expenses	$ 26	$ 91	$ 74	$ 194
General and administrative expenses	$ 23	$ 119	$ 66	$ 235
Research and development expenses	$ 84	$ 291	$ 233	$ 574

24. EQUITY

a. Ordinary shares

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Number of authorized shares (thousand)	500,000	500,000	500,000	500,000
Authorized shares	$ 5,000,000	$ 5,000,000	$ 5,000,000	$ 5,000,000
Number of shares issued and collected proceeds	340,131	340,131	340,131	352,158
Issued shares	$ 3,401,313	$ 3,401,313	$ 3,401,313	$ 3,521,583

The issued common stock with a par value of $10 per share is entitled to the right to vote and receive dividends. As of June 30, 2013, December 31, June 30 and January 1 2012, the shares issued and fully paid of the Company include private equity of $500,000 thousand, $1,500,000 thousand, $1,500,000 thousand and $1,500,000 thousand, respectively, which were not public issuance.

In their meeting on June 15, 2012, the stockholders of the Company approved a restricted stock plan for employees with a total amount of $75,000 thousand, consisting of 12,500 thousand shares, and authorized 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:

1) The employees should not sell, pledge, transfer, donate or in any other way to dispose of these shares.

2) The employees holding these shares are not entitled to receive cash and stock dividends.

3) The employees holding these shares have no voting right.

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

As of June 30, 2013, the Company has not yet issued any restricted shares to employees.

b. Capital surplus

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Arising from issuance of common shares	$ 112,991	$ 201,765	$ 201,765	$ 208,899
Arising from treasury share transactions	104,984	104,984	104,984	87,195
Change in capital surplus from investments in associates accounted for by using equity method	2,325	2,325	2,325	-
	$ 220,300	$ 309,074	$ 309,074	$ 296,094

The capital surplus arising from shares issued in excess of par (including share premium from issuance of common shares, and treasury share 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 share capital which however is limited to a certain percentage of the Company's capital surplus.

The capital surplus from investments accounted for using equity method may not be used for any purpose.

c. Retained 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 distributable earnings, respectively; provided that the ratio for cash dividend shall not exceed 10% of the total distribution.

Bonus to employees and remuneration to directors and supervisors are usually calculated at 3% and 8%, respectively, of net income (net of the bonus and remuneration). Material differences between estimated amounts and the amounts proposed by the board of directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the shareholders' meeting.

For the six months ended June 30, 2012, there was no bonus to employees and no remuneration to directors and supervisors because the amount of distributable earnings was not sufficient.

When distributing the earnings, the Company should recognize special reserve equal to the net deduction in the stockholders' equity (i.e. the translation adjustments on foreign subsidiaries and unrealized gain (loss) on available-for-sale financial assets,). When the deduction in the stockholders' equity is reduced, the amount of reduction can be reversed to the unattributed earnings from the special reserve.

The appropriation for legal reserve shall be made until the accumulated reserve equals the aggregate par value of the outstanding capital stock of Company. This reserve can only be used to offset a deficit, or, when 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 2012 had been approved by the stockholders on June 21, 2013. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 31,826	$-
Special reserve	205,139	-
Cash dividends	81,291	0.239

The stockholders of Company resolved the distribution in cash of capital surplus from share premium of $88,774 thousand at NT$0.261 per share.

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

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

Under the Integrated Income Tax System that became effective on January 1, 1998, ROC 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 appropriation of earnings is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Special reserves to be recognized for the first-time adoption of IFRS

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, an company should appropriate a special reserve of an amount the same as that of unrealized revaluation increment and cumulative translation differences (gain) transferred to retained earnings as a result of the Company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is not enough for this appropriation, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. No appropriation of earnings shall be made until any shortage of the aforementioned special reserve is appropriated in subsequent years if the Company has earnings and the original need to appropriate a special reserve is not eliminated.

The adjustments of IFRSs adoption resulted in the decrease of retained earnings of the Company; therefore, the Company is not required to appropriate any amount to the special reserve.

e. Treasury shares

(Shares in Thousands)

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

On January 6, 2012, the board of directors approved to cancel the treasury stock mentioned in the preceding paragraph; the cancellation of 12,027 shares with 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.

25. NET PROFIT

a. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Depreciation				
Operating cost	$ 6,143	$ 6,684	$ 14,903	$ 14,294
Operating expenses	7,591	6,621	13,604	11,725
Nonoperating expenses and losses	86	87	172	173
	$ 13,820	$ 13,392	$ 28,679	$ 26,192

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Amortization				
Operating cost	$ 24,017	$ 26,226	$ 51,337	$ 42,639
Operating expenses	1,635	836	3,010	1,816
	$ 25,652	$ 27,062	$ 54,347	$ 44,455

(Concluded)

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Gain on disposal of property, plant and equipment	$ 154	$ -	$ 143	$ 372

c. Employee benefit expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Post-employment benefit				
Defined contribution plans	$ 10,898	$ 7,675	$ 21,443	$ 17,361
Defined benefit plans	146	501	410	1,003
	11,044	8,176	21,853	18,364
Other employee benefit	266,339	209,189	503,768	424,149
Total employee benefit expenses	$ 277,383	$ 217,365	$ 525,621	$ 442,513
Summary by functions				
Operating costs	$ 61,784	$ 39,135	$ 117,112	$ 80,374
Operating expenses	215,599	178,230	408,509	362,139
	$ 277,383	$ 217,365	$ 525,621	$ 442,513

d. Gain (loss) on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Foreign exchange gain	$ 9,071	$ 15,228	$ 14,918	$ 40,670
Foreign exchange loss	(10,127)	(18,861)	(22,476)	(52,023)
Net loss	$ (1,056)	$ (3,633)	$ (7,558)	$ (11,353)

26. INCOME TAX

a. Income tax recognized in profit or loss

Income tax expense for the interim periods were calculated by using the estimated average annual effective income tax rate, therefore the Company was not able to disclose the reconciliation between financial income and taxable income.

The reconciliation between accounting profit and current tax expense (benefit) was as follows:

	For the Six Months Ended June 30	
	2013	**2012**
Profit before tax from continuing operations	$ 220,902	$ 88,320
Income tax expense at the 17% statutory rate	$ 37,553	$ 15,015
Tax effect of adjusting items:		
Nondeductible expenses in determining taxable income	1,426	(16,045)
Temporary differences	(27,509)	5,543
Additional income tax under the Alternative Minimum Tax Act	-	639
Loss carryforwards used	(24,246)	(7,612)
Investment tax credits used	(340)	(200)
Current income tax expense	(13,116)	(2,660)
Deferred income tax expense		
Temporary differences	24,831	(1,788)
Investment tax credits	170	2,019
Loss carryforwards	(5,967)	(9,440)
	19,034	(9,209)
Effect of different tax rate of group entities operating in other jurisdictions	16,002	4,636
Others (effect of foreign exchange differences)	11	33
Adjustments for prior years' tax	2,021	-
Income tax expense (benefit) recognized in profit or loss	$ 23,952	$ (7,200)

b. Integrated income tax

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unappropriated earnings				
Unappropriated earnings generated on and after January 1, 1998	$ 187,100	$ 305,911	$ 72,368	$ -
Imputation credit account ("ICA")	$ 31	$ 3,859	$ 10,047	$ 5,961

The actual creditable ratio for distribution of earnings of 2011 was 20.48%.

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

The expected creditable ratio for distribution of earnings of 2012 was 1.33%, which was calculated based on the draft amendments to Income Tax Law. As of the date that these consolidated financial statements were approved and authorized for issue, the draft amendments had not been approved by the Legislative Yuan. The actual imputation credits allocated to shareholders of the Company was based on the balance of the ICA as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2012 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

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

c. Income tax assessment

The tax authorities have examined income tax returns of Shuttle, Shuttle Computer through 2010, except income tax return for 2009 of Shuttle. The tax authorities have examined income tax returns of Hong Yi Investment Co., Ltd. through 2011.

27. EARNINGS PER SHARE

The earnings and the weighted-average shares of common stock to calculate earnings per share were as follows:

Net profit for the period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Earnings used in the computation of basic and diluted earnings per share	$ 174,445	$ 55,664	$ 199,445	$ 89,942

Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	**2012**	**2013**	**2012**
Weighted-average number of ordinary shares in computation of basic earnings per share	340,131	340,131	340,131	340,131
Effect of dilutive potential ordinary shares:				
Bonus paid to employees	977	-	1,044	-
Weighted average number of ordinary shares used in the computation of diluted earnings per share	341,108	340,131	341,175	340,131

If the Group was able to settle the bonuses paid to employees by cash or shares, the Group presumed that the entire amount of the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

28. PARTIAL CASH TRANSACTIONS

For the six months ended June 30, 2013 and 2012, the Company entered into the following partial cash investing activities:

	For the Six Months Ended June 30	
	2013	2012
Paid partial cash to acquire property, plant and equipment		
Acquistions of property, plant and equipment	$ 3,495	$ 33,803
Net change in payables to equipment suppliers	(2,980)	24,949
Cash paid	$ 515	$ 58,752

29. OPERATING LEASE ARRANGEMENTS

a. The Company as lessee

Operating leases relate to office, plant and warehouse leased by the Company with lease terms of between 1 and 3 years. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the refundable deposits of operating leases paid by the Company were $11,376 thousand, $10,733 thousand, $10,022 thousand and $8,544 thousand, respectively.

The lease payments recognized as expenses were as follows:

For the Three Months Ended June 30		For the Six Months Ended June 30	
2013	2012	2013	2012
$ 10,946	$ 11,308	$ 16,830	$ 10,870

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Within one year	$ 32,973	$ 26,917	$ 33,398	$ 41,130
Longer than one year but within five years	29,069	15,149	6,556	23,949
	$ 62,042	$ 42,066	$ 39,954	$ 65,079

b. The Company as lessor

Operating leases relate to the investment property owned by the Company. All operating lease contracts include the policy that rental can be adjusted with market price when lessees continue the contracts. The lessee does not have an option to purchase the property at the expiry of the lease period.

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Company received deposits of operating leases of $599 thousand, $646 thousand, $472 thousand and $303 thousand, respectively.

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Within one year	$ 2,400	$ 2,400	$ 2,400	$ 1,200
Longer than one year but within five years	-	1,200	2,400	3,600
	$ 2,400	$ 3,600	$ 4,800	$ 4,800

30. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments

The fair value information on financial instruments of consolidated financial statements of the Group have been followed in the same manner without significant change in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Refer to Note 31 to the consolidated financial statements as of March 31, 2013 for details.

b. Categories of financial instruments

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets				
Measured at FVTPL				
Held for trading	$ -	$ -	$ 1,193	$ 5,874
Loans and receivables (Note 1)	6,180,503	4,841,948	4,331,643	3,651,624
Available-for-sale financial assets (Note 2)	242,665	251,931	291,203	316,720
Financial Liabilities				
Measured at FVTPL				
Held for trading	563	574	-	-
Measured at amortized cost (Note 3)	4,522,684	3,274,403	3,710,780	2,572,938

Note 1: The balances included cash and cash equivalents, notes receivable, trade receivable, other receivables and other financial assets which were loans and receivables carried at amortised cost.

Note 2: The balances included financial assets carried at cost which were classified as available-for-sale financial assets.

Note 3: The balances included short-term loans, trade payable and other payables which were financial liabilities carried at amortized cost.

c. Financial risk management objectives

The main financial instruments of the Company include accounts receivable, accounts payables and loans. The Company's finance department provides services to its business units, co-ordinates access to domestic and international capital markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk, and liquidity risk.

1) Market risk

The Company is exposed to market risks of changes in foreign currency exchange rates and interest rates.

There were no changes to the Company's exposure to market risks or the manner in which these risks are managed and measured. Sensitivity analysis is an estimate of the influence of the reasonably possible range of the interest rate and currency fluctuation in a year. Sensitivity analysis of interest rate and currency fluctuation was as follows.

a) Foreign currency risk management

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including the foreign currency denominated monetary assets and monetary liabilities that were eliminated upon consolidation) at the end of the reporting period were as follows:

	June 30, 2013	**December 31, 2012**	**June 30, 2012**	**January 1, 2012**
Assets				
USD	$ 1,137,678	$ 1,031,812	$ 1,092,795	$ 1,004,050
EUR	152,753	108,324	99,191	127,666
JPY	39,316	29,572	40,787	41,097
RMB	72,978	-	-	-
Liabilities				
USD	1,126,495	965,233	1,024,896	748,506
JPY	685	-	-	-
EUR	557	-	662	1,360

Sensitivity analysis

The Group is mainly affected by the fluctuations of the U.S. dollars, EUR, RMB, and Japanese yen.

The table below is the analysis of the sensitivity of the Group's functional currency to a 5% increase or decrease in the relevant currency rate on the balance sheet date. The 5% sensitivity rate is the currency risk factor used in the internal report to management; it is the rate that management believes represents the reasonably possible range of the currency fluctuation.

The table below shows the amount of change in income before tax when the Group's functional currency increases by 5% against the other relevant currency. When the Group's functional currency falls 5% against other relevant currency, the impact to income before tax is the negative number of the same amount.

	U.S. Dollar		Japan Yen	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Gain (loss)	$ (559)	$ (3,395)	$ (1,932)	$ (2,039)

	RMB		EUR	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Gain (loss)	$ (3,649)	$ -	$ (7,610)	$ (4,926)

The above effects are mainly derived from the Group's outstanding cash in bank, receivables and payables, which were not cash flows hedged, valued in U.S. dollars, Japanese Yen, RMB and EUR on balance sheet date.

b) Interest rate risk

The carrying amount of the Company's exposures to interest rates on financial assets and financial liabilities are as follows:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Fair value interest rate risk				
Financial assets	$ 439,227	$ 503,654	$ 744,981	$ 875,523
Cash flow interest rate risk				
Financial assets	744,189	891,417	790,828	757,356
Financial liabilities	733,143	511,127	471,974	639,302

Sensitivity analysis

The sensitivity analyses below have been determined the exposure to interest rates risk for non-derivative instruments at the end of the reporting period. Increase or decrease 25 basis point is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the six months ended June 30, 2013 would increase/decrease by $14 thousand. This is mainly attributable to the Company's exposure to floating rates on demand deposits and short-term loan.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Company's profit for the six months ended June 30, 2012 would increase/decrease by $398 thousand. This is mainly attributable to the Company's exposure to floating rates on demand deposits and short-term loan.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The maximum credit exposure of the aforementioned financial instruments is equal to their carrying amounts recognized in the consolidated balance sheet as of the balance sheet date.

The Company evaluates the main customers' credit rating by the use of accessible financial information and transaction record with customers. The Company keeps an eye on credit exposure and customers' credit rating.

The Group's credit risk mainly focuses on the main customer. As of June 30, 2013 and December 31, June 30, January 1, 2012, the ratio of total receivables from the main customers were 82%, 66%, 70% and 70%, respectively.

3) Liquidity risk

The Group copes with the operation and alleviates the effect of fluctuations in cash flows by managing and maintaining sufficient cash and cash equivalents. The management monitors the usage of bank's financing limit and ensures that the terms of loan agreements are followed.

Bank loans are sources of liquidity of the Group. As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the Group's unused bank financing limits were $3,922,652 thousand, $3,386,386 thousand, $3,114,233 thousand, and $2,412,638 thousand, respectively.

The following tables, which were prepared based on the earliest repayment date and undiscounted cash flows of financial liabilities, are details about the analysis of the maturities of the non-derivative financial liabilities during the agreed repayment period.

June 30, 2013

	Weighted-average Effective Interest Rate (%)	**Within One Month**	**1 to 3 Months**	**3 Months to 1 Year**
Financial liabilities - non-derivative				
Non-interest bearing	-	$ 1,187,252	$ 1,288,920	$ 1,313,369
Floating interest rate instruments	1.10-1.53	74,125	474,025	184,993
		$ 1,261,377	$ 1,762,945	$ 1,498,362

December 31, 2012

	Weighted-average Effective Interest Rate (%)	**Within One Month**	**1 to 3 Months**	**3 Months to 1 Year**
Financial liabilities - non-derivative				
Non-interest bearing	-	$ 937,304	$ 1,731,418	$ 94,554
Floating interest rate instruments	1.18-1.55	29,040	393,907	88,180
		$ 966,344	$ 2,125,325	$ 182,734

June 30, 2012

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 Months to 1 Year
Financial liabilities - non-derivative				
Non-interest bearing	-	$ 863,557	$ 1,166,960	$ 1,208,605
Floating interest rate instruments	1.355-1.65	107,595	261,772	102,607
		$ 971,152	$ 1,428,732	$ 1,311,212

January 1, 2012

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 Months to 1 Year
Financial liabilities - non-derivative				
Non-interest bearing				
Floating interest rate instruments	-	$ 535,961	$ 1,219,821	$ 177,854
	1.60-2.35	79,522	431,187	128,593
		$ 615,483	$ 1,651,008	$ 306,447

The following table detailed the Company's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

June 30, 2013

	Less Than 1 Month	1 to 3 Months	3 Months to 1 Year
Gross settled			
Forward exchange contracts			
Inflow	$ 24,070	$ 143,970	$ 14,642
Outflow	(23,973)	(143,463)	(14,607)
	$ 97	$ 507	$ 35

December 31, 2012

	Less Than 1 Month	1 to 3 Months	3 Months to 1 Year
Gross settled			
Forward exchange contracts			
Inflow	$ 71,498	$ 50,189	$ 24,291
Outflow	(71,141)	(50,428)	$ (23,864)
	$ 357	$ (239)	$ 427

June 30, 2012

	Less Than 1 Month	1 to 3 Months	3 Months to 1 Year
Gross settled			
Forward exchange contracts			
Inflow	$ 99,815	$ 87,651	$ 6,006
Outflow	(100,813)	(87,806)	$ (6,050)
	$ (998)	$ (155)	$ (44)

January 1, 2012

	Less Than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Forward exchange contracts			
Inflow	$ -	$ 134,498	$ 18,457
Outflow	-	(140,088)	(18,394)
	$ -	$ (5,590)	$ 63

32. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, the Group had business transactions with the following related parties:

a. Related parties

Related Party	Relationship with the Group
Associate	
Shanghai Wiwin Information Technology Co., Ltd.	Equity-method investee of subsidiary
Other parties	
Ares International Corporation	Chairman is the second degree relative of the Company’s chairman

1) Trading transactions

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Sales				
Associates	$ -	$ -	$ 24	$ -
Operating expense				
Others	$ 92	$ 67	$ 92	$ 114

2) Payables

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Others	$ 289	$ -	$ 82	$ 706

The Company's sales prices to related parties are based on the price levels in the areas. The related-party transactions were conducted under normal terms.

b. Compensation of key management personnel

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Short-term benefit	$ 15,639	$ 11,337	$ 28,093	$ 21,554
Post-employment benefit	363	237	735	396
	$ 16,002	$ 11,574	$ 28,828	$ 21,950

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

33. PLEDGED ASSETS

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Property, plant and equipment, net	$ 446,562	$ 448,360	$ 784,171	$ 788,204
Investment property, net	81,393	81,566	81,739	81,912
	$ 527,955	$ 529,926	$ 865,910	$ 870,116

34. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012 were as follows:

a. Unused letters of credit in the amount of $615,083 thousand.

b. 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. As of August 9, 2013, the Company was unable to assess the result and the potential loss on the lawsuit.

35. SUBSEQUENT EVENTS: NONE

36. EXCHANGE RATE INFORMATION OF FOREIGN FINANCIAL ASSETS AND LIABILITIES

The information of significant foreign-currency financial assets and liabilities were as below:

(In Thousands of New Taiwan Dollars and Foreign Currencies)

June 30, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 3,581	30.00 (USD:NTD)	$ 107,428
USD	34,342	6.1787 (USD:RMB)	1,030,250
EUR	3,902	39.15 (EUR:NTD)	152,753
JPY	129,498	0.3036 (JPY:NTD)	39,316
RMB	15,030	4.8554 (RMB:NTD)	72,978
Financial liabilities			
Monetary items			
USD	7,064	30.00 (USD:NTD)	211,918
USD	30,486	6.1787 (USD:RMB)	914,577
EUR	14	39.15 (EUR:NTD)	557
JPY	2,258	0.3036 (JPY:NTD)	685

December 31, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 4,574	29.04 (USD:NTD)	$ 132, 820
USD	30,365	6.2855 (USD:RMB)	881,791
USD	592	2.0432 (USD:REAL)	17,201
EUR	2,814	38.49 (EUR:NTD)	108,324
JPY	87,908	0.3364 (JPY:NTD)	29,572
Financial liabilities			
Monetary items			
USD	6,994	29.04 (USD:NTD)	203,095
USD	26,244	6.2855 (USD:RMB)	762,138

June 30, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 5,543	29.88 (USD:NTD)	$ 165,626
USD	30,715	6.3249 (USD:RMB)	917,772
USD	314	2.021 (USD:REAL)	9,397
EUR	2,641	37.56 (EUR:NTD)	99,191
JPY	108,650	4.3754 (JPY:NTD)	40,787
Financial liabilities			
Monetary items			
USD	8,986	29.88 (USD:NTD)	268,494
USD	25,315	6.3249 (USD:RMB)	756,402
EUR	18	37.56 (EUR:NTD)	662

January 1, 2012

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 10,638	30.275 (USD:NTD)	$ 322,056
USD	22,527	6.3009 (USD:RMB)	681,994
EUR	3,258	39.18 (EUR:NTD)	127,666
JPY	105,214	0.3906 (JPY:NTD)	41,097

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 5,167	30.275 (USD:NTD)	$ 156,428
USD	19,557	6.3009 (USD:RMB)	592,078
EUR	35	39.18 (EUR:NTD)	1,360

(Concluded)

37. ADDITIONAL DISCLOSURES

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

a. Financings provided: None;

b. Endorsements/guarantees provided: Table 1 (attached);

c. Marketable securities held: Table 2 (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 3 (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 4 (attached);

h. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: Table 5 (attached);

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 7 and 31; 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: Table 7 (attached);

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

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

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

l. Intercompany relationships and significant transactions: Table 8 (attached).

38. SEGMENTS INFORMATION

The Group engages solely in manufacturing and selling of computer equipment. Thus, the accompanying financial statements reflect the Group's segment information.

39. FIRST-TIME ADOPTION OF IFRSs

a. Basis of the preparation for financial information under IFRSs

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

b. Impacts after transition to IFRSs

The impacts on the consolidated balance sheet and the consolidated statements of comprehensive income after transition to IFRSs are as follows:

1) Reconciliation of consolidated balance sheet as of June 30, 2012

R.O.C. GAAP		Effect of the Transition to IFRSs		IFRSs		
Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	Item	Note
Current assets	$ 6,243,398	$ -	$ (36,660)	$ 6,206,738	Current assets	d)
Long-term investments	92,826	-	-	92,826	Long-term investments	
Property, plant and equipment	961,215	-	(4,157)	957,058	Property, plant and equipment	a), c)
Investment properties	-	-	81,780	81,780	Investment properties	b)
Intangible assets	13,873	(1,191)	22,315	34,997	Intangible assets	c), f)
Other assets	239,156	50	(61,513)	177,693	Other non-current assets	a), b), c), d), e)
Total assets	$ 7,550,468	$ (1,141)	$ 1,765	$ 7,551,092	Total assets	
Current liabilities	$ 3,869,632	$ -	$ -	$ 3,869,632	Current liabilities	
Other liabilities	11,547	4,877	1,765	18,189	Other non-current liabilities	d), f)
Total liabilities	3,881,179	4,877	1,765	3,887,821	Total liabilities	
Capital stock	3,401,313	-	-	3,401,313	Capital stock	
Capital surplus	309,074	-	-	309,074	Capital surplus	
Retained earnings	100,827	(17,197)	-	83,630	Retained earnings	e), f), g), 3)
Other stockholders' equity	(162,786)	11,179	-	(151,607)	Other stockholders' equity	f), g)
Equity attributable to stockholders' of the parent	3,648,428	(6,018)	-	3,642,410	Equity attributable to stockholders' of the parent	
Minority interests	20,861	-	-	20,861	Non-controlling interests	
Total stockholders' equity	3,669,289	(6,018)	-	3,663,271	Total stockholders' equity	
Total	$ 7,550,468	$ (1,141)	$ 1,765	$ 7,551,092	Total	

2) Reconciliation of consolidated statement of comprehensive income for the six months ended June 30, 2012

R.O.C. GAAP		Effect of the Transition to IFRSs		IFRSs		
Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	Item	Note
Operating revenues, net	$ 5,957,242	$ -	$ -	$ 5,957,242	Operating revenues, net	
Operating costs	(5,264,164)	-	-	(5,264,164)	Operating costs	
Gross profit	693,078	-	-	693,078	Gross profit	
Operating expenses					Operating expenses	
Marketing	(334,788)	63	-	(334,725)	Marketing	f)
General and administrative	(145,559)	77	-	(145,482)	General and administrative	f)
Research and development	(161,428)	187	-	(161,241)	Research and development	f)
Total operating expenses	(641,775)	327	-	(641,448)	Total operating expenses	
Other revenue and expenses	-	-	372	372	Other revenue and expense	h)
Income from operations	51,303	327	372	52,002	Income from operations	
Non-operating income and gains					Non-operating income and gains	
Interest income	3,565	-	-	3,565	Interest income	
Rental revenue	883	-	-	883	Rental revenue	
Gain on sale of investments, net	49,452	-	-	49,452	Gain on sale of investment, net	
Valuation gain on financial instruments, net	1,193	-	-	1,193	Valuation gain (loss) on financial instruments at fair value through profit or loss	
Gain on disposal of property, plant and equipment	372	-	(372)	-		h)
Others	27,201	-	-	27,201	Other income	
	82,666	-	(372)	82,294		
Non-operating expense and losses						
Exchange loss, net	(11,353)	-	-	(11,353)	Foreign exchange loss	
Interest expense	(7,116)	-		(7,116)	Interest expense	
Others	(27,507)	-	-	(27,507)	Other losses	
	(45,976)	-	-	(45,976)		
Income before income tax	87,993	327	-	88,320	Income before income tax	
Income tax benefit	7,150	50	-	7,200	Income tax benefit	e)
Net income	$ 95,143	$ 377	$ -	95,520	Net income	
				(16,937)	Exchange differences on translating foreign operations	h)
				(44,641)	Valuation gain on available-for-sale financial assets, net	h)
				(409)	Share of the other comprehensive income of associates and jointly controlled entities accounted for using equity method	h)
				(61,987)	Other comprehensive income for the period, net of tax effect	
				$ 33,533	Total comprehensive income for the period	

3) Reconciliation of consolidated statement of comprehensive income for three months ended June 30, 2012

R.O.C. GAAP		Effect of the Transition to IFRSs		IFRSs		
Item	Amount	Recognition and Measurement Difference	Presentation Difference	Amount	Item	Note
Operating revenues, net	$ 3,454,131	$ -	$ -	$ 3,454,131	Operating revenues, net	
Operating costs	(3,112,524)	-	-	(3,112,524)	Operating costs	
Gross profit	341,607	-	-	341,607	Gross profit	
Operating expenses					Operating expenses	
Marketing	(154,072)	29	-	(154,043)	Marketing	f)
General and administrative	(69,588)	39	-	(69,549)	General and administrative	f)
Research and development	(54,534)	95	-	(54,439)	Research and development	f)
Total operating expenses	(278,194)	163	-	(278,031)	Total operating expenses	
Income from operations	63,413	163	-	63,576	Income from operations	
Non-operating income and gains					Non-operating income and gains	
Interest income	1,918	-	-	1,918	Interest income	
Rental revenue	443	-	-	443	Rental revenue	
Valuation gain on financial instruments, net	3,278	-	-	3,278	Valuation gain (loss) on financial instruments at fair value through profit or loss	
Others	762	-	-	762	Other income	
	6,401	-	-	6,401		
Non-operating expense and losses						
Exchange loss, net	(3,633)	-	-	(3,633)	Foreign exchange loss	
Interest expense	(3,571)	-	-	(3,571)	Interest expense	
Others	(1,435)	-	-	(1,435)	Other losses	
	(8,639)	-	-	(8,639)		
Income before income tax	61,175	163	-	61,338	Income before income tax	
Income tax benefit	3,022	78	-	3,100	Income tax benefit	e)
Net income	$ 64,197	$ 241	$ -	64,438	Net income	
				6,847	Exchange differences on translating foreign operations	h)
				(17,173)	Valuation gain on available-for-sale financial assets, net	h)
				53	Share of the other comprehensive income of associates and jointly controlled entities accounted for using equity method	h)
				(10,273)	Other comprehensive income for the period, net of tax effect	
				$ 54,165	Total comprehensive income for the period	

4) Exemptions from IFRS 1

IFRS 1, "First-time Adoption of International Financial Reporting Standards" establishes the procedures for the Group's first consolidated financial statements prepared in accordance with IFRSs. According to IFRS 1, the Group is required to determine the accounting policies under IFRSs and retrospectively apply to those accounting policies in its opening balance sheet at the date of transition to IFRSs; except for optional exemptions to such retrospective application provided under IFRS 1. The main optional exemptions the Group adopted are summarized as follows:

a) Business combinations. The Group elected not to apply IFRS 3 "Business Combinations" retrospectively to business combinations occurred before the date of transition to IFRSs.

b) Share-based payment. The Group elected to take the optional exemption from applying IFRS 2 "Share-based Payment" retrospectively for the shared-based payment transactions granted and vested before the date of transition to IFRSs.

c) Employee benefits. The Group elected to recognize all cumulative actuarial gains and losses in retained earnings at the date of transition to IFRSs.

d) Cumulative translation differences:

The Group elected to recognize all cumulative translation adjustments arising from foreign operations into retained earnings at the date of transition to IFRSs.

The election of the foregoing optional exemption is subject to changes of the management's consideration and assessment; therefore, the actual results may vary. The impacts of the optional exemptions mentioned above were included in part 5 " Notes to the significant reconciliation of transition to IFRSs".

5) Notes to the significant reconciliation of transition to IFRSs

a) Presentation of prepayments for equipment

Before converting to IFRSs, prepayments for equipment were classified under property, plant and equipment; after transition to IFRSs, prepayments for equipment should be classified as prepayment under non-current assets.

On June 30, 2012, the amount reclassified from property, plant and equipment to other assets was $8,895 thousand.

b) Classification of investment properties

As of June 30, 2012, certain assets of the Group meet the definitions of IAS No. 40 "Investment Property" and were reclassified from other asset - leased assets to investment property in the amount of $81,780 thousand.

c) Classification of deferred charges

Before the transition to IFRSs, deferred charges are recorded as other assets; after the transition to IFRSs, they are reclassified as property, plant and equipment and intangible assets according to their nature.

As of June 30, 2012, deferred charges reclassified to property, plant and equipment and intangible assets were $4,736 thousand and $22,315 thousand, respectively.

d) Classifications of deferred income tax asset/liability and valuation allowance

Under R.O.C. GAAP, a deferred tax asset or liability is classified as current or non-current in accordance with the classification of its related asset or liability. However, if a deferred income tax asset or liability does not relate to an asset or liability in the financial statements, it is classified as either current or non-current based on the expected length of time before it is realized or settled. Under IFRSs, a deferred tax asset and liability is classified as non-current asset or liability and cannot be presented by offsetting each other.

In addition, under R.O.C. GAAP, valuation allowances are provided to the extent, if any, that it is more likely than not that deferred income tax assets will not be realized. Under IFRSs, deferred tax assets are only recognized to the extent that it is probable that there will be sufficient taxable profits and the valuation allowance account is no longer used.

As of June 30, 2012, deferred income tax assets reclassified to non-current assets was $38,425 thousand; the Company reclassified deferred tax liabilities $1,765 thousand which have been offset with deferred tax assets under R.O.C. GAAP to deferred tax liabilities.

e) Income tax

According to IAS No. 12 "Income Taxes", the Group shall adjust related income tax accounts (income tax expense or benefit, deferred income tax assets or liabilities) due to transition to IFRSs. For three months and six months ended June 30, 2012, the Group increased income tax profit by $78 thousand and $50 thousand, respectively, due to transition to IFRSs (increased by $78 thousand and $50 thousand in deferred tax assets, respectively.)

f) Employee benefits

The Group had previously applied an actuarial valuation on its defined benefit obligation and recognized the related pension cost and retirement benefit obligation in conformity with R.O.C. GAAP. Under IFRSs, the Group should carry out actuarial valuation on defined benefit obligation in accordance with IAS No. 19, "Employee Benefits." Further, the Company elected to recognize pension gains (losses) resulting from defined benefit plans as other comprehensive income immediately and subsequent reclassification to earnings is not permitted.

In addition, under R.O.C. GAAP, unrecognized transition net assets or obligations should be amortized on a straight-line basis over the employee's expected remaining service period. Under IFRSs, the unrecognized transition net obligations generated according to R.O.C. GAAP should be zero at the transition date.

Due to the transition to IFRSs, as of June 30, 2012, accrued pension cost (recorded as other liabilities) increased by $4,877 thousand; deferred pension costs decreased by $1,191 thousand; retained earnings decreased by $7,255 thousand; and net loss not recognized as pension cost decreased by $860 thousand. For three months and six months ended June 30, 2012, pension cost decreased by $163 thousand and $327 thousand, respectively; marketing expense decreased by $29 thousand and $63 thousand, respectively; general and administrative expense decreased by $39 thousand and $77 thousand, respectively; and research and development expense decreased by $95 thousand and $187 thousand, respectively.

g) Cumulative translation differences

The Group elected to record all cumulative translation adjustments as zero and recognized as retained earnings at the date of transition to IFRSs. As of June 30, 2012, cumulative translation adjustments (recorded as other equity) increased by $10,319 thousand and retained earnings decreased by $10,319 thousand.

h) Presentation of consolidated statement of comprehensive income

Under IFRSs, the consolidated statement of comprehensive income included current year net income and other comprehensive income. Certain accounts in the financial statements have been reclassified to conform to the presentation of financial statements under IFRSs.

6) Deemed costs of property, plant and equipment, investment properties and intangible assets.

The Company elected to measure its property, plant and equipment, investment properties and other intangible assets at the date of transition to IFRSs at cost model under IFRSs and used the carrying amounts as the deemed cost.

SHUTTLE INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
SIX MONTHS ENDED JUNE 30, 2013
(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.	$ 2,934,106	$ 1,957,025	$ 1,957,025	$ -	50.02%	$ 2,934,106
		S.C.C.	Indirect subsidiary of Holco (BVI) Inc.	2,934,106	8,948	8,948	8,948	0.23%	2,934,106

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.

TABLE 2

SHUTTLE INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2013
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2013				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	5,250	$ 1,896,756	100.00	$ 1,896,756	Note 4
	Gold Fountain Limited	Subsidiary	〃	19,525,886	573,672	100.00	573,672	Note 4
	Hong Yi Investment Co., Ltd.	Subsidiary	〃	16,000,000	131,395	100.00	131,395	Note 4
	Mediatek Inc.	-	Available-for-sale financial assets - current	30,420	17,765	-	10,601	
	Au Optronics Corp.	-	〃	216,298	12,682	-	2,357	
	Amtran Technology Co., Ltd.	-	〃	784,711	25,316	0.10	19,225	
	WT Microelectronics Co., Ltd.	-	〃	1,042,736	44,595	0.31	36,027	
	Prime View International Co., Ltd.	-	〃	1,835,000	105,852	0.17	31,837	
	ARMH-Arm Holdings Plc.	-	〃	11,450	8,446	-	12,445	
	Elitegroup Computer Systems Co., Ltd.	-	Available-for-sale financial assets - noncurrent	544,377	36,916	0.05	6,451	
	Twinmos Technologies Inc.	-	Financial assets carried at cost - noncurrent	805,000	-	0.39	-	Note 3
	Partner Tech Corp.	-	〃	1,193,508	7,352	1.98	14,789	Emerging stock
	Technology Partner IV Venture Capital Corp.	-	〃	1,530,000	15,300	3.24	8,577	
	iCatch Technology, Inc.	-	〃	2,500,000	35,000	4.55	25,256	
Holco (BVI) Inc.	Share certificate							
	S.H.K.	Subsidiary	Investments accounted for using equity method	-	1,828,542	100.00	1,828,542	Note 4
	S.C.A.	Subsidiary	〃	-	35,911	100.00	35,911	Note 4
	KAKI	Subsidiary	〃	-	3,650	75.00	3,650	Note 4
	Stock							
	Atron Mall, Inc.	Subsidiary	〃	197,500	12,486	100.00	12,486	Note 4

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2013 Shares/Units	Carrying Value (Note 3)	Percentage of Ownership (%)	Market Value or Net Asset Value (Note 1)	Note
Gold Fountain Limited	Stock							
	S.C.G.	Subsidiary	Investments accounted for using equity method	30,000	$ 116,195	100.00	$ 116,195	Note 4
	S.C.H.	Subsidiary	〃	-	165,002	100.00	165,002	Note 4
	S.C.J.	Subsidiary	〃	1,000	20,258	100.00	20,258	Note 4
	S.C.B.	Subsidiary	〃	638,085	6,596	100.00	6,596	Note 4
	Share certificate							
	S.C.M.	Subsidiary	〃	-	9,422	100.00	9,422	Note 4
	S.C.E.	Subsidiary	〃	-	5,135	100.00	5,135	Note 4
	S.C.Q.	Subsidiary	〃	-	27,981	100.00	27,981	Note 4
	S.C.S.	Subsidiary	〃	-	220,342	100.00	220,342	Note 4
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	22,591	
	WT Microelectronics Co., Ltd.	-	〃	728,438	31,154	0.22	25,168	
	Prime View International Co., Ltd.	-	〃	476,000	28,646	0.04	8,259	
	Partner Tech Corp.	-	Financial assets carried at cost - noncurrent	1,631,901	10,052	2.70	20,221	Emerging stock
	GVision Co., Ltd.	-	〃	365	-	-	-	Note 3
Atron Mall, Inc.	Share certificate							
	S.C.C.	Subsidiary	Investments accounted for using equity method	-	12,092	75.00	12,092	Note 4
S.C.S.	Share certificate							
	Shanghai Wiwin Information Technology Co., Ltd.	-	Investments accounted for using equity method	-	6,244	30.00	6,244	

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, 2013.

Note 2: Available-for-sale financial assets are stated at the original acquisition cost.

Note 3: An impairment loss was recognized to the full amount of the original acquisition cost.

Note 4: The amount was eliminated upon consolidation.

(Concluded)

SHUTTLE INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SIX MONTHS ENDED JUNE 30, 2013
(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	4,835.55	$ 1,579,644	434.45	$ 133,482 (Note 1)	20	$ 5,956 (Note 2)	$ -	$ 132,023 (Note 3)	$ 57,563	5,250	$ 1,896,756 (Note 4)
Holco (BVI) Inc.	Domestic unquoted common stocks S.H.K.	Investment accounted for using equity method	-	Subsidiary	- -	1,511,598	-	137,195 (Note 1)	-	-	-	127,543 (Note 3)	52,206	-	1,828,542 (Note 4)

Note 1: The amounts are acquisition of additional investment.

Note 2: The investee returned capital in cash.

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

Note 4: The amount was eliminated upon consolidation.

SHUTTLE INC. AND SUBSIDIARIES

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, 2013
(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	$ (111,467)	(23)	Within 120 days	Note 1	Month end 120 days	$ 49,165	17	
Shuttle Inc.	S.C.H.	Subsidiary of Gold Fountain Limited	Sale	(209,718)	(43)	Within 120 days	Note 1	Month end 120 days	118,466	40	
S.C.G.	Shuttle Inc.	Parent company of Gold Fountain Limited	Purchase	111,467	86	Within 120 days	Note 1	Month end 120 days	(49,165)	(91)	
S.C.H.	Shuttle Inc.	Parent company of Gold Fountain Limited	Purchase	209,718	96	Within 120 days	Note 1	Month end 120 days	(118,466)	(99)	

Note: The prices were determined after taking the different market area into consideration.

SHUTTLE INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2013
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Shuttle Inc.	S.C.H.	Subsidiary	$ 118,466	-	$ -	-	$ 33,849	$ -
S.H.K.	S.C.C.	Indirect subsidiary of Holco (BVI) Inc.	177,075	-	-	-	7,232	-
S.C.S.	S.H.K.	Subsidiary of Holco (BVI) Inc.	986,106	-	-	-	220,663	-

Note: The amount was eliminated upon consolidation.

TABLE 6

SHUTTLE INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2013
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2013	December 31, 2012	Shares	Percentage of Ownership	Carrying Value			
Shuttle Inc.	Holco (BVI) Inc.	B.V.I.	Holding company	$ 1,563,928	$ 1,436,402	5,250	100	$ 1,896,756	$ 132,023	$ 132,023	Subsidiary; Notes 1 and 4
	Gold Fountain Limited	Cayman Islands	Holding company	844,564	844,564	19,525,866	100	573,672	55,150	55,150	Subsidiary; Notes 1 and 4
	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	131,395	(85)	(85)	Subsidiary; Notes 2 and 4
	Shuttle Computer Incorporation	1F., No. 30, Ln. 76, Ruiguang Rd., Neihu Dist., Taipei City	Selling of computer peripherals	-	50,000	-	-	-	-	-	Subsidiary; Notes 2 and 3
Holco (BVI) Inc.	S.H.K.	Unit 511 5/F, Tower 1 Silvercord 30 Canton Road Kl	Selling of computer peripherals	1,502,008	1,364,813	-	100	1,828,542	127,543	127,543	Indirect subsidiary; Notes 1 and 4
	S.C.A.	48389 Fremont Blvd Ste 110 Fremont CA 94538-6558	Selling of computer peripherals	25,737	25,737	-	100	35,911	11,851	11,851	Indirect subsidiary; Notes 2 and 4
	KAKI	2F, West Wing, Guanghua Building, Terra 8th Road, Futian District, Shenzhen	Selling of computer peripherals	43,024	43,024	-	75	3,650	(11,845)	(8,884)	Indirect subsidiary; Notes 2 and 4
	Atron Mall, Inc.	17068 Evergreen PL, City of Industry, CA 91745 U.S.A.	Holding company	7,834	7,834	197,500	100	12,486	1,366	1,366	Indirect subsidiary; Notes 2 and 4
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	116,195	(7,907)	(7,907)	Indirect subsidiary; Notes 2 and 4
	S.C.H.	Fritz-Strassmann Str. 5 D-25337 Elmshorn, Germany	Selling of computer peripherals	239,815	239,815	-	100	165,002	3,645	3,645	Indirect subsidiary; Notes 2 and 4
	Shuttle International Brazil Informatica Ltda.	Avenida Brigadeiro Faria Lima, 1903-CJ. 143 - Jardim Paulist Ano	Selling of computer peripherals	10,624	10,624	638,085	100	6,596	(1,536)	(1,536)	Indirect subsidiary; Notes 2 and 4
	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	9,422	9,714	9,714	Indirect subsidiary; Notes 2 and 4
	S.C.J.	7F, Aioisonpo Building, 2-8-11 Sumiyosi Koutou-Ku Tokyo 135-0002, Japan	Selling of computer peripherals	34,658	34,658	1,000	100	20,258	1,305	1,305	Indirect subsidiary; Notes 2 and 4
	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	5,135	(42)	(42)	Indirect subsidiary; Notes 2 and 4
	S.C.Q.	No. 520, Haoteng Road, Development Zone, Kunshan Jiangsu P.R. China	Selling of computer peripherals	32,010	32,010	-	100	27,981	(16)	(16)	Indirect subsidiary; Notes 2 and 4
	S.C.S.	No. 200, Central Suhong Rd. Integrated Free Trade Zone, Suzhou Industrial Park	Selling of computer peripherals	215,745	215,745	-	100	220,342	49,989	49,989	Indirect subsidiary; Notes 1 and 4
Atron Mall, Inc.	S.C.C.	Santa Clara 301 of 2806 Hue Churaba, Santiago, Chile	Selling of computer peripherals	5,440	5,440	-	75	12,092	1,865	1,399	Notes 2 and 4

(Continued)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2013	December 31, 2012	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	$ 7,495	$ 7,495	-	30	$ 6,244	$ (2,850)	$ (855)	Note 2

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

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

Note 3: Shuttle Computer liquidated and returned all shares to Shuttle on March 29, 2013.

Note 4: The ending balance of the investments, investment gain (loss) and the Company's share in the investee's equity were eliminated upon consolidation.

(Concluded)

SHUTTLE INC. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2013
(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, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2013	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2013	Accumulated Inward Remittance of Earnings as of June 30, 2013
					Outflow	Inflow					
S.C.M.	Selling of computer peripherals	$ 40,457	(Note 1)	$ 40,457	$ -	$ -	$ 40,457	100	$ 9,714	$ 9,422	$ -
S.C.E.	Selling of computer peripherals	25,736	(Note 1)	25,736	-	-	25,736	100	(42)	5,135	-
S.C.Q.	Selling of computer peripherals	32,010	(Note 1)	32,010	-	-	32,010	100	(16)	27,981	-
S.C.S.	Selling of computer peripherals	215,745	(Note 1)	215,745	-	-	215,745	100	49,989	220,342	-
KAKI	Selling of computer peripherals	57,125	(Note 1)	43,024	-	-	43,024	75	(8,884)	3,650	-

Accumulated Investment in Mainland China as of June 30, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
$364,593	US$16,750,000	$3,925,191 × 60% = $2,355,115

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

Note 2: Except S.C.S., other investee companies were calculated on reviewed 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 amount was eliminated upon consolidation.

TABLE 8

SHUTTLE INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2013
(In Thousands of New Taiwan Dollars)

No.	Company Name	Related Party	Nature of Relationship (Note)	Transaction Details			% to Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
0	Shuttle Inc.	S.C.H.	1	Trade receivables from related parties	$ 118,466	Month end 120 days	1
			1	Trade payables from related parties	249	Month end 120 days	-
			1	Sales revenue	209,718	Month end 120 days	3
		S.C.G.	1	Trade receivables from related parties	49,165	Month end 120 days	1
			1	Sales revenue	111,467	Month end 120 days	2
		S.C.J.	1	Trade receivables from related parties	30,445	Month end 120 days	-
			1	Trade payables from related parties	685	Month end 120 days	-
			1	Sales revenue	43,173	Month end 120 days	1
		S.C.M.	1	Trade receivables from related parties	14,212	Month end 120 days	-
			1	Sales revenue	11,941	Month end 120 days	-
		S.C.E.	1	Trade payables from related parties	1,970	Month end 120 days	-
		S.C.A.	1	Trade payables from related parties	256	Month end 120 days	-
		S.C.S.	1	Sales revenue	103	Month end 120 days	-
			1	Gain on disposal of property, plant and equipment	68	Month end 120 days	-
			1	Trade receivables from related parties	1,867	Month end 120 days	-
		S.H.K.	1	Trade receivables from related parties	69,232	Month end 120 days	1
			1	Trade payables from related parties	4,886	Month end 120 days	-
			1	Technical service income	361,239	Month end 120 days	5
			1	Cost of goods sold	10,155	Month end 120 days	-
			1	General and administrative expense	610	Month end 120 days	-
		S.C.Q.	1	Trade payables from related parties	5,236	Month end 120 days	-
			1	R&D - pilot production	15,071	Month end 120 days	-
1	S.C.H.	Shuttle Inc.	2	Trade receivables from related parties	249	Month end 120 days	-
			2	Trade payables from related parties	118,466	Month end 120 days	1
			2	Cost of goods sold	209,718	Month end 120 days	3
		S.C.G.	3	Sales revenue	724	Month end 120 days	-
2	S.C.G.	Shuttle Inc.	2	Trade payables from related parties	49,165	Month end 120 days	1
			2	Cost of goods sold	111,467	Month end 120 days	2
		S.H.K.	3	Trade payables from related parties	7	Month end 120 days	-
			3	Cost of goods sold	434	Month end 120 days	-
		S.C.H.	3	Cost of goods sold	724	Month end 120 days	-
		S.C.M.	3	Cost of goods sold	33	Month end 120 days	-
3	S.C.J.	Shuttle Inc.	2	Payment on behalf of others	685	Month end 120 days	-
			2	Trade payables from related parties	30,445	Month end 120 days	-
			2	Cost of goods sold	43,173	Month end 120 days	1

(Continued)

No.	Company Name	Related Party	Nature of Relationship (Note)	Transaction Details			% to Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
4	S.C.M.	Shuttle Inc.	2	Trade payables from related parties	$ 14,212	Month end 120 days	-
			2	Cost of goods sold	11,941	Month end 120 days	-
		S.C.E.	3	Trade payables from related parties	3,127	Month end 120 days	-
		S.H.K.	3	Trade payables from related parties	218	Month end 120 days	-
			3	Sales revenue	54	Month end 120 days	-
			3	Cost of goods sold	169	Month end 120 days	-
			3	Technical service income	44,559	Month end 120 days	1
		S.C.G.	3	Sales revenue	33	Month end 120 days	-
		KAKI	3	Sales revenue	3	Month end 120 days	-
			3	Trade receivables from related parties	3	Month end 120 days	-
5	S.C.A.	Shuttle Inc.	2	Trade receivables from related parties	256	Month end 120 days	-
		S.H.K.	3	Trade receivables from related parties	35,461	Month end 120 days	-
			3	Other non-operating gains	39,501	Month end 120 days	1
		S.C.S.	3	Trade receivables from related parties	168	Month end 120 days	-
		S.C.C.	3	Selling expense	312	Month end 120 days	-
6	S.C.E.	Shuttle Inc.	2	Trade receivables from related parties	1,970	Month end 120 days	-
		S.C.M.	3	Trade receivables from related parties	3,127	Month end 120 days	-
		S.H.K.	3	Trade receivables from related parties	51	Month end 120 days	-
		KAKI	3	Cost of goods sold	3	Month end 120 days	-
			3	Trade receivables from related parties	12	Month end 120 days	-
7	S.C.S.	Shuttle Inc.	2	Trade payables from related parties	1,867	Month end 120 days	-
			2	Cost of goods sold	171	Month end 120 days	-
		S.H.K.	3	Trade payables from related parties	12,119	Month end 120 days	-
			3	Trade receivables from related parties	986,109	Month end 120 days	11
			3	Sales revenue	245,611	Month end 120 days	3
			3	Operating expense (employment benefit)	1,279	Month end 120 days	-
		S.C.A.	3	Trade payables from related parties	168	Month end 120 days	-
8	S.H.K.	Shuttle Inc.	2	Trade receivables from related parties	4,886	Month end 120 days	-
			2	Trade payables from related parties	69,232	Month end 120 days	1
			2	Sales revenue	10,765	Month end 120 days	-
			2	Selling expense	361,239	Month end 120 days	5
		S.C.G.	3	Trade receivables from related parties	7	Month end 120 days	-
			3	Sales revenue	434	Month end 120 days	-
		S.C.A.	3	Trade payables from related parties	35,461	Month end 120 days	-
			3	Selling expense	39,501	Month end 120 days	1
		S.C.M.	3	Trade receivables from related parties	218	Month end 120 days	-
			3	Sales revenue	169	Month end 120 days	-
			3	Cost of goods sold	54	Month end 120 days	-
			3	Selling expense	44,559	Month end 120 days	1
		S.C.S.	3	Trade receivables from related parties	12,119	Month end 120 days	-
			3	Trade payables from related parties	986,109	Month end 120 days	11
			3	Sales revenue	1,279	Month end 120 days	-
			3	Processing cost	238,910	Month end 120 days	3
			3	General and administrative expense	6,701	Month end 120 days	-
		S.C.E.	3	Trade payables from related parties	51	Month end 120 days	-

(Continued)

No.	Company Name	Related Party	Nature of Relationship (Note)	Transaction Details			% to Total Sales or Assets
				Financial Statement Account	Amount	Payment Terms	
		KAKI	3	Trade receivables from related parties	$ 16,016	Month end 120 days	-
			3	Sales revenue	25,261	Month end 120 days	-
			3	Cost of goods sold	1,178	Month end 120 days	-
		S.C.Q.	3	Sales revenue	2,205	Month end 120 days	-
		S.C.C.	3	Trade receivables from related parties	177,075	Month end 120 days	2
			3	Sales revenue	72,171	Month end 120 days	1
			3	Selling expense	2,123	Month end 120 days	-
9	S.C.Q.	Shuttle Inc.	2	Trade receivables from related parties	5,236	Month end 120 days	-
			2	Sales revenue	15,071	Month end 120 days	-
		S.H.K.	3	Cost of goods sold	2,205	Month end 120 days	-
10	KAKI	S.H.K.	3	Trade payables from related parties	16,016	Month end 120 days	-
			3	Sales revenue	1,178	Month end 120 days	-
			3	Cost of goods sold	25,261	Month end 120 days	-
		S.C.M.	3	Trade payables from related parties	3	Month end 120 days	-
			3	Cost of goods sold	3	Month end 120 days	-
		S.C.E.	3	Trade payables from related parties	12	Month end 120 days	-
11	S.C.C.	S.H.K.	3	Trade payables from related parties	177,075	Month end 120 days	2
			3	Cost of goods sold	72,171	Month end 120 days	1
			3	Other non-operating gains	1,542	Month end 120 days	-
			3	Other non-operating gains	581	Month end 120 days	-
		S.C.A.	3	Other non-operating gains	312	Month end 120 days	-

Note: Related party transactions are divided into three categories as follows:

1. The Company to subsidiaries.
2. Subsidiaries to subsidiaries.
3. Subsidiaries to the Company.

(Concluded)