Shuttle Inc. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2014 and 2013 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Shuttle Inc.

We have reviewed the accompanying consolidated balance sheets of Shuttle Inc. (the "Company") and subsidiaries (collectively, "the Group") as of June 30, 2014 and 2013, and the related consolidated statements of comprehensive income for the three months ended June 30, 2014 and 2013 and six months ended June 30, 2014 and 2013, and changes in equity and cash flows for the six months ended June 30, 2014 and 2013. 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 subsidiaries included in the consolidated financial statements were unreviewed. The total assets and total liabilities of these subsidiaries as of June 30, 2014 were 12.50% (NT$809,717 thousand) and 3.55% (NT$88,338 thousand), respectively, of consolidated total assets and consolidated total liabilities, respectively. The total assets and total liabilities of these subsidiaries as of June 30, 2013 were 11.02% (NT$960,774 thousand) and 3.05% (NT$146,321 thousand), respectively, of consolidated total assets and consolidated total liabilities, respectively. The total comprehensive income (loss) of these subsidiaries for the three months ended June 30, 2014 and 2013 and for the six months ended June 30, 2014 and 2013 were NT$(69,361) thousand, NT$13,604 thousand, NT$12,905 thousand and NT$77,813 thousand, 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 as of and for the six months ended June 30, 2014 and 2013, as explained in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements of Shuttle Inc. and its subsidiaries referred to above for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

August 13, 2014

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

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

For the convenience of readers, the independent auditors’ 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 auditors’ review report and consolidated financial statements shall prevail.

SHUTTLE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	June 30, 2014 (Reviewed)		December 31, 2013 (Audited)		June 30, 2013 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 2,245,654	35	$ 1,474,228	17	$ 1,159,613	13
Financial assets at fair value through profit or loss - current (Note 7)	4,539	-	-	-	-	-
Available-for-sale financial assets - current (Note 8)	181,956	3	209,525	2	168,510	2
Notes receivable (Note 9)	576	-	5,197	-	1,407	-
Accounts receivable (Note 9)	1,940,980	30	5,026,539	56	4,867,347	56
Other receivables (Note 9)	22,470	-	35,850	-	19,490	-
Current tax assets	6,638	-	11,877	-	14,370	-
Inventories (Note 10)	812,920	13	844,644	10	1,315,698	15
Prepayments (Note 11)	84,595	1	137,500	2	124,407	1
Other current assets (Note 17)	284,192	4	278,589	3	132,646	2
Total current assets	5,584,520	86	8,023,949	90	7,803,488	89
NONCURRENT ASSETS						
Available-for-sale financial assets - noncurrent (Note 8)	-	-	5,755	-	6,451	-
Financial assets measured at cost (Note 12)	65,409	1	65,409	1	67,704	1
Investments accounted for using the equity method (Note 13)	-	-	-	-	6,244	-
Property, plant and equipment (Note 14)	559,527	9	583,457	7	596,741	7
Investment properties (Note 15)	81,089	1	81,261	1	81,435	1
Other intangible assets (Note 16)	21,284	1	17,258	-	16,039	-
Deferred tax assets (Note 4)	145,275	2	123,587	1	119,384	2
Other noncurrent assets (Note 17)	18,356	-	19,712	-	24,661	-
Total noncurrent assets	890,940	14	896,439	10	918,659	11
TOTAL	$ 6,475,460	100	$ 8,920,388	100	$ 8,722,147	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	$ 464,963	7	$ 920,527	10	$ 733,143	8
Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	6,646	-	563	-
Accounts payable (Note 19)	1,133,427	18	2,840,031	32	3,223,900	37
Accounts payable to related parties (Note 32)	-	-	-	-	289	-
Other payables (Note 20)	614,760	10	599,445	7	565,352	6
Current tax liabilities (Note 4)	26,162	-	540	-	23	-
Provisions - current (Note 21)	81,068	1	125,312	1	160,212	2
Advance receipts	57,886	1	78,234	1	52,808	1
Other current liabilities	15,966	-	15,745	-	13,513	-
Total current liabilities	2,394,232	37	4,586,480	51	4,749,803	54
NONCURRENT LIABILITIES						
Deferred tax liabilities (Note 4)	94,647	1	75,276	1	39,320	1
Accrued pension liabilities (Note 4)	-	-	-	-	1,429	-
Other noncurrent liabilities	1,539	-	1,442	-	1,157	-
Total noncurrent liabilities	96,186	1	76,718	1	41,906	1
Total liabilities	2,490,418	38	4,663,198	52	4,791,709	55
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Common shares	3,489,593	54	3,503,603	39	3,401,313	39
Capital surplus	235,922	4	237,724	3	220,300	3
Retained earnings						
Legal reserve	79,478	1	32,952	-	32,952	-
Special reserve	127,501	2	215,275	3	215,275	3
Unappropriated earnings	115,510	2	465,258	5	187,100	2
Total retained earnings	322,489	5	713,485	8	435,327	5
Other equity	(21,331)	-	(154,960)	(2)	(131,749)	(2)
Treasury shares	(31,309)	(1)	(29,141)	-	-	-
Total equity attributable to owners of the Company	3,995,364	62	4,270,711	48	3,925,191	45
NONCONTROLLING INTERESTS	(10,322)	-	(13,521)	-	5,247	-
Total equity	3,985,042	62	4,257,190	48	3,930,438	45
TOTAL	$ 6,475,460	100	$ 8,920,388	100	$ 8,722,147	100

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

(With Deloitte & Touche review report dated August 13, 2014)

SHUTTLE INC. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 32)								
Sales	$ 1,888,839	101	$ 4,070,893	101	$ 4,023,871	101	$ 7,178,724	101
Less: Sales returns and allowances	13,257	1	41,882	1	22,227	1	60,006	1
Net sales	1,875,582	100	4,029,011	100	4,001,644	100	7,118,718	100
OPERATING COSTS (Note 10)								
Cost of goods sold	1,656,575	88	3,500,098	87	3,429,210	86	6,238,431	88
GROSS PROFIT	219,007	12	528,913	13	572,434	14	880,287	12
OPERATING EXPENSES								
Selling and marketing	72,158	4	159,392	4	252,378	6	322,639	4
General and administrative	66,767	3	60,353	1	124,537	3	124,404	2
Research and development	86,472	5	112,804	3	164,308	4	204,965	3
Total operating expenses	225,397	12	332,549	8	541,223	13	652,008	9
OTHER REVENUE AND EXPENSES (Note 24)	-	-	154	-	1,077	-	143	-
PROFIT (LOSS) FROM OPERATIONS	(6,390)	-	196,518	5	32,288	1	228,422	3
NONOPERATING INCOME AND EXPENSES								
Valuation gain (loss) on financial instruments at fair value through profit or loss	9,682	-	(1,660)	-	4,539	-	(563)	-
Interest income	2,441	-	1,305	-	4,196	-	2,153	-
Rental revenue	995	-	761	-	1,570	-	1,466	-
Share of the loss of associates and jointly controlled entities accounted for using the equity method	-	-	(234)	-	-	-	(855)	-
Other income	1,455	-	13,357	-	4,620	-	18,601	-
Gain (loss) on disposal of investment (Note 8)	1,063	-	(7,741)	-	(150,713)	(4)	(7,741)	-
Interest expense	(3,667)	-	(2,405)	-	(7,397)	-	(4,744)	-
Foreign exchange loss, net (Note 24)	(7,160)	-	(1,056)	-	(2,243)	-	(7,558)	-
Other losses	(2,950)	-	(1,022)	-	(5,707)	-	(8,279)	-
Total nonoperating income and expenses	1,859	-	1,305	-	(151,135)	(4)	(7,520)	-

(Continued)

SHUTTLE INC. AND SUBSIDIARIES

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

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
PROFIT (LOSS) BEFORE INCOME TAX	$ (4,531)	-	$ 197,823	5	$ (118,847)	(3)	$ 220,902	3
INCOME TAX EXPENSE (Note 25)	(28,573)	(2)	(24,692)	-	(27,137)	(1)	(23,952)	-
NET PROFIT (LOSS) FOR THE PERIOD	(33,104)	(2)	173,131	5	(145,984)	(4)	196,950	3
OTHER COMPREHENSIVE INCOME (LOSS)								
Exchange differences on translating foreign operations	(57,227)	(3)	18,741	-	3,665	-	72,706	1
Unrealized gain (loss) on available-for-sale financial assets	(18,962)	(1)	(10,395)	-	113,047	3	229	-
Share of the other comprehensive income of associates and jointly controlled entities accounted for using the equity method	-	-	129	-	-	-	326	-
Other comprehensive income (loss) for the period, net of income tax	(76,189)	(4)	8,475	-	116,712	3	73,261	1
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ (109,293)	(6)	$ 181,606	5	$ (29,272)	(1)	$ 270,211	4
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	$ (31,452)	(2)	$ 174,445	4	$ (148,537)	(4)	$ 199,445	3
Noncontrolling interests	(1,652)	-	(1,314)	-	2,553	-	(2,495)	-
	$ (33,104)	(2)	$ 173,131	4	$ (145,984)	(4)	$ 196,950	3
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	$ (107,696)	(6)	$ 183,115	5	$ (32,471)	(1)	$ 272,651	4
Noncontrolling interests	(1,597)	-	(1,509)	-	3,199	-	(2,440)	-
	$ (109,293)	(6)	$ 181,606	5	$ (29,272)	(1)	$ 270,211	4
EARNINGS (LOSS) PER SHARE (New Taiwan dollars; Note 26)								
Basic	$(0.09)		$0.51		$(0.43)		$0.59	
Diluted			$0.51				$0.58	

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

(With Deloitte & Touche review report dated August 13, 2014) (Concluded)

SHUTTLE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Cash Dividends Per Share)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company											
			Retained Earnings			Other Equity (Note 23)						
	Share Capital (Notes 23 and 27)	Capital Surplus (Note 27)	Legal Reserve	Special Reserve	Unappropriated Earnings (Notes 23 and 25)	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unearned Employee Benefit	Treasury Shares (Note 23)	Total	Noncontrolling Interests	Total Equity
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 - NT$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 - NT$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 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
BALANCE, JANUARY 1, 2014	$ 3,503,603	$ 237,724	$ 32,952	$ 215,275	$ 465,258	$ 14,014	$ (141,515)	$ (27,459)	$ (29,141)	$ 4,270,711	$ (13,521)	$ 4,257,190
Appropriation of the 2013 earnings												
Legal reserve	-	-	46,526	-	(46,526)	-	-	-	-	-	-	-
Special reserve	-	-	-	(87,774)	87,774	-	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$0.7 per share	-	-	-	-	(242,459)	-	-	-	-	(242,459)	-	(242,459)
	-	-	46,526	(87,774)	(201,211)	-	-	-	-	(242,459)	-	(242,459)
Share-based payment arrangement	(14,010)	(1,802)	-	-	-	-	-	17,563	-	1,751	-	1,751
Buyback of common shares	-	-	-	-	-	-	-	-	(2,168)	(2,168)	-	(2,168)
Net profit (loss) for the six months ended June 30, 2014	-	-	-	-	(148,537)	-	-	-	-	(148,537)	2,553	(145,984)
Other comprehensive income for the six months ended June 30, 2014, net of income tax	-	-	-	-	-	3,019	113,047	-	-	116,066	646	116,712
Total comprehensive income (loss) for the six months ended June 30, 2014	-	-	-	-	(148,537)	3,019	113,047	-	-	(32,471)	3,199	(29,272)
BALANCE, JUNE 30, 2014	$ 3,489,593	$ 235,922	$ 79,478	$ 127,501	$ 115,510	$ 17,033	$ (28,468)	$ (9,896)	$ (31,309)	$ 3,995,364	$ (10,322)	$ 3,985,042

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

(With Deloitte & Touche review report dated August 13, 2014)

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	
	2014	**2013**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ (118,847)	$ 220,902
Adjustments to reconcile income (loss) before income tax to net cash provided by operating activities:		
Depreciation	27,934	28,679
Amortization	74,449	54,347
Impairment loss (reversal of impairment loss) recognized on accounts receivable	(13,101)	6,708
Valuation loss (gain) on financial assets and liabilities at fair value through profit or loss, net	(4,539)	563
Interest expenses	7,397	4,744
Compensation expense	10,158	-
Interest income	(4,196)	(2,153)
Share of the loss of associates and jointly controlled entities accounted for using the equity method	-	855
Gain on disposal of property, plant and equipment	(1,077)	(143)
Loss on disposal of investment	150,713	7,741
Provision for loss on inventory	29,300	68,247
Loss on foreign exchange	611	1,242
Changes in operating assets and liabilities:		
Financial assets held for trading	(6,646)	(574)
Notes receivable	4,621	180
Accounts receivable	3,095,819	(1,432,802)
Other receivables	13,458	(4,388)
Inventories	2,424	(120,005)
Prepayment	(17,325)	(121,039)
Other current assets	(18,685)	32,889
Accounts payable	(1,704,629)	829,809
Accounts payable to related parties	-	289
Other payables	(225,753)	26,450
Provisions	(44,489)	33,032
Advance receipts	(20,348)	20,794
Other current liabilities	221	(10,318)
Accrued pension liabilities	-	368
Cash generated from (used in) operations	1,237,470	(353,583)
Interest paid	(7,397)	(4,744)
Income tax paid	(2,987)	(3,848)
Net cash generated from (used in) operating activities	1,227,086	(362,175)

(Continued)

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	
	2014	**2013**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of available-for-sale financial assets	$ (244,719)	$ -
Proceeds of the disposal of available-for-sale financial assets	240,379	1,754
Acquisition of property, plant and equipment	(2,827)	(515)
Proceeds of the disposal of property, plant and equipment	1,593	735
Acquisition of intangible assets	(8,243)	(1,794)
Proceeds of the disposal of intangible assets	-	52
Decrease (increase) in other financial assets	13,082	(21,109)
Decrease (increase) in other noncurrent assets	1,356	(2,870)
Interest received	4,118	2,065
Net cash generated from (used in) investing activities	4,739	(21,682)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term loans	(455,564)	222,016
Return of subscription price of restricted shares for employees	(11,850)	-
Payments for buyback of common shares	(2,168)	-
Increase in guarantee deposits	97	48
Net cash generated from (used in) financing activities	(469,485)	222,064
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	9,086	67,273
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	771,426	(94,520)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,474,228	1,254,133
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2,245,654	$ 1,159,613

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

(With Deloitte & Touche review report dated August 13, 2014) (Concluded)

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

1. GENERAL INFORMATION

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 (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 13, 2014.

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

a. The 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet effective

Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39	January 1, 2009 and January 1, 2010, as appropriate
Amendment to IAS 39 "Embedded Derivatives"	Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010)	July 1, 2010 and January 1, 2011, as appropriate
Annual Improvements to IFRSs 2009-2011 Cycle	January 1, 2013
Amendment to IFRS 1 "Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"	July 1, 2010
Amendment to IFRS 1 "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters"	July 1, 2011
Amendment to IFRS 1 "Government Loans"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Offsetting Financial Assets and Financial Liabilities"	January 1, 2013
Amendment to IFRS 7 "Disclosure - Transfer of Financial Assets"	July 1, 2011
IFRS 10 "Consolidated Financial Statements"	January 1, 2013

(Continued)

New, Amended and Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note)
IFRS 11 "Joint Arrangements"	January 1, 2013
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 "Investment Entities"	January 1, 2014
IFRS 13 "Fair Value Measurement"	January 1, 2013
Amendment to IAS 1 "Presentation of Other Comprehensive Income"	July 1, 2012
Amendment to IAS 12 "Deferred Tax: Recovery of Underlying Assets"	January 1, 2012
IAS 19 (Revised 2011) "Employee Benefits"	January 1, 2013
IAS 27 (Revised 2011) "Separate Financial Statements"	January 1, 2013
IAS 28 (Revised 2011) "Investments in Associates and Joint Ventures"	January 1, 2013
Amendment to IAS 32 "Offsetting Financial Assets and Financial Liabilities"	January 1, 2014
IFRIC 20 "Stripping Costs in Production Phase of a Surface Mine"	January 1, 2013

(Concluded)

Note: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

Except for the following, the initial application of the above 2013 IFRSs version has not had 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.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group was continuingly to assess other possible impacts that the application of the 2013 IFRSs version will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

b. New IFRSs in issue but not yet endorsed by FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendment to IFRS 11 " Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2017
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
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 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

The initial application of the above New IFRSs has not had any material impact on the Group's accounting policies, except for the following:

IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

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

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuingly assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 and IAS 34 “Interim Financial Reporting” as endorsed by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual financial statements.

b. Basis of consolidation

<u>Subsidiary included in consolidated financial statements</u>

			% of Ownership			
Investor	**Investee**	**Main Business**	**June 30, 2014**	**December 31, 2013**	**June 30, 2013**	**Remark**
Shuttle Inc. (Shuttle)	Holco (BVI) Inc.	Investments holding company	100.00	100.00	100.00	
	Hong Yi Investment Co., Ltd. (Hong Yi)	Investment	100.00	100.00	100.00	2)
	Gold Fountain Limited	Investments holding company	100.00	100.00	100.00	
Holco (BVI) Inc.	Atron Mall, Inc. (Atron Mall)	Investments holding company	100.00	100.00	100.00	2)
	Kaki Infotech (Shenzhen) Ltd. (Kaki)	Selling and maintaining computer and its peripheral products	75.00	75.00	75.00	2)
	Shuttle International Inc. (S.C.A.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	2)
	Shuttle Computer (H.K.) Ltd., (S.H.K.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	
Gold Fountain Limited	Shuttle Computer Handels GmbH (S.C.H.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	2)
	Shuttle Computer Group Inc. (S.C.G.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	2)
	Japan Shuttle Co., Ltd. (S.C.J.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	2)
	Shuttle Commerce (Shenzhen) Ltd. (S.C.M.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	2)
	Shuttle Technology (Shenzhen) Ltd. (S.C.E.)	Selling and maintaining computer and its peripheral products	-	-	-	1)
	Shuttle Information Technology (Sip) Ltd. (S.C.S.)	Selling and maintaining computer and its peripheral products	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	2)
	Shuttle International Brazil Informatica Ltda (S.C.B.)	Selling and maintaining computer and its peripheral products	100.00	100.00	100.00	2)
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	2)

1) Shuttle Technology (Shenzhen) Ltd. liquidated and returned all shares to Shuttle on September, 2013.

2) The Company is a non-significant subsidiary, its financial statements have not been reviewed.

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, 2014 were $809,717 thousand and $88,338 thousand, representing 12.50% of consolidated total assets and 3.55% of consolidated total liabilities, respectively. 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 comprehensive income (loss) of these subsidiaries for the three months ended June 30, 2014 and 2013 and for the six months ended June 30, 2014 and 2013 were $(69,361) thousand, $13,604 thousand, $12,905 thousand and $77,813 thousand, respectively.

c. Other significant accounting policies

1) Retirement benefit costs

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

2) Income taxes

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

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 year ended December 31, 2013.

6. CASH AND CASH EQUIVALENTS

	June 30, 2014	December 31, 2013	June 30, 2013
Cash on hand	$ 895	$ 811	$ 1,098
Checking accounts and demand deposits	862,221	1,243,373	745,909
Cash equivalents			
Time deposits with maturities of less than three months	1,382,538	230,044	400,792
Repurchase agreements collateralized by bonds	-	-	11,814
	$ 2,245,654	$ 1,474,228	$ 1,159,613

The market rate intervals of cash in bank, repurchase agreements collateralized by bonds and time deposits with maturities of less than three months at the end of the reporting period were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Demand deposits	0.01%-5.64%	0.01%-5.64%	0.01%-5.64%
Time deposits with maturities of less than three months	0.30%-2.50%	0.30%-0.88%	0.20%-0.89%
Repurchase agreement collateralized by bonds	-	-	1.5%

Time deposits with maturities of more than three months on June 30, 2014, December 31, 2013 and June 30, 2013 were $245,099 thousand, $258,181 thousand and $105,750 thousand respectively, which were classified as other current assets (Note 17).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2014	December 31, 2013	June 30, 2013
Financial assets held for trading			
Derivatives (not designated for hedge)			
Forward exchange contracts	$ 4,539	$ -	$ -
Financial liabilities held for trading			
Derivatives (not designated for hedge)			
Forward exchange contracts	$ -	$ 6,646	$ 563

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, 2014			
Sell	EUR/NTD	2014.7.9-2014.10.28	EUR5,937/NTD246,187
Sell	JPY/NTD	2014.7.7-2014.10.16	JPY108,600/NTD32,051
December 31, 2013			
Sell	EUR/NTD	2014.1.6-2014.5.19	EUR6,101/NTD242,848
Sell	JPY/NTD	2014.1.9-2014.6.3	JPY64,200/NTD18,911
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

The Company entered into derivative contracts during the six months ended June 30, 2014 and 2013 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, 2014	December 31, 2013	June 30, 2013
Domestic investments			
Domestic listed stocks and emerging stocks	$ 181,956	$ 196,602	$ 162,516
Foreign investments			
Foreign listed stocks	-	18,678	12,445
	$ 181,956	$ 215,280	$ 174,961
Current	$ 181,956	$ 209,525	$ 168,510
Noncurrent	-	5,755	6,451
	$ 181,956	$ 215,280	$ 174,961

Unrealized gain (loss) on available-for-sale financial assets

	For the Six Months Ended June 30	
	2014	2013
Balance, beginning of period	$ (141,515)	$ (148,409)
Unrealized loss on available-for-sale financial assets	(37,666)	(7,512)
Disposal loss on available-for-sale financial assets	150,713	7,741
Balance, end of period	$ (28,468)	$ (148,180)

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	June 30, 2014	December 31, 2013	June 30, 2013
Notes receivable	$ 576	$ 5,197	$ 1,407
Accounts receivable	$ 1,964,503	$ 5,063,865	$ 4,893,467
Less: Allowance for doubtful accounts	(23,523)	(37,326)	(26,120)
	$ 1,940,980	$ 5,026,539	$ 4,867,347
Other receivables	$ 22,470	$ 35,850	$ 19,490

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. Accounts receivable

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

For the accounts 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.

Movements of the allowance for doubtful accounts were as follows:

	For the Six Months Ended June 30	
	2014	2013
Balance, beginning of period	$ 37,326	$ 19,069
Add: Impairment losses recognized (reversed) on receivables	(13,101)	6,708
Deduct: Amounts written off as uncollectible	(957)	-
Effect of exchange rate changes	255	343
Balance, end of period	$ 23,523	$ 26,120

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, 2014, there was no past due other receivables and the Group had not recognized allowance for impairment on other receivables.

10. INVENTORIES

	June 30, 2014	December 31, 2013	June 30, 2013
Finished goods	$ 293,237	$ 315,077	$ 346,114
Work in process	10,000	129,205	156,048
Raw materials	471,412	370,133	768,438
Merchandise	38,271	30,229	45,098
	$ 812,920	$ 844,644	$ 1,315,698

The cost of inventories recognized as cost of goods sold for the three months and six months ended June 30, 2014 included loss on write-downs of inventories $12,392 thousand and $29,300 thousand, respectively. The cost of inventories recognized as cost of goods sold for the three months and six months ended June 30, 2013 included loss on write-downs of inventories $65,542 thousand and $68,247 thousand, respectively.

11. PREPAYMENTS

	June 30, 2014	December 31, 2013	June 30, 2013
Prepayment for purchase	$ 33,133	$ 33,573	$ 60,888
Prepaid expenses - mold template	18,040	76,616	37,851
Other prepaid expenses	33,422	27,311	25,668
	$ 84,595	$ 137,500	$ 124,407

12. FINANCIAL ASSETS MEASURED AT COST

	June 30, 2014	December 31, 2013	June 30, 2013
Current			
Domestic unquoted common shares	$ 48,005	$ 48,005	$ 50,300
Domestic emerging market stocks	17,404	17,404	17,404
	$ 65,409	$ 65,409	$ 67,704

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.

The Group received from investee cash of $2,295 thousand on August 2013, as return of capital.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2014	December 31, 2013	June 30, 2013
Investments in associates			
Shanghai Wiwin Information Technology Co., Ltd.	$ -	$ -	$ 6,244

On September 2013, the Group evaluated the Shanghai Wiwin Information Technology Co., Ltd. and recognized impairment loss of $5,969 thousand and was classified as nonoperating income and expenses.

As of 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, 2014	December 31, 2013	June 30, 2013
Shanghai Wiwin Information Technology Co., Ltd.	30%	30%	30%

As of June 30, 2014 and December 31, 2013, the Group recognized impairment loss and resulted in zero carrying value of investments accounted for using the equity method.

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.

14. PROPERTY, PLANT, AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Miscellaneous Equipment	Leasehold Improvements	Other Equipment	Total
Cost								
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, 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	-	-	(41)	(6,437)	(837)	-	(818)	(8,133)
Effect of foreign exchange differences	-	222	567	213	326	1,348	259	2,935
Balance at June 30, 2013	$ -	$ 68,312	$ 58,591	$ 17,125	$ 23,038	$ 40,322	$ 24,926	$ 232,314
Carrying amounts at June 30, 2013	$ 279,120	$ 181,113	$ 45,080	$ 12,694	$ 18,027	$ 34,580	$ 26,127	$ 596,741
Cost								
Balance at January 1, 2014	$ 279,423	$ 252,297	$ 105,718	$ 29,112	$ 37,160	$ 84,360	$ 54,760	$ 842,830
Additions	-	350	746	1,206	124	324	2,127	4,877
Disposal	-	-	(5,530)	(4,173)	(2,047)	(972)	(120)	(12,842)
Effect of foreign exchange differences	(48)	(156)	(301)	(51)	(23)	(497)	(229)	(1,305)
Balance at June 30, 2014	$ 279,375	$ 252,491	$ 100,633	$ 26,094	$ 35,214	$ 83,215	$ 56,538	$ 833,560
Accumulated depreciation and impairment								
Balance at January 1, 2014	$ -	$ 73,691	$ 62,542	$ 19,302	$ 22,948	$ 52,523	$ 28,367	$ 259,373
Depreciation expense	-	2,298	4,256	2,064	2,357	12,920	3,867	27,762
Disposal	-	-	(5,530)	(3,657)	(2,047)	(972)	(120)	(12,326)
Effect of foreign exchange differences	-	(115)	(63)	(33)	(17)	(445)	(103)	(776)
Balance at June 30, 2014	$ -	$ 75,874	$ 61,205	$ 17,676	$ 23,241	$ 64,026	$ 32,011	$ 274,033
Carrying amounts at January 1, 2014	$ 279,423	$ 178,606	$ 43,176	$ 9,810	$ 14,212	$ 31,837	$ 26,393	$ 583,457
Carrying amounts at June 30, 2014	$ 279,375	$ 176,617	$ 39,428	$ 8,418	$ 11,973	$ 19,189	$ 24,527	$ 559,527

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

Buildings	
Main building	35-60 years
Renovation	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

Refer to Note 33 for the carrying amount of property, plant and equipment pledged by the Group to secure its loans.

15. INVESTMENT PROPERTIES

	June 30, 2014	December 31, 2013	June 30, 2013
Land	$ 69,954	$ 69,954	$ 69,954
Buildings	11,135	11,307	11,481
	$ 81,089	$ 81,261	$ 81,435

Except for depreciation expense recognized, the Group had no significant addition, disposal, and impairment on investment properties during the six months ended June 30, 2014 and 2013.

The investment properties held by the Group were depreciated over their estimated useful lives, using the straight-line method.

Buildings	
Main buildings	40 - 60 years
Renovation	10 - 35 years
Air-conditioning	2 years

The fair value of the Group's investment properties as of June 30, 2014, December 31, 2013 and June 30, 2013 was $244,469 thousand, $250,176 thousand and $256,359 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.

16. OTHER INTANGIBLE ASSETS

	June 30, 2014	December 31, 2013	June 30, 2013
Computer software	$ 21,284	$ 17,258	$ 16,039

Except for recognizing amortization expense, there is no material addition, disposal and impairment in the six months ended June 30, 2014 and 2013.

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, 2014	December 31, 2013	June 30, 2013
Current			
Other financial assets			
Time deposits with maturities of more than three months	$ 245,099	$ 258,181	$ 105,750
Other	39,093	20,408	26,896
	$ 284,192	$ 278,589	$ 132,646
Noncurrent			
Refundable deposits	$ 18,352	$ 19,662	$ 23,802
Others	4	50	859
	$ 18,356	$ 19,712	$ 24,661

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

	June 30, 2014	December 31, 2013	June 30, 2013
Time deposits with maturities of more than three months	0.30%-3.10%	0.30%-3.10%	0.27%-2.85%

18. SHORT-TERM LOANS

	June 30, 2014	December 31, 2013	June 30, 2013
Usance letters of credit	$ 464,963	$ 920,527	$ 733,143

Annual interest rates were as follows:

	June 30, 2014	December 31, 2013	June 30, 2013
Usance letters of credit	1.12%-1.85%	1.17%-2.01%	1.10%-1.53%

19. ACCOUNTS PAYABLE

	June 30, 2014	December 31, 2013	June 30, 2013
Accounts payable - operating	$ 1,133,427	$ 2,840,031	$ 3,223,900

20. OTHER PAYABLES

	June 30, 2014	December 31, 2013	June 30, 2013
Dividends	$ 242,459	$ -	$ 170,065
Accrued salary and compensation	110,804	131,365	131,983
Accrual bonuses to employees and remuneration to directors and supervisors	55,716	55,716	14,360
Advertising and promotion fees payable	37,155	39,558	40,444
Royalty	36,339	38,162	25,301
Commission	22,179	69,569	30,092
Payable for mold template	9,460	80,867	57,123
Others	100,648	184,208	95,984
	$ 614,760	$ 599,445	$ 565,352

21. PROVISIONS

	June 30, 2014	December 31, 2013	June 30, 2013
Warranties	$ 81,068	$ 125,312	$ 160,212

	Warranties
Balance at January 1, 2013	$ 127,180
Additional provisions recognized	48,357
Usage	(17,692)
Effect of foreign currency exchange differences	2,367
Balance at June 30, 2013	$ 160,212
Balance at January 1, 2014	$ 125,312
Additional provisions recognized	(36,955)
Usage	(7,534)
Effect of foreign currency exchange differences	245
Balance at June 30, 2014	$ 81,068

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits that will be required under the Group's obligations for warranties under local legislation on sale of goods. The estimate had been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

22. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2013 and 2012, and recognized in the following line items in their respective periods:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Operating costs	$ -	$ 13	$ 1	$ 37
Marketing expenses	$ -	$ 26	$ 1	$ 74
General and administrative expenses	$ -	$ 23	$ 1	$ 66
Research and development expenses	$ -	$ 84	$ 2	$ 233

23. EQUITY

a. Common shares

	June 30, 2014	December 31, 2013	June 30, 2013
Number of authorized shares (thousand)	500,000	500,000	500,000
Authorized shares	$ 5,000,000	$ 5,000,000	$ 5,000,000
Number of shares issued and collected proceeds (thousand)	348,959	350,360	340,131
Issued shares	$ 3,489,593	$ 3,503,603	$ 3,401,313

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, 2014, December 31, 2013 and June 30, 2013, the shares issued and fully paid of the Company include private equity of $0 thousand, $0 thousand and $500,000 thousand, respectively, which were not public issuance.

In their meeting on June 15, 2012, the shareholders of the Company approved a restricted stock plan for employees which were reflected in Note 27.

b. Capital surplus

A reconciliation of the carrying amount at the beginning and at the six months ended June 30, 2014 and 2013 for each class of capital surplus was as follows:

	Share Premium	Treasury Share Transactions	Change in Capital Surplus from Investments in Associates Accounted for by Using Equity Method	Restricted Stock Plan for Employees	Total
Balance at January 1, 2013	$ 201,765	$ 104,984	$ 2,325	$ -	$ 309,074
Issue of cash dividends from capital surplus	(88,774)	-	-	-	(88,774)
Balance at June 30, 2013	$ 112,991	$ 104,984	$ 2,325	$ -	$ 220,300

(Continued)

	Share Premium	Treasury Share Transactions	Change in Capital Surplus from Investments in Associates Accounted for by Using Equity Method	Restricted Stock Plan for Employees	Total
Balance at January 1, 2014	$ 120,191	$ 104,984	$ 2,325	$ 10,224	$ 237,724
Arising on share - based payments	4,476	-	-	(6,278)	(1,802)
Balance at June 30, 2014	$ 124,667	$ 104,984	$ 2,325	$ 3,946	$ 235,922

(Concluded)

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 and once a year.

The capital surplus from investments accounted for using equity method may be used to offset a deficit. The capital surplus from restricted stock plan for employees may not be used for any purpose.

c. Retained earnings and dividend policy

Before distributing a dividend or making any other distribution to shareholders, the Company must pay all outstanding taxes, offset deficits in prior years and set aside a legal reserve equity to 10% of its net income, and depending on its business needs or requirements, may also set aside or reverse special reserves. Based on the Company's Articles of Incorporation, the bonus to directors and profit sharing with the Company's employees should not be more than 3% and not be less than 8% of the distributable earnings, respectively, and the cash dividend should not exceed 10% of the total distribution.

Bonus to employees and remuneration to directors and supervisors are usually calculated at 8% and 3%, 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, 2014, there was no bonus to employees and no remuneration to directors and supervisors because the amount of distributable earnings was not sufficient.

The Company appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC on April 6, 2012 and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

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.

Except for non-ROC resident shareholders, all shareholders are entitled to a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2013 and 2012 had been approved in the shareholders' meetings on June 19, 2014 and June 20, 2013, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31		**Dividends Per Share (NT$) For the Year Ended December 31**	
	2013	**2012**	**2013**	**2012**
Legal reserve	$ 46,526	$ 31,826		
Special reserve	(87,774)	205,139		
Cash dividends	242,459	81,291	$0.70	$0.239

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

	For the Year Ended December 31	
	2013	**2012**
	Cash Dividends	**Cash Dividends**
Bonus to employees	$ 40,521	$ 6,504
Remuneration of directors and supervisors	15,195	2,439

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 19, 2014 and June 21, 2013 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2013 and 2012, respectively.

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

The Company had a decrease in retained earnings that resulted from all IFRSs adjustments; therefore, no special reserve was appropriated.

e. Other equity - unearned employee benefit

In the meeting of shareholders on June 15, 2012, the shareholders approved a restricted share plan for employees. Refer to Note 27 for the information on restricted shares issued.

f. Treasury shares

(Shares in Thousands)

Purpose of Treasury Stock (To Maintain the Company's Creditability and Shareholders' Interest)	**Number of Shares, End of Period**
Number of shares at January 1, 2014	2,626
Increase during the year	174
Number of shares at June 30, 2014	2,800

The Company spent $2,168 thousand to buy 174 thousand shares of treasury stock in order to maintain the Company's creditability and shareholder's interest on January 2014.

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.

24. NET PROFIT

a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Gain on disposal of property, plant and equipment	$ -	$ 154	$ 1,077	$ 143

b. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Depreciation				
Operating cost	$ 7,557	$ 6,143	$ 15,438	$ 14,903
Operating expenses	6,228	7,591	12,324	13,604
Nonoperating expenses and losses	86	86	172	172
	$ 13,871	$ 13,820	$ 27,934	$ 28,679
Amortization				
Operating cost	$ 29,187	$ 24,017	$ 70,349	$ 51,337
Operating expenses	1,946	1,635	4,100	3,010
	$ 31,133	$ 25,652	$ 74,449	$ 54,347

c. Employee benefit expenses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Post-employment benefit				
Defined contribution plans	$ 9,152	$ 10,898	$ 18,441	$ 21,443
Defined benefit plans	-	146	5	410
	9,152	11,044	18,446	21,853
Share-based payments				
Equity-settled share - based payments	5,591	-	10,158	-
Other employee benefit	209,369	266,339	423,465	503,768
Total employee benefit expenses	$ 224,112	$ 277,383	$ 452,069	$ 525,621
Summary by function				
Operating costs	$ 51,812	$ 61,784	$ 107,741	$ 117,112
Operating expenses	172,300	215,599	344,328	408,509
	$ 224,112	$ 277,383	$ 452,069	$ 525,621

d. Gain (loss) on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Foreign exchange gain	$ 3,061	$ 9,071	$ 21,960	$ 14,918
Foreign exchange loss	(10,221)	(10,127)	(24,203)	(22,476)
Net loss	$ (7,160)	$ (1,056)	$ (2,243)	$ (7,558)

25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Current tax				
In respect of the current year	$ 2,273	$ (14,154)	$ 3,396	$ (13,116)
Income tax expense of unappropriate earnings	26,405	-	26,405	-
In respect of prior periods	-	2,021	-	2,021
	28,678	(12,133)	29,801	(11,095)
Deferred tax				
In respect of the current year	(105)	36,825	(2,664)	35,047
Income tax expense recognized in profit or loss	$ 28,573	$ 24,692	$ 27,137	$ 23,952

b. Integrated income tax

	June 30, 2014	December 31, 2013	June 30, 2013
Unappropriated earnings			
Unappropriated earnings generated on and after January 1, 1998	$ 115,510	$ 465,258	$ 187,100
Imputation credit account	$ 2,658	$ 699	$ 31

The creditable ratios for the distribution of the earnings of 2013 and 2012 were 0.53% and 1.33%, respectively.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs

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 through 2011, except income tax return for 2009 of Shuttle. The tax authorities have examined income tax returns of Hong Yi Investment Co., Ltd. through 2012.

26. EARNINGS (LOSS) PER SHARE

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

Net Profit (Loss) for the Period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Earnings (loss) used in the computation of basic and diluted earnings (loss) per share	$ (31,452)	$ 174,445	$ (148,537)	$ 199,445

Shares

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Weighted-average number of common shares in computation of basic earnings (loss) per share	348,996	340,131	349,372	340,131
Effect of dilutive potential common shares:				
Bonus paid to employees		977		1,044
Weighted average number of common shares used in the computation of diluted earnings per share		341,108		341,175

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.

27. SHARE-BASED PAYMENT ARRANGEMENTS - RESTRICTED SHARES FOR EMPLOYEES

In their meeting on June 15, 2012, the shareholders of the Company approved a restricted stock plan for employees with a total amount of $125,000 thousand, consisting of 12,500 thousand shares, and the issue prices was $6 per share. The plan was approved by the Financial Supervisory Commission and effective on June 21, 2013.

On August 9, 2013, the board of directors approved to issue restricted shares with a total amount of $120,000 thousand, consisting of 12,000 thousand shares. The grant date and issuance date of restricted share were August 9, 2013 and September 6, 2013, respectively. The fair value was $12 per share on grant date. The Company recognized compensation cost of $32,397 thousand and $10,158 thousand for the year ended December 31, 2013 and for the six months ended June 30, 2014, respectively. Because part of employees resigned, the Company recalled 1,771 thousand shares and 1,401 thousand shares and returned issue price of $7,182 thousand and $11,850 thousand to resigned employees for the year ended December 31, 2013 and for the six months ended June 30, 2014, respectively.

Movements in the accounts related to restricted shares for employees from the date of grant to June 30, 2014 were as follows:

	Common Shares	Capital Surplus - Restricted Shares for Employees	Capital Surplus - Share Premium	Unearned Employee Benefit
Grant date - August 2013	$ -	$ 139,666	$ -	$ (69,833)
Issuance date - September 2013	120,000	(120,000)	-	-
Recognized compensation cost	-	-	-	32,397
Change in employee turnover rate	-	1,300		(650)
Vesting conditions met	-	(7,200)	7,200	-
Ineffectiveness from employees resignation	(17,710)	(3,542)	-	10,627
Balance at December 31, 2013	102,290	10,224	7,200	(27,459)
Recognized compensation cost	-	-	-	10,158
Vesting conditions met	-	(4,476)	4,476	-
Ineffectiveness from employees resignation	(14,010)	(1,802)	-	7,405
Balance at June 30, 2014	$ 88,280	$ 3,946	$ 11,676	$ (9,896)

The restrictions on the rights of the employees who acquired restricted shares but have not met the vesting conditions are as follows:

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

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

28. PARTIAL CASH TRANSACTIONS

For the six months ended June 30, 2014 and 2013, the Company entered into the following partial cash investing activities:

	For the Six Months Ended June 30	
	2014	2013
Paid partial cash to acquire property, plant and equipment		
Acquistions of property, plant and equipment	$ 4,877	$ 3,495
Net change in payables to equipment suppliers	(2,050)	(2,980)
Cash paid	$ 2,827	$ 515

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 10 years.The Company does not have an option to purchase the property at the expiry of the lease period.

The lease payments recognized as expenses were as follows:

For the Three Months Ended June 30		For the Six Months Ended June 30	
2014	**2013**	**2014**	**2013**
$ 16,424	$ 15,632	$ 33,272	$ 31,524

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

	June 30, 2014	December 31, 2013	June 30, 2013
Within one year	$ 50,072	$ 34,092	$ 32,973
Longer than one year but within five years	75,398	28,358	29,069
Longer than five years	-	752	-
	$ 125,470	$ 63,202	$ 62,042

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.

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

	June 30, 2014	December 31, 2013	June 30, 2013
Within one year	$ 1,320	$ 1,200	$ 2,400

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

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

The management believes the carrying value of the financial assets and financial liabilities not carried at fair value is approximately equal to the fair value.

2) Fair value measurements recognized in the consolidated balance sheets

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

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

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

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

June 30, 2014

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 4,539	$ -	$ 4,539
Available-for-sale financial assets				
Securities listed in ROC and other countries	$ 181,956	$ -	$ -	$ 181,956

December 31, 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC and other countries	$ 215,280	$ -	$ -	$ 215,280
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 6,646	$ -	$ 6,646

June 30, 2013

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC and other countries	$ 174,961	$ -	$ -	$ 174,961
Financial liabilities at FVTPL				
Derivative financial liabilities	$ -	$ 563	$ -	$ 563

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

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

a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices;

b) The fair values of derivative instruments were calculated using quoted prices. Foreign currency forward contracts were calculated based on the forward exchange rate on the maturity date quoted by the financial institutions separately. Estimates and assumptions used in valuation techniques are consistent with the information used by market participants in determining the prices of financial instruments.

b. Categories of financial instruments

	June 30, 2014	December 31, 2013	June 30, 2013
Financial assets			
Measured at FVTPL			
Held for trading	$ 4,539	$ -	$ -
Loans and receivables (Note 1)	4,473,131	6,819,657	6,177,409
Available-for-sale financial assets (Note 2)	247,365	280,689	242,665
Financial Liabilities			
Measured at FVTPL			
Held for trading	-	6,646	563
Measured at amortized cost (Note 3)	2,213,150	4,360,003	4,522,684

Note 1: The balances included cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits 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, note payable, accounts 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, 2014	December 31, 2013	June 30, 2013
Assets			
USD	$ 524,227	$ 1,111,572	$ 1,137,678
EUR	244,544	242,102	152,753
JPY	38,530	19,617	39,316
RMB	74,828	74,330	72,978
Liabilities			
USD	504,571	1,106,639	1,126,495
JPY	979	-	685
EUR	764	737	557

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	
	2014	2013	2014	2013
Loss	$ (983)	$ (559)	$ (1,878)	$ (1,932)

	RMB		EUR	
	For the Six Months Ended June 30		For the Six Months Ended June 30	
	2014	2013	2014	2013
Loss	$ (3,741)	$ (3,649)	$ (12,189)	$ (7,610)

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, EUR, RMB and Japanese Yen 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, 2014	December 31, 2013	June 30, 2013
Fair value interest rate risk			
Financial assets	$ 1,383,510	$ 490,343	$ 439,227
Cash flow interest rate risk			
Financial assets	861,249	1,241,255	744,189
Financial liabilities	464,963	920,527	733,143

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 loss for the six months ended June 30, 2014 would decrease/increase by $495 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, 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.

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, 2014, December 31, 2013 and June 30, 2013, the ratio of total receivables from the main customers were 77%, 65% and 82%, 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, 2014, December 31, 2013 and June 30, 2013, the Group's unused bank financing limits were $2,251,999 thousand, $820,352 thousand and $613,705 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, 2014

	Weighted-average Effective Interest Rate (%)	Within One Month	1 to 3 Months	3 Months to 1 Year
Financial liabilities - non-derivative				
Non-interest bearing	-	$ 217,060	$ 492,073	$ 1,039,054
Floating interest rate instruments	1.119-1.85	-	366,130	98,833
		$ 217,060	$ 858,203	$ 1,137,887

December 31, 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	-	$ 939,583	$ 1,184,178	$ 1,315,715
Floating interest rate instruments	1.17-2.01	-	684,318	236,209
		$ 939,583	$ 1,868,496	$ 1,551,924

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

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, 2014

	Less Than 1 Month	1 to 3 Months	3 Months to 1 Year
Gross settled			
Forward exchange contracts			
Inflow	$ 97,367	$ 180,871	$ -
Outflow	(95,246)	(178,858)	-
	$ 2,121	$ 2,013	$ -

December 31, 2013

	Less Than 1 Month	1 to 3 Months	3 Months to 1 Year
Gross settled			
Forward exchange contracts			
Inflow	$ 58,386	$ 168,293	$ 35,079
Outflow	(59,879)	(173,326)	(35,711)
	$ (1,493)	$ (5,033)	$ (632)

June 30, 2013

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

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	
	2014	2013	2014	2013
Sales				
Associates	$ -	$ -	$ -	$ 24

2) Payables

	June 30, 2014	December 31, 2013	June 30, 2013
Others	$ -	$ -	$ 289

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	
	2014	2013	2014	2013
Short-term benefit	$ 10,784	$ 15,639	$ 19,852	$ 28,093
Post-employment benefit	201	363	390	735
Share - based payment	994	-	1,786	-
	$ 11,979	$ 16,002	$ 22,028	$ 28,828

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, 2014	December 31, 2013	June 30, 2013
Property, plant and equipment, net	$ 443,013	$ 444,788	$ 446,562
Investment property, net	81,047	81,220	81,393
	$ 524,060	$ 526,008	$ 527,955

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, 2014, December 31, 2013 and June 30, 2013 were as follows:

a. Unused letters of credit in the amount of $119,373 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, No. 7255424 and No. 7719847. The litigation is now under investigation. As of August 13, 2014, 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, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 4,320	29.865 (USD:NTD)	$ 129,030
USD	13,233	6.1528 (USD:RMB)	395,197
EUR	5,997	40.78 (EUR:NTD)	244,544
JPY	130,788	0.2946 (JPY:NTD)	38,530
RMB	15,416	4.8539 (RMB:NTD)	74,828
Financial liabilities			
Monetary items			
USD	6,962	29.865 (USD:NTD)	207,915
USD	9,933	6.1528 (USD:RMB)	296,656
EUR	19	40.78 (EUR:NTD)	764
JPY	3,325	0.2946 (JPY:NTD)	979

December 31, 2013

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 3,769	29.805 (USD:NTD)	$ 112,335
USD	33,526	6.0969 (USD:RMB)	999,237
EUR	5,892	41.09 (EUR:NTD)	242,102
JPY	69,098	0.2839 (JPY:NTD)	19,617
RMB	15,205	4.8885 (RMB:NTD)	74,330
Financial liabilities			
Monetary items			
USD	8,363	29.805 (USD:NTD)	249,259
USD	28,766	6.0969 (USD:RMB)	857,380
EUR	18	41.09 (EUR:NTD)	737

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

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 (excluding investments in subsidiaries, associates and joint controlled entities): Table 2 (attached);

d. Marketable securities acquired or disposed of at costs or prices of at least $300 million or 20% of the paid-in capital: None;

e. Acquisition of individual real estate at costs of at least $300 million or 20% of the paid-in capital: None;

f. Disposal of individual real estate at prices of at least $300 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 3 (attached);

h. Receivables from related parties amounting to at least $100 million or 20% of the paid-in capital: Table 4 (attached);

i. Derivative transactions of the Company: Notes 7 and 31; Derivative transaction of investees over which the Company has a controlling interest: None;

j. Intercompany relationships and significant transactions: Table 7 (attached).

k. Names, locations, and related information of investees over which the Company exercises significant influence: Table 5 (attached);

Information on investments in Mainland China:

a. Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 6 (attached);

b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

   1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 7 (attached);

   2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 7 (attached);

   3) The amount of property transactions and the amount of the resultant gains or losses: None;

   4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;

   5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: None;

   6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

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.

SHUTTLE INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
SIX MONTHS ENDED JUNE 30, 2014
(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.	$ 3,255,392	$ 2,928,621	$ 2,848,671	$ -	65.63%	$ 3,255,392

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

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

SHUTTLE INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2014
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2014				Note
				Shares/Units	Carrying Value (Note 2)	Percentage of Ownership (%)	Market Value or Net Asset Value (Note 1)	
Shuttle Inc.	Stock							
	Motech Industries Inc	-	Available-for-sale financial assets - current					
	Twinmos Technologies Inc.	-	Financial assets carried at cost - noncurrent	1,709,000	$ 102,349	0.39	$ 81,519	
	Partner Tech Corp.	-	〃	805,000	-	0.39	-	Note 3
	Technology Partner IVVenture Capital Corp.	-	〃	1,193,508	7,352	1.98	14,835	Emerging stock
	iCatch Technology, Inc.	-	〃	1,300,500	13,005	3.24	8,574	
				2,500,000	35,000	4.55	24,074	
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	22,712	
	Motech Industries Inc	-	〃	1,503,000	90,088	0.34	71,693	
	E-Ton Solar Tech Co., Ltd.	-	〃	10,000	211	-	214	
	Gintech Energy Corporation	-	〃	27,000	897	0.01	851	
	Entire Technology Co., Ltd.	-	〃	5,000	162	-	156	
	Win Semiconductors Corp.	-	〃	3,000	88	-	91	
	Elan Microelectronics Corp	-	〃	10,000	576	-	577	
	Edimax Technology Co., Ltd.	-	〃	5,000	74	-	75	
	C Sun Mfg Ltd.	-	〃	64,000	1,767	0.04	1,683	
	Getac Technology Corporation	-	〃	2,000	33	-	34	
	Alltek Technology Corp.	-	〃	20,000	621	0.02	606	
	Nuvoton Technology Corporation	-	〃	24,000	777	0.01	733	
	Chipmos TECHNOLOGIES INC.	-	〃	9,000	380	-	384	
	Compeq Manufaturing Co., Ltd.	-	〃	10,000	195	-	197	
	Princeton Technology Corporation	-	〃	11,000	149	0.01	145	
	Taiwan Pcb Techvest Co., Ltd.	-	〃	6,000	254	-	252	
	Zinwell Corporation	-	〃	1,000	34	-	34	
	Partner Tech Corp.	-	Financial assets carried at cost - noncurrent	1,631,901	10,052	2.70	20,284	Emerging stock
	Gvision Co., Ltd.	-	〃	365	-	-	-	Note 3

Note 1: 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, 2014.

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: Information of investees (refer to Tables 5 and 6).

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, 2014
(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.H.	Subsidiary of Gold Fountain Limited	Sale	$ (302,921)	(42)	Within 120 days	Note	Month end 120 days	$ 149,619	52	
S.C.H.	Shuttle Inc.	Parent company of Gold Fountain Limited	Purchase	302,921	92	Within 120 days	Note	Month end 120 days	(149,619)	(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, 2014
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance (Note 2)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Shuttle Inc.	S.C.H.	Subsidiary	$ 149,619	-	$ -	-	$ 96,583	$ -
S.H.K.	S.C.C.	Indirect subsidiary of Holco (BVI) Inc.	101,444 (Note 1)	-	101,444	Process in receiving	-	-
S.C.S.	S.H.K.	Subsidiary of Holco (BVI) Inc.	231,733	-	-	-	94,218	-

Note 1: The amount included accounts receivable $10,623 thousand and other receivables $90,821 thousand which were overdue; unrelated party payment term is over 3 months.

Note 2: The amount was eliminated upon consolidation.

SHUTTLE INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
SIX MONTHS ENDED JUNE 30, 2014
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2013			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2013	December 31, 2012	Shares	Percentage of Ownership	Carrying Value			
Shuttle Inc.	Holco (BVI) Inc.	B.V.I.	Holding company	$ 1,551,896	$ 1,551,896	5,210	100	$ 2,299,731	$ 179,644	$ 179,644	Subsidiary; Notes 1 and 5
	Gold Fountain Limited	Cayman Islands	Holding company	855,307	840,147	19,875,886	100	433,232	(63,945)	(63,945)	Subsidiary; Notes 1 and 5
	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	121,683	(22,905)	(22,905)	Subsidiary; Notes 2 and 5
Holco (BVI) Inc.	S.H.K.	Unit 511 5/F, Tower 1 Silvercord 30 Canton Road Kl	Selling of computer peripherals	1,502,008	1,502,008	50,001,300	100	2,288,744	159,789	159,789	Indirect Subsidiary; Notes 1 and 5
	S.C.A.	48389 Fremont Blvd Ste 110 Fremont CA 94538-6558	Selling of computer peripherals	25,737	25,737	80,000	100	37,518	12,258	12,258	Indirect Subsidiary; Notes 2 and 5
	KAKI	2F, West Wing, Guanghua Building, Terra 8th Road, Futian District, Shenzhen	Selling of computer peripherals	43,024	43,024	-	75	-	(87)	(65)	Indirect Subsidiary; Notes 2, 3 and 5
	Atron Mall, Inc.	17068 Evergreen PL, City of Industry, CA 91745 U.S.A.	Holding company	7,834	7,834	197,500	100	-	7,690	7,690	Indirect Subsidiary; Notes 2, 3 and 5
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	81,320	(15,722)	(15,722)	Indirect Subsidiary; Notes 2 and 5
	S.C.H.	Fritz-Strassmann Str. 5 D-25337 Elmshorn, Germany	Selling of computer peripherals	239,815	239,815	-	100	198,349	25,672	25,672	Indirect Subsidiary; Notes 2 and 5
	S.C.B.	Avenida Brigadeiro Faria Lima, 1903-CJ. 143 - Jardim Paulist Ano	Selling of computer peripherals	10,624	10,624	638,085	100	3,194	(1,834)	(1,834)	Indirect Subsidiary; Notes 2 and 5
	S.C.M.	6H, West Wing, No. 210 Bldg Terra Technical & Commercial Garden, Terra 4th Road, Shenzhen	Selling of computer peripherals	55,617	40,457	-	100	12,447	(7,333)	(7,333)	Indirect Subsidiary; Notes 2 and 5
	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	20,592	468	468	Indirect Subsidiary; Notes 2 and 5
	S.C.Q.	No. 520, Haoteng Road, Development Zone, Kunshan Jiangsu P.R. China	Selling of computer peripherals	32,010	32,010	-	100	27,100	(230)	(230)	Indirect Subsidiary; Notes 2 and 5
	S.C.S.	No. 200, Central Suhong Rd. Integrated Free Trade Zone, Suzhou Industrial Park	Selling of computer peripherals	215,745	215,745	-	100	140,709	(64,861)	(64,861)	Indirect Subsidiary; Notes 1 and 5
Atron Mall, Inc.	S.C.C.	Santa Clara 301 of 2806 Hue Churaba, Santiago, Chile	Selling of computer peripherals	5,440	5,440	-	75	-	10,301	7,726	Indirect Subsidiary; Notes 2, 3 and 5
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	-	(362)	-	Notes 2 and 4

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: The accumulated book value of KAKI, Atron Mall, Inc, and S.C.C. had a credit amount of $1,230 thousand, $29,430 thousand and $29,736 thousand as of June 30, 2014, respectively, and was classified as other liabilities.

Note 4: S.C.S. recognized impairment loss on its investments in Shanghai Wiwin Information Technology Co., Ltd. on September 2013.

Note 5: The amount was eliminated upon consolidation.

SHUTTLE INC. AND SUBSIDIARIES

INVESTMENT IN MAINLAND CHINA
SIX MONTHS ENDED JUNE 30, 2014
(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, 2014	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2014	Accumulated Inward Remittance of Earnings as of June 30, 2014
					Outflow	Inflow						
S.C.M.	Selling of computer peripherals	$ 55,617	(Note 1)	$ 40,457	$ 15,160	$ -	$ 55,617	$ (7,333)	100	$ (7,333)	$ 12,447	$ -
S.C.E.	Selling of computer peripherals	-	(Note 1)	25,736	-	-	25,736 (Note 5)	-	-	-	-	-
S.C.Q.	Selling of computer peripherals	32,010	(Note 1)	32,010	-	-	32,010	(230)	100	(230)	27,100	-
S.C.S.	Selling of computer peripherals	215,745	(Note 1)	215,745	-	-	215,745	(64,861)	100	(64,861)	140,709	-
KAKI	Selling of computer peripherals	57,125	(Note 1)	43,024	-	-	43,024	(87)	75	(65)	- (Note 3)	-

Accumulated Investment in Mainland China as of December 31, 2013	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
$364,593	US$16,750,000	$3,995,364 × 60% = $2,397,218

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: The accumulated book value had a credit amount of $1,230 thousand as of June 30, 2014 and was classified as other liabilities.

Note 4: 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 5: S.C.E. liquidated and returned all shares to shuttle on September 2013.

Note 6: The amount was eliminated upon consolidation.

SHUTTLE INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
SIX MONTHS ENDED JUNE 30, 2014
(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	Accounts receivable from related parties	$ 149,619	Month end 120 days	2
			1	Sales revenue	302,921	Month end 120 days	8
		S.C.G.	1	Accounts receivable from related parties	64,809	Month end 120 days	1
			1	Sales revenue	99,960	Month end 120 days	2
		S.C.J.	1	Accounts receivable from related parties	26,585	Month end 120 days	-
			1	Sales revenue	36,868	Month end 120 days	1
		S.C.M.	1	Accounts receivable from related parties	6,602	Month end 120 days	-
			1	Sales revenue	8,069	Month end 120 days	-
		S.C.S.	1	Gain on disposal of property, plant and equipment	34	Month end 120 days	-
		S.H.K.	1	Accounts receivable from related parties	23,172	Month end 120 days	-
			1	Technical service income	172,379	Month end 120 days	4
			1	Sales revenue	13,943	Month end 120 days	-
1	S.C.H.	Shuttle Inc.	2	Accounts receivable from related parties	327	Month end 120 days	-
			2	Other non -operating gains	1,147	Month end 120 days	-
2	S.C.M.	Shuttle Inc.	2	Sales revenue	1,956	Month end 120 days	-
		S.H.K.	3	Technical service income	34,358	Month end 120 days	1
			3	Accounts receivable from related parties	2,987	Month end 120 days	-
3	S.C.A.	S.H.K.	3	Accounts receivable from related parties	31,517	Month end 120 days	-
			3	Other non -operating gains	21,119	Month end 120 days	1
		Shuttle Inc.	2	Other non -operating gains	47	Month end 120 days	-
4	S.C.S.	S.H.K.	3	Accounts receivable from related parties	231,733	Month end 120 days	4
			3	Sales revenue	92,849	Month end 120 days	2
5	S.H.K.	Shuttle Inc.	2	Accounts receivable from related parties	2,139	Month end 120 days	-
			2	Sales revenue	2,542	Month end 120 days	-
		S.C.M.	3	Sales revenue	138	Month end 120 days	-
		S.C.S.	3	Sales revenue	345	Month end 120 days	-
		KAKI	3	Accounts receivable from related parties	2,389	Month end 120 days	-
		S.C.C.	3	Accounts receivable from related parties	101,444	Month end 150 days	2
6	S.C.G.	Shuttle Inc.	2	Accounts receivable from related parties	27	Month end 120 days	-
			2	Sales revenue	68	Month end 120 days	-
7	S.H.K.	S.H.K.	3	Accounts receivable from related parties	1,640	Month end 120 days	-
			3	Sales revenue	8,057	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.