Acter Co. Ltd. and Subsidiaries

Consolidated Financial Statements

March 31, 2013 and 2012

(With Independent Auditor's Review Thereon)

Independent Auditors' Review Report

The Board of Directors
Acter Co., Ltd.:

We have reviewed the accompanying consolidated balance sheets of Acter Co., Ltd. (Acter) and subsidiaries as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three months ended March 31, 2013 and 2012. These consolidated interim financial statements are the responsibility of the Acter's management. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

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

The financial statements of certain subsidiaries were consolidated based on their unreviewed financial statements. The total assets of these subsidiaries amounted to NT$2,244,709 thousand, NT$674,748 thousand, NT$1,365,776 thousand and NT$1,167,035 thousand, representing 32%, 10%, 22% and 17% of the related consolidated total assets and the total liabilities amounted to NT$1,409,272 thousand, NT$273,258 thousand, NT$793,854 thousand and NT$769,855 thousand, representing 36%, 7%, 24% and 18% of the related consolidated liabilities as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, respectively. The total comprehensive income of these subsidiaries amounted to NT$(16,866) thousand and NT$7,373 thousand, representing (11%) and 5% of the related consolidated comprehensive income for the three months ended March 31, 2013 and 2012, respectively.

As disclosed in Note 6(6) to the consolidated financial statements, the financial statements of equity-accounted investee were not reviewed by independent accountants. Long-term investment in the company amounted to NT$3,261 thousand and NT$11,924 thousand, as of March 31, 2013 and 2012, respectively, and the related investment loss amounted to NT$456 thousand and NT$3,255 thousand for the three months period then ended.

Based on our reviews, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of some consolidated subsidiaries and the equity-accounted investee been reviewed as described in the preceding paragraphs, we are not aware of any material modifications that should be made to the consolidated financial statements referred to the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and guidelines of International Accounting Standards No. 34 “Interim Financial Reporting” which are endorsed by the Financial Supervisory Commission, Republic of China.

Hsinchu, Taiwan (the Republic of China)

April 30, 2013

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations, and cash flows in accordance with the 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 accepted and applied in the Republic of China.

The auditors’ review report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language auditors’ review report and consolidated financial statements, the Chinese version shall prevail.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

March 31, 2013, December 31, 2012, March 31, 2012 And January 1, 2012

(In Thousands of New Taiwan Dollars)

		March 31,2013		December 31,2012		March 31,2012		January 1,2012	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Assets:								
1100	Cash and cash equivalents (Note 6(1))	$ 1,446,278	21	1,934,995	28	1,809,062	29	1,934,358	28
1125	Available-for-sale financial assets－current (Note 6(2))	366,984	5	248,842	4	207,206	3	82,143	1
1140	Financial assets carried at amortized cost－current (Note 6(2) and (8))	-	-	-	-	2,362	-	2,423	-
1150	Notes receivable, net (Note 6(3))	148,969	2	257,690	4	342,903	6	280,800	4
1170	Accounts receivable, net (Note 6(3))	1,732,255	25	1,695,667	25	1,244,385	20	1,672,137	25
1180	Receivables from related parties (Note 7)	14,434	-	29,525	-	128,753	-	340,642	5
1190	Construction contracts receivable (Note 6(4))	1,557,791	22	1,049,431	15	964,683	16	1,115,400	16
1210	Other receivables from related parties (Note 7)	11,066	-	11,931	-	-	-	-	-
1301	Inventories, net (Note 6(5))	831,198	12	790,922	12	592,816	10	789,250	11
1476	Other financial assets－current (Note 6(2) and (8))	84,980	2	102,721	1	119,377	3	146,029	3
1479	Other current assets	266,116	4	331,497	5	304,632	6	146,337	2
		6,460,071	93	6,453,221	94	5,716,179	93	6,509,519	95
	Non-current assets:								
1523	Available-for-sale financial assets－noncurrent (Note 6(2))	8,692	-	6,942	-	26,892	-	22,692	-
1543	Financial assets carried at cost－noncurrent (Note 6(2))	45	-	45	-	45	-	45	-
1550	Investment accounted for using equity method (Note 6(6))	3,261	-	3,620	-	11,924	-	15,562	-
1600	Property, plant and equipment (Note 6(7))	339,341	5	340,451	5	288,020	5	267,533	4
1760	Investment property, net (Note 6(8))	31,464	-	31,550	-	31,809	1	31,895	-
1780	Intangible assets	11,614	-	9,041	-	8,270	-	8,574	-
1840	Deferred tax assets	27,954	-	27,954	-	7,535	-	9,117	-
1920	Refundable deposits	8,307	-	8,710	-	11,238	-	11,761	-
1985	Long-term prepaid rents	37,852	1	36,974	1	37,670	1	38,862	1
1990	Other non-current assets	5,945	1	5,092	-	1,673	-	598	-
		474,475	7	470,379	6	425,076	7	406,639	5
	Total Assets	$ 6,934,546	100	6,923,600	100	6,141,255	100	6,916,158	100

		March 31,2013		December 31,2012		March 31,2012		January 1,2012	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:								
2100	Short-term loans (Note 6(10) and 8)	$ 136,827	2	152,160	2	71,064	1	160,166	2
2150	Notes payable	144,778	2	196,567	3	229,080	4	397,022	6
2170	Accounts payable	1,956,657	28	1,974,223	29	1,636,496	27	1,792,382	26
2180	Payables to related parties (Note 7)	3,013	-	642	-	10,274	-	10,272	-
2190	Construction contracts payable (Note 6(4))	356,867	5	391,275	6	412,352	7	588,118	9
2200	Other payables	161,043	3	245,568	4	127,562	2	205,947	3
2230	Current tax liabilities	98,532	1	112,817	2	109,211	2	126,235	2
2250	Provisions－current (Note 6(9))	66,473	1	76,524	1	107,282	2	70,052	1
2311	Advance sales receipts	778,265	11	702,074	10	456,333	7	719,605	10
2399	Other current liabilities	17,675	-	26,906	-	18,587	-	51,338	1
		3,720,130	53	3,878,756	57	3,178,241	52	4,121,137	60
	Non-current liabilities:								
2570	Deferred tax liabilities	203,040	3	180,562	3	167,314	3	155,910	2
2640	Accrued pension liabilities (Note 6(11))	32,701	-	33,110	-	31,036	-	31,097	-
2645	Guarantee deposit received	312	-	312	-	312	-	312	-
		236,053	3	213,984	3	198,662	3	187,319	2
	Total Liabilities	3,956,183	56	4,092,740	60	3,376,903	55	4,308,456	62
	Equity Attributable to Shareholders of the parent company (Note 6(13)):								
3110	Common stock	461,359	7	461,359	7	461,359	8	461,359	7
3211	Capital surplus	896,599	13	896,599	13	896,599	14	896,599	13
3300	Retained earnings	1,609,930	24	1,495,529	22	1,437,099	24	1,264,056	18
3400	Other equity interest	10,475	-	(22,627)	(2)	(30,705)	(1)	(14,312)	-
	Total Equity	2,978,363	44	2,830,860	40	2,764,352	45	2,607,702	38
	Total Liabilities And Equity	$ 6,934,546	100	6,923,600	100	6,141,255	100	6,916,158	100

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements Of Comprehensive Income

For The Three Months Ended March 31, 2013 And 2012

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the Three Months ended March 31			
		2013		2012	
		Amount	%	Amount	%
	Operating revenues:				
4521	Construction revenue (Note 6(4), (15) and 7)	$ 2,258,767	98	1,470,480	75
4529	Less: allowances	(375)	-	(230)	-
		2,258,392	98	1,470,250	75
4110	Sales	33,657	1	460,791	24
4800	Other operating revenue	14,923	1	13,922	1
		2,306,972	100	1,944,963	100
	Operating cost:				
5520	Construction cost (Note 7)	2,022,013	88	1,231,788	64
5110	Cost of goods sold (Note 6(5))	28,028	1	398,323	20
5800	Other operating cost	2,699	-	2,119	-
		2,052,740	89	1,632,230	84
	Gross profit	254,232	11	312,733	16
	Operating expenses:				
6100	Selling	31,669	1	20,936	1
6200	General and administrative	81,229	4	68,315	4
6300	Research and development	2,537	-	-	-
		115,435	5	89,251	5
	Operating income	138,797	6	223,482	11
	Non-operating income and expenses:				
7010	Other income (Note 6(16))	13,990	1	3,735	-
7020	Other gains and losses, net (Note 6(16))	1,220	-	12,192	1
7050	Finance costs (Note 6(16))	(1,097)	-	(1,262)	-
7060	Share of loss of associates accounted for using equity method (Note 6(16))	(456)	-	(3,255)	-
		13,657	1	11,410	1
7900	**Profit before tax**	152,454	7	234,892	12
7950	**Income tax expense** (Note 6(12))	38,053	2	61,849	3
8200	**Profit for the period (attributable to shareholders of the parent)**	**114,401**	**5**	**173,043**	**9**
	Other comprehensive income, net of tax：				
8310	Foreign currency translation differences－foreign operations	29,320	1	(22,702)	(1)
8325	Net change in fair value of available-for-sale financial assets	3,782	-	6,309	-
		33,102	1	(16,393)	(1)
8500	**Comprehensive income for the period(attributable to shareholders of the parent)**	**$ 147,503**	**6**	**156,650**	**8**
	Earnings per share ((attributable to shareholders of the parent)) (Note 6(14))				
9750	**Basic earnings per share**	**$ 2.48**		**3.75**	
9850	**Diluted earnings per share**	**$ 2.46**		**3.73**	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements Of Changes In equity

For The Three Months Ended March 31, 2013 And 2012

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to Shareholders of the Parent									
							Other equity interest			
			Retained earnings							
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappro-priated earnings	Total	Foreign currency translation adjustments	Unrealized gains(losses) on available-for-sale financial assets	Total	Total equity
Balance, January 1, 2012	$ 461,359	896,599	160,418	11,930	1,091,708	1,264,056	-	(14,312)	(14,312)	2,607,702
Profit for the period	-	-	-	-	173,043	173,043	-	-	-	173,043
Other comprehensive income for the period	-	-	-	-	-	-	(22,702)	6,309	(16,393)	(16,393)
Total comprehensive income for the period	-	-	-	-	173,043	173,043	(22,702)	6,309	(16,393)	156,650
Balance, March 31, 2012	**$ 461,359**	**896,599**	**160,418**	**11,930**	**1,264,751**	**1,437,099**	**(22,702)**	**(8,003)**	**(30,705)**	**2,764,352**
Balance, January 1, 2013	$ 461,359	896,599	216,384	39,790	1,239,355	1,495,529	(27,235)	4,608	(22,627)	2,830,860
Profit for the period	-	-	-	-	114,401	114,401	-	-	-	114,401
Other comprehensive income for the period	-	-	-	-	-	-	29,320	3,782	33,102	33,102
Total comprehensive income for the period	-	-	-	-	114,401	114,401	29,320	3,782	33,102	147,503
Balance, March 31, 2013	**$ 461,359**	**896,599**	**216,384**	**39,790**	**1,353,756**	**1,609,930**	**2,085**	**8,390**	**10,475**	**2,978,363**

Note 1: Employees' bonuses and remuneration to directors and supervisors in the amount of $17,232 and $14,428, respectively, had been charged against earnings of 2011.
Note 2: Employees' bonuses and remuneration to directors and supervisors in the amount of $35,122 and $17,242, respectively, had been charged against earnings of 2012.

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements Of Cash Flows

For The Three Months Ended March 31, 2013 And 2012

(All Amount Expressed in Thousands of New Taiwan Dollars)

	For the three months Ended March 31	
	2013	**2012**
Cash flows from operating activities:		
Profit before tax	$ 152,454	234,892
Adjustments:		
Items with no cash flow		
Depreciation	4,926	3,258
Amortization	1,303	1,014
Provision (reversal of provision) for bad debt expense	11,245	(13,928)
Share of loss of associates accounted for using equity method	456	3,255
Other	(854)	(441)
	17,076	(6,842)
Changes in operating assets and liabilities		
Changes in operating assets		
Notes receivable	108,721	(62,103)
Receivables from related parties	14,559	211,889
Accounts receivable	(48,464)	442,074
Construction contracts receivable	(508,360)	150,717
Other receivables from related parties	865	-
Inventories	(40,276)	196,434
Other financial assets	(685)	21,866
Other current assets	62,722	(160,662)
	(410,918)	800,215
Changes in operating liabilities		
Notes payable	(51,789)	(167,942)
Accounts payable	(17,566)	(155,886)
Payables to related parties	2,371	2
Construction contracts payable	(34,408)	(175,766)
Provisions	(11,131)	38,306
Advance sales receipts	76,191	(263,272)
Other current liabilities	(94,105)	(108,686)
Accrued pension liabilities	(409)	(61)
	(130,846)	(833,305)
	(541,764)	(33,090)
Total adjustments	(524,688)	(39,932)
Cash inflow (outflow) generated from operations	(372,234)	194,960
Interest received	2,659	2,367
Interest paid	(731)	(1,375)
Income taxes paid	(36,024)	(57,895)
Net cash generated by (used in) operating activities	(406,330)	138,057
Cash flows from investing activities：		
Acquisition of available-for-sale financial assets	(140,894)	(304,007)
Proceeds from disposal of available-for-sale financial assets	25,975	181,618
Acquisition of property, plant and equipment	(862)	(24,599)
Proceeds from disposal of property, plant and equipment	40	-
Acquisition of intangible assets	(3,510)	(463)
Decrease in refundable deposits	18,206	5,132
Decrease in other financial assets	623	177
Increase in other non-current assets	(1,327)	(1,259)
Net cash used in investing activities	(101,749)	(143,401)
Cash flows from financing activities：		
Decrease in short-term loans	(15,333)	(89,102)
Net cash used in financing activities	(15,333)	(89,102)
Effect of exchange rate changes on cash and cash equivalents	34,695	(30,850)
Net decrease in cash and cash equivalents	(488,717)	(125,296)
Cash and cash equivalents at beginning of period	1,934,995	1,934,358
Cash and cash equivalents at end of period	$ 1,446,278	1,809,062

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Co., Ltd. and Subsidiaries

Notes to Consolidated Financial Statements

March 31, 2013 and 2012

(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

1. Organization and business scope

Acter Co., Ltd. ("Acter") was incorporated on February 19, 1979, under the approval of the Ministry of Economic Affairs, R.O.C. The consolidated financial statements of the Company as of and for the three months ended March 31, 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities. Acter is engaged in providing construction, design, and maintenance services related to air conditioners, environmental control services, clean room set-up, ice water machine trading, energy storing equipment trading, ventilation engineering, and energy technology services. The principal operating activities of the rest of the Group entities are described in Notes 4 (3). Acter's common shares were publicly listed on the Over-the-Counter Market ("OTC") on November 10, 2010.

2. Approval date and procedures of the consolidated financial Statements

The consolidated interim financial statements were reported to the Board of Directors on April 30, 2013.

3. New standards and interpretations not yet adopted

(1) New standards and interpretations endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not yet in effective in Taiwan

International Accounting Standards Board ("IASB") issued International Financial Reporting Standard 9 *Financial instruments* ("IFRS 9"), which is effective on January 1, 2013. Although this standard had been endorsed by the FSC; however, its effective date in Taiwan has not been announced. In accordance with the rules by the FSC, early adoption of this new standard is not permitted, and companies shall follow the guidance in accordance with the 2009 version of the International Accounting Standards 39 *Financial instruments* ("IAS 39"). At the adoption of this new standard, it is expected that there will be certain impacts on the classification and measurement of financial instruments in the consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements

(2) New standards and interpretations not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB that may have an impact on the conlolidated financial statements that have not yet been endorsed by the FSC:

Issue date	New standards and amendments	Description	Effective date per IASB
May 12, 2011 June 28, 2012	‧ IFRS 10 Consolidated Financial Statements ‧ IFRS 11 Joint Arrangements ‧ IFRS 12 Disclosure of Interests in Other Entities ‧ Amended IAS 27 Separate Financial Statements ‧ Amended IAS 28 Investment in Associates and Joint Ventures	‧ On May 12, 2011, the IASB issued a series of standards and amendments related to consolidation, joint arrangements, and investments. ‧ The new standards provide a single model in determining whether an entity has control over an investee (including special purpose entities) other than consolidation process, in which the original guidance and method applies. In addition, joint arrangements are separated into joint operations (concepts from joint controlled assets and joint controlled operations), and joint venture (concepts from jointly controlled entities), and removal of the proportionate consolidation method. ‧ On June 28, 2012, issuance of a transition guidance for the amendments issued on May 12, 2011	January 1, 2013
May 12, 2011	‧ IFRS 13 Fair Value Measurement	‧ Replaces fair value measurement guidance in other standards, and consolidated as one single guidance	January 1, 2013
June 16, 2011	‧ Amended IAS 1 Presentation of Financial Statements	‧ Items presented in other comprehensive income are conditioned that they are potentially reclassifiable to profit or loss subsequently.	July 1, 2012
June 16, 2011	‧ Amended IAS 9 Employee Benefits	‧ Eliminates of the corridor method and eliminates the option to recognize changes in the net defined benefit liability (asset) into profit or loss; in addition, requires the immediate recognition of past service cost	January 1, 2013

As the standards and amendments above have not been endorsed by the FSC, the Group is not able to assess the impact of the consolidated financial statements at the time of adoption

(Continued)

4. **Summary of Significant accounting policies**

The significant accounting policies presented in the consolidated interim financial statements are summarized as follows:

The significant accounting policies have been applied consistently to all periods presented in these consolidated interim financial statements, and have been applied consistently to the IFRS consolidated statement of financial position approved by FSC (ROC) as of January 1, 2012.

(1) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 Interim Financial Reporting which are endorsed by FSC and do not include all of the information required for annual financial statements.

These are the Group's first IFRS consolidated interim financial statements for part of period covered by the first IFRS (Accredited by FSC) annual financial statements, and IFRS 1 First-time Adoption of International Financial Reporting Standards that have been applied. An explanation of how the transition to IFRS has affected the reported financial position, financial performance, and cash flows of the Group is provided in note 15.

(2) Basis of preparation

A. Basis of measurement

The consolidated interim financial statements have been prepared on the historical cost basis except for the following material items in the consolidated balance sheets:

a. Financial instruments measured at fair value through profit or loss are measured at fair value ;

b. Available-for-sale financial assets are measured at fair value;

c. The defined benefit asset is recognized as plan assets, plus unrecognized past service cost, less the present value of the defined obligation.

(Continued)

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements

B. Functional and presentation currency

The functional currency of each Group entities is determined based on the primary economic environment in which the entities operate. The Group consolidated interim financial statements are presented in New Taiwan Dollar, which is the Company's functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(3) Basis of consolidation

A. Principle of preparation of the consolidated financial statements

The consolidated interim financial statements comprised of the Group and its subsidiaries. The financial statements of subsidiaries are included in the consolidated interim financial statements from the date that the control commences until the date that the control ceases. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated interim financial statements.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

B. List of subsidiaries in the consolidated financial statements

			Shareholding ratio			
Investor	**Subsidiary**	**Nature of business**	**2013.3.31**	**2012.12.31**	**2012.3.31**	**2012.1.1**
(a)The Company	Nova Technology Corp. (Nova Tech)	Wholesaling of electronic and chemical equipment	100%	100%	100%	100%
	HerSuo Engineering Co., Ltd. (Her Suo)	Construction and set-up of freezing equipment	100%	100%	100%	100%
	Sheng Huei International Co., Ltd. (Sheng Huei International)	Holding company	100%	100%	100%	100%
	Nova Technology Singapore Pte., Ltd. (NTS)	Auto-supply system for semiconductors	100%	100%	100%	100%
(b) Nova Tech	Winmax Technology Corp.	Design and manufacture of air containers and liquid containers	100%	100%	100%	100%
(c) Sheng Huei International	Sheng Huei (Suzhou) Engineering Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%	100%

(Continued)

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements

Investor	Subsidiary	Nature of business	Shareholding ratio 2013.3.31	2012.12.31	2012.3.31	2012.1.1
	Acter Trading Co., Ltd.	Agent for electronic equipment importing and exporting	100%	100%	100%	100%
	Acter International Ltd. (Acter International)	Holding company and trading of clean rooms and air conditioners	100%	100%	100%	100%
	New Point Group Ltd. (New Point)	Holding company and trading of clean rooms and air conditioners	100%	100%	100%	100%
	Sheng Huei Engineering Technology Co., Ltd.	Set-up of electronic protection systems and central air conditioners	100%	100%	100%	100%
(d) NTS	Nova Technology Malaysia Sdn. Bhd.(NTM)	Auto-supply system for semiconductors	100%	100%	100%	100%
(e) Sheng Huei (Suzhou) Enginering Co., Ltd.	Shenzhen Ding –Mao Trade Co., Ltd. (Note 1)	Electronic equipment and machinery trading	100%	100%	-	-
	SCEC (Suzhou) Corporation (Note 2)	Construction and set-up of electronic equipment and air conditioners	100%	-	-	-
(f) Acter International	Sheng Huei (Shenzhen) Engineering Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%	100%
	Suzhou Ding-Mao Engineering Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%	100%
(g) New Point	Zhangjiagang Free Trade Zone Fuyu Internation Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	100%	100%	100%	100%

The Group’s subsidiaries are all included in consolidation.

Note 1: Sheng Huei (Suzhou) Engineering Co., Ltd. invested 100% shares of Shenzhen Ding-Mao in Shenzhen on October, 2012.

Note 2: Sheng Huei (Suzhou) Engineering Co., Ltd. invested 100% shares of SCEC (Suzhou) Corporation in Suzhou on February, 2013.

(Continued)

(4) Foreign currency

A. Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period adjusted for the effective interest and payments during the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation. Foreign currency differences arising on retranslation are recognized in profit or loss, except for the following accounts which are recognized in other comprehensive income:

- Available-for-sale equity investment;
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- Qualifying cash flow hedges to the extent the hedge is effective.

B. Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at the exchange rates of the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Group's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and are presented in the exchange differences on translation of foreign financial statements in equity.

However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(Continued)

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(5) Classification of current and non-current assets and liabilities

An entity shall classify an asset as current when:

A. It expected to realize the asset, or intended to sell or consume it in its normal operation cycle;
B. It holds the asset primarily for the purpose of trading;
C. It expects to realize the asset within twelve months after the reporting period; or
D. The asset is cash and cash equivalent (as defined in IAS 7) unless, the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when:

A. It expected to settle the liability in its normal operation cycle;
B. It holds the liability primarily for the purpose of trading;
C. The liability is due to be settled within twelve months after the reporting period or
D. It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(7) Financial instruments

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

(Continued)

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements

A. Financial assets

The Group classifies financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

a. Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is held-for-trading or is designated as such on initial recognition.

Financial assets classified as held-for-trading if it is acquired principally for the purpose of selling in the short term. The Group designates financial assets, other than the ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

- Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.
- Performance of the financial asset is evaluated on a fair value basis.
- Hybrid instrument contains one or more embedded derivatives.

At initial recognition, financial assets classified under this category are measured at fair value. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, which takes into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

b. Available-for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated available-for-sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on available-for-sale debt instruments are recognized in other comprehensive income and unrealized gains (losses) on available-for-sale financial assets in equity. When an available-for-sale investment is derecognized, the gain or loss accumulated in equity is reclassified to profit or loss, under other income. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade date accounting.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured, are measured at amortized cost, and are included in financial assets measured at cost.

(Continued)

Dividend income is recognized in profit or loss on the date when the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date. Such dividend income is included in other income of profit or loss.

Interest income from investment in bond security is recognized in profit or loss under other income.

Interest income is recognized in profit or loss under other income.

c. Receivables

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market, comprising trade receivables and other receivables. At initial recognition, these assets are recognized at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortized cost using the effective interest method, less any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets is recognized and derecognized as applicable using trade date accounting.

Interest income is recognized in profit or loss under other income.

d. Impairment of financial assets

A financial asset is impaired if, and only if, there is an objective evidence of impairment as a result of one or more events (a loss event) that occurred subsequent to the initial recognition of the asset and that a loss event (or events) has an impact on the future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is accounted for as objective evidence of impairment.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Group uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than the one suggested by historical trends.

(Continued)

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of its estimated future cash flows discounted at the asset's original effective interest rate. Such impairment loss is not reversible in subsequent periods.

The carrying amount of a financial asset is reduced for an impairment loss, except for trade receivables, in which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off against the allowance account. Any subsequent recovery from written off receivable is charged to the allowance account. Changes in the allowance accounts are recognized in profit or loss.

Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

Impairment losses recognized on available-for-sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income, and accumulated in equity. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then impairment loss is reversed against profit or loss.

Impairment losses and recoveries are recognized in profit or loss under "other gains and losses, net".

e. Derecognition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity account unrealized gains or losses from available for sale financial assets is reclassified to profit or loss under "other gains and losses, net".

On partial derecognition of a financial assets, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity account unrealized gains or losses from available for sale financial assets is reclassified to profit or loss under "other gains and losses, net".

(Continued)

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements

B. Financial liabilities and equity instruments

a. Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity instruments in accordance with the substance of the contractual agreement. Equity instruments issued are recognized based on amount of consideration received, less, the direct cost of issuing.

Preferred share capital is classified as equity if it is non-redeemable, or redeemable only at the Company's option, and any dividends are discretionary. Discretionary dividends thereon are recognized as distributions within equity upon approval by the Group's shareholders.

Preference share capital is classified as a financial liability if it is redeemable on a specific date or at the option of the shareholders, or if the dividend payments are not discretionary.

Compound financial instruments issued by the Group comprise convertible bonds payable that can be converted to share capital at the option of the holder when the number of shares to be issued is fixed.

At initial recognition, the liability component of a compound financial instrument is recognized at fair value of a similar liability that does not have an equity conversion option. The equity component is recognized initially based on the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortized cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition.

Interest related to the financial liability is recognized in profit or loss, under non-operating income and expense.

On conversion, financial liability is reclassified to equity without recognizing any gain or loss.

(Continued)

b. Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. Financial liabilities are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term. At initial recognition, the Group designates financial liabilities as at fair value through profit or loss under one of the following situations:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different basis;

ii. Performance of the financial liabilities is evaluated on a fair value basis;

iii. Hybrid instrument contains one or more embedded derivatives.

Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value and changes therein, which takes into account any interest expense, are recognized in profit or loss under “non-operating income and expenses”.
Financial liabilities at fair value through profit or loss is measured at cost if it sells borrowed unquoted equity investment whose fair value cannot be reliably measured and that it is to be delivered to the obligator of the equity investment. It is included in financial liabilities measured at cost.

The Group provides and designates financial guarantee contract and loan commitments as at fair value through profit or loss, any gains and losses are recognized in profit or loss.

c. Other financial liabilities

At initial recognition, financial liabilities not classified as held-for-trading, or designated as at fair value through profit or loss, which comprise of loans and borrowings, and trade and other payables are measured at fair value, plus, any directly attributable transaction cost. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss under finance cost.

d. Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged or cancelled or expires.

(Continued)

The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in "non-operating income and expenses".

e. Offsetting of financial assets and liabilities

The Group presents financial assets and liabilities on a net basis when the Group has the legally enforceable rights to offset, and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

C. Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate fluctuation exposures. At initial recognition, derivatives are recognized at fair value; and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein, are recognized in profit or loss under "non-operating income and expenses". When a derivative is designated as a hedging instrument, the timing for recognizing gain or loss is determined based on the nature of the hedging relationship. When the result of the valuation at fair value of a derivative instrument is positive, it is classified as a financial asset; otherwise, it is classified as a financial liability.

Derivatives linked to investments in equity instruments that do not have a quoted market price in an active market and must be settled by delivery of unquoted equity instruments are classified as financial assets, which are measured at amortized cost. These derivatives are classified as financial liabilities measured at cost.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Construction Contracts

Construction contracts in progress represent the gross unbilled amount expected to be collected from customers for contract work performed to date. It is measured at cost, plus, profit recognized to date (see note 6(4)) less progress billings and recognized losses. Cost includes all expenditure related directly to specific projects and an allocation of fixed and variable overheads incurred in the Group's contract activities based on normal operating capacity.

(Continued)

Construction contracts in progress is presented as the amount due from customers for contract work in the statements of financial position for all contracts in which costs incurred, plus, recognized profits exceed progress billings. If progress billings exceed costs incurred, plus, recognized profits, then the difference is presented as amount due to customers for contract work in the statement of financial position.

(10) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of investment includes transaction costs. The carrying amount of investment in associates includes goodwill arising from the acquisition, less, any accumulated impairment losses.

The Group's share of the profit or loss and other comprehensive income of equity accounted investees are included, after adjustments to align the said investees' accounting policies with those of the Group, in the condensed consolidated financial statements from the date that significant influence commences until the date that significant influence ceases.

Unrealized profits resulting from the transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate. Unrealized losses on transactions with associates are eliminated in the same way, except to the extent that the underlying asset is impaired.

When the Group's share of losses exceeds its interest in associates, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(11) Investment property

Investment property is a property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognized in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of raw materials and direct labor, and any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalized borrowing costs.

(Continued)

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(12) Property, plant and equipment

A. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. The cost of a self-constructed asset comprises material, labor, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, and any borrowing cost that eligible for capitalization. Cost also includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of the significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment is determined based on the difference between the net disposal proceeds, if any, and the carrying amount of the item, and is recognized in profit or loss under other gains and losses.

B. Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance is expensed as incurred.

C. Depreciation

Depreciation is calculated based on the depreciable amount of an asset using the straight-line basis over its useful life. The depreciable amount of an asset is determined based on the cost less its residual value. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period is recognized in profit or loss.

(Continued)

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The depreciable amount of a leased asset is allocated to each accounting period during the period of expected use on a systematic basis consistent with the depreciation policy the lessee adopts for depreciable assets that are owned. If there is reasonably certainty that the lessee will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the lease term and its useful life.

Land has an unlimited useful life, and therefore, is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

a. Buildings 20~49 years
b. Other facilities 3~10 years
c. The significant portion of plant and building consists of its main building and miscellaneous parts, which are estimated over their useful life within 10~49 years.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If the expectation of useful life differs from the previous estimate, the change(s) is accounted for as a change in an accounting estimate.

(13) Intangible assets

A. Other Intangible Assets

Other intangible assets that are acquired by the Group are measured at cost, less, accumulated amortization and any accumulated impairment losses.

B. Subsequent Expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, are recognized in profit or loss as incurred.

C. Amortization

Depreciable amount of intangible asset is calculated based on the cost of an asset less its residual values.

(Continued)

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date when they are made available for use. The estimated useful lives of intangible assets for the current and comparative periods are as follows:

Computer software cost 1~10 years

The residual value, the amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least annually at each financial year-end. Any change thereof is accounted for as a change in accounting estimate.

(14) Impairment – Non-derivative financial assets

The Group assesses non-derivative financial assets for impairment (except for inventories, assets arising from construction contracts, deferred income tax assets and employee benefits) at every reporting date, and estimates its recoverable amount. If it is not possible to determine the recoverable amount (fair value less cost to sell and value in use) for the individual asset, then the Group will have to determine the recoverable amount for the asset's cash-generating unit (CGU).

The recoverable amount for individual asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Such is deemed as an impairment loss, which is recognized immediately in profit or loss.

The Group assess at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated. An impairment loss recognized in prior periods for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. In this case, the carrying amount of the asset is increased to its recoverable amount by reversing an impairment loss. An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortization), if no impairment loss had been recognized.

For the purpose of impairment testing, goodwill acquired in a business combination from the acquisition date is allocated to each of the acquirer’s cash-generating units, or groups of cash-generating units, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or group of units. If the carrying amount of the cash-generating units exceeds the recoverable amount of the unit, impairment loss is recognized and is allocated to reduce the carrying amount of each asset in the unit. Reversal of an impairment loss for goodwill is prohibited.

(15) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and an outflow of economic benefits is possibly required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A. Warranties

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

B. Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(16) Revenue

A. Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. For international trade where FOB shipping point is mainly adopted, transfers occur upon loading the goods onto the relevant carrier at the port. For domestic trade, transfers usually occur when the product is received at the customer’s warehouse.

(Continued)

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B. Construction contracts

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognized in profit or loss in proportion to the stage of completion of the contract. Contract expenses are recognized as incurred unless they create an asset related to future contract activity.

The stage of completion is assessed by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs; survey of work performed or completion of a physical proportion of the contract work. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognized immediately in profit or loss.

(17) Employee benefits

A. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

B. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognized past service costs and the fair value of any plan assets are deducted from the aforesaid discounted present value. The discount rate is the yield at the reporting date on bonds (market yields of government bonds) that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognized asset is limited to the total of any unrecognized past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Group. An economic benefit is available to the Group if it is realizable during the life of the plan, or on settlement of the plan liabilities.

(Continued)

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognized immediately in profit or loss.

All actuarial gains and losses at 1 January, 2012, the date for the first time adoption of IFRS as endorsed by the FSC, were recognized in retained earnings. All actuarial gains and losses arising subsequently from defined benefit plans are recognized in other comprehensive income.

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 prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

C. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(18) Income Taxes

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by the management. This is recognized and allocated to current and deferred taxes proportionately.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation, and recognized directly in equity or other comprehensive income as tax expense.

(19) Earnings per share

Disclosures are made of basic and diluted earnings per share attributable to ordinary equity holders of the Company. The basic earnings per share is calculated based on the profit attributable to the ordinary shareholders of the Company divided by weighted average number of ordinary shares outstanding. The diluted earnings per share is calculated based on the profit attributable to ordinary shareholders of the Company, divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as convertible notes and employee stock options.

Employee bonuses not been resolved by shareholders' meeting, and issued by stock, are considered as potential common stock. Only basic EPS is disclosed if potential common stock is not dilutive; otherwise, both the basic and dilutive EPS are disclosed simultaneously. In computing the diluted EPS, net income (loss) and the weighted-average number of common shares outstanding during the year are adjusted for the effects of dilutive potential common stock, assuming all the potential common stock with dilution effect had been outstanding.

(20) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

5. **Major sources of accounting assumptions, judgments and estimation uncertainty**

The preparation of the consolidated interim financial statements in conformity with IAS 34 "Interim financial reporting" approved by FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparation of the consolidated interim financial statements, the major source of significant judgments and estimates of uncertainty made by the Company's management during the adoption of the Company's accounting policy is expected to be in alignment with the first consolidated annual financial statements prepared in accordance with International Financial Reporting Standards endorsed by FSC.

Information on assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next 9 months are included in the following notes:

(1) Note 6(11), measurement of defined benefit obligations

(2) Note 6(9), provisions

(Continued)

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Notes to Consolidated Financial Statements

6. **Significant account disclosure**

(1) Cash and cash equivalents

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Petty cash and cash on hand	$ 2,828	1,565	2,959	2,261
Checking and demand deposits	692,966	1,079,933	952,975	1,808,442
Time deposits	191,217	204,392	95,954	123,655
Cash equivalent – repurchased commercial paper	559,267	649,105	757,174	-
Cash and cash equivalents in the consolidated statement of cash flows	$ 1,446,278	1,934,995	1,809,062	1,934,358

Refer to note 6(17) for the disclosure of sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

As of March 31, 2013, December 31, 2012, and March 31, 2012, the interest rate of the repurchased commercial paper were 0.72%~0.78%, 0.78%~0.83% and 0.83%, respectively, and the commercial paper matures from April 12, 2013, to May 14, 2013, January 14, 2013, to March 14, 2013, and April 2, 2012, to June 25, 2012, respectively.

(2) Investment in financial assets

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Current:				
Available-for-sale financial assets				
Beneficiary securities — open-end funds	$ 366,984	248,842	207,206	82,143
Financial assets carried at amortized cost				
The 3-year international bond issued by Deutsche Bank	-	-	2,362	2,423
Non-current:				
Available-for-sale financial assets				
Sunner Solar Corporation Co., Ltd.	8,692	6,942	26,892	22,692
Financial assets carried at cost				
Taichung International Entertainment Co., Ltd.	45	45	45	45
	$ 375,721	255,829	236,505	107,303

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The credit risk, currency risk and interest risk related to the financial instruments was disclosed in note 6(17).

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the aforesaid financial assets were not pledged as collateral, except for the financial assets carried at amortized cost. Please refer to note 8 for the information regarding the pledge for the financial assets carried at amortized cost .

A. Fair value sensitivity analysis

If the equity price changes, and if it is based on the same basis for both periods and assuming that all other variables remain the same, the impact to other comprehensive income will be as follows:

	For the three months ended March 31			
	2013		2012	
	After-Tax Comprehensive Income	**After-Tax Profit**	**After-Tax Comprehensive Income**	**After-Tax Profit**
Increase 3%	$ 11,270	-	7,023	71
Decrease 3%	$ 11,270	-	7,023	71

(3) Notes and accounts receivable, net

	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Notes receivable from operating activities	$ 148,969	257,690	342,903	280,800
Accounts receivable	1,786,917	1,738,453	1,255,790	1,697,866
Less: Allowance for impairment	(54,662)	(42,786)	(11,405)	(25,729)
	$ 1,732,255	1,695,667	1,244,385	1,672,137

The movement in the allowance for impairment with respect to trade and note receivable during the periods were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance, January 1, 2013	$ -	42,786	42,786
Impairment loss recognized	-	10,713	10,713
Effect of exchange rate changes	-	1,163	1,163
Balance, March 31,2013	$ -	54,662	54,662

(Continued)

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	Individually assessed impairment		Collectively assessed impairment	Total
Balance, January 1, 2012	$	-	25,729	25,729
Amounts written off		-	(13,928)	(13,928)
Effect of exchange rate changes		-	(396)	(396)
Balance, March 31,2013	**$**	**-**	**11,405**	**11,405**

Impairment loss is the difference between the carrying amount and the amount expected to be collected. The Group does not hold any collateral for the collectible amounts.

(4) Construction contracts

Construction contract revenue of the Group has been determined based on the percentage-of-completion method. The extent of completion is determined based on contract costs incurred for work performed to date in proportion to the estimated total contract costs. Any expected excess of total contract costs over total contract revenue is immediately recognized as construction cost.

	For the three months ended March 31	
	2013	**2012**
Construction revenue recognized in the periods	$ 2,258,392	1,470,250
Accumulated construction costs incurred (including contract costs that relate to future activity)	8,830,688	6,453,944
Add: Accumulated construction profit and losses	644,532	618,202
	9,475,220	7,072,146
Less: Progress billings	(8,274,296)	(6,519,815)
	1,200,924	552,331
Construction contracts receivable presented as an asset	1,557,791	964,683
Construction contracts payable presented as a liability	(356,867)	(412,352)
	1,200,924	552,331
Accumulated advance received	4,397	248
Retention payable from construction contract	29,995	30,697

(Continued)

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(5) Inventories

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Finished goods and merchandise	$ 473,150	441,390	309,790.	433,980
Work in process and semi-finished goods	308,649	262,732	190,911	313,160
Raw materials	49,624	87,023	92,240	42,233
	831,423	791,145	592,941	789,373
Less: provision for inventory devaluation	(225)	(223)	(125)	(123)
	$ 831,198	790,922	592,816	789,250
Carrying amount of inventories subject to pledge	-	-	-	-

For the three months ended March 31, 2013 and 2012 respectively, the Group wrote down an operating cost of $2, from the write-down of inventory cost to net realizable value.

(6) Investment in equity-accounted investees

A. The Group's financial information for equity-accounted investees at the reporting date is as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Carrying amount	$ 3,261	3,620	11,924	15,562

	For the three months ended March 31	
	2013	2012
The Group's share of the net loss	$ (456)	(3,255)

B. Summary of financial information for the investments in associates were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Total assets	$ 7,258	7,999	26,353	34,480
Total liabilities	$ 172	-	-	-

	2013	2012
Income	$ -	-
Net loss for the period	$ (990)	(7,225)

(Continued)

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C. Associates invested by the Company do not have quoted price.

D. Pledge

The investments accounted for using equity method were not pledged.

(7) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the three months ended March 31, 2013 and 2012 were as follows:

	Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Cost:					
Balance on January 1, 2013	$ 151,631	153,198	87,233	-	392,062
Additions	-	-	862	-	862
Disposals	-	-	(393)	-	(393)
Effect of movements in exchange rates	-	2,295	1,699	-	3,994
Balance on March 31, 2013	**$ 151,631**	**155,493**	**89,401**	**-**	396,525
Balance on 1 January, 2012	$ 151,631	87,994	66,073	4,842	310,540
Additions	-	-	1,506	23,093	24,599
Disposals	-	-	(909)	-	(909)
Reclassifications	-	-	5,025	(5,025)	-
Effect of movements in exchange rates	-	(350)	(1,150)	(118)	(1,618)
Balance on March 31, 2012	**$ 151,631**	**87,644**	**70,545**	**22,792**	**332,612**
Depreciation:					
Balance on January 1, 2013	$ -	11,632	39,979	-	51,611
Depreciation for the period	-	1,566	3,274	-	4,840
Disposals	-	-	(351)	-	(351)
Effect of movements in exchange rates	-	183	901	-	1,084
Balance on March 31, 2013	**$ -**	**13,381**	**43,803**	**-**	**57,184**
Balance on 1 January 2012	$ -	8,118	34,889	-	43,007
Depreciation for the period	-	742	2,430	-	3,172
Disposals	-	-	(801)	-	(801)
Effect of movements in exchange rates	-	(119)	(667)	-	(786)
Balance on March 31, 2012	**$ -**	**8,741**	**35,851**		**44,592**
Carrying amounts:					
Balance on January 1, 2013	**$ 151,631**	**141,566**	**47,254**	**-**	**340,451**
Balance on March 31, 2013	**$ 151,631**	**142,112**	**45,598**	**-**	**339,341**
Balance on January 1, 2012	**$ 151,631**	**79,876**	**31,184**	**4,842**	**267,533**
Balance on March 31, 2012	**$ 151,631**	**78,903**	**34,694**	**22,792**	**288,020**

Please refer to Note 8 for details of the property, plant and equipment pledged as collateral.

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(8) Investment property

A. Investment property is measured at cost on initial recognition and subsequent valuation. Its depreciation is calculated by depreciable amount after initial recognition.

B. The fair value of investment property is deemed to be the market value, resulting in no impairment loss.

C. Investment property was not pledged as collateral.

D. The Board of Directors of Acter resolved in November 2006 to purchase the building on Chiang Kai-shek Road, Taichung, for private use or lease purposes. As to March 31, 2013, the future receivable for the Company was as follows:

Term	Amount
2013.04.01~2014.10.19	$ 940

(9) Provisions

The movement in the provisions with respect to warranties was as follows:

	For the three months ended March 31	
	2013	2012
Balance on January 1	$ 76,524	70,052
Provisions made during the period	9,624	52,213
Provisions used during the period	(10,815)	(13,837)
Provisions reversed during the period	(9,940)	(70)
Effect of movements in exchange rates	1,080	(1,076)
Balance on March 31	$ 66,473	107,282

The Group’s warranty provision is estimated based on historical data of the construction contract. Most liabilities are expected to occur during the warranty period that is mentioned in the contract since completion of the construction.

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Acter Co., Ltd. and Subsidiaries
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(10)Short-term loans

	Currency	Interest rate	Expiration	March 31, 2013
Secured bank loans	USD	1.5%~1.75%	102~103	$ 106,088
Unsecured bank loans	USD	1%~2.21%	102	30,739
				$ 136,827
Unused facilities				$ 2,309,802

	Currency	Interest rate	Expiration	December 31, 2012
Secured bank loans	USD	1.5%~1.75%	102	$ 59,091
Unsecured bank loans	USD	1%~2.1%	102	88,303
Unsecured bank loans	SGD	2.15%	102	4,766
				$ 152,160
Unused facilities				$ 2,547,863

	Currency	Interest rate	Expiration	March 31, 2012
Secured bank loans	USD	2.09%	101	$ 20,530
Secured bank loans	CNY	6.56%	101	23,444
Unsecured bank loans	USD	1.25%~1.83%	101	27,090
				$ 71,064
Unused facilities				$ 2,600,515

	Currency	Interest rate	Expiration	January 1, 2012
Secured bank loans	USD	2.09%~2.32%	101	$ 21,072
Secured bank loans	CNY	6.56%	101	48,125
Unsecured bank loans	USD	1.25%~1.83%	101	90,969
				$ 160,166
Unused facilities				$ 2,152,191

For the following risk exposure information of the Group: interest, currency, and liquidity, please refer to Note 6(17).

For details of the related assets pledged as collateral, please refer to Note 8.

(11)Employee benefits

After the prior fiscal year’end, there are no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, pension cost in the interim financial statements is measured and disclosed according to IAS 34 “Interim Financial Reporting”.

(Continued)

Acter Co., Ltd. and Subsidiaries
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A. Defined benefit plans

The Group's defined benefit obligations and fair value of plan assets were as follows:

	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$ 43,478	39,537
Fair value of plan assets	(10,368)	(8,440)
Recognized liabilities (assets) for defined benefit obligations	**$ 33,110**	**31,097**

The Group makes contributions for defined benefit plans to the pension fund account with Bank of Taiwan. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on the years of service and the average monthly salary for six months prior to retirement.

(a) Composition of plan assets

The Group set aside pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Labor Pension Fund Supervisory Committee. With regard to these funds, its minimum earnings in the annual distributions on the final financial statements shall not be less than the earnings from two-year time deposits with the interest rates offered by local banks.

The Group's labor pension reserve account balance in the Bank of Taiwan amounted to $10,931 as of March 31, 2013. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Labor Pension Fund Supervisory Committee.

(b) Expenses recognized in profit or loss

The Group's pension expenses recognized in profit or loss for the three months ended March 31, 2013 and 2012 were as follows:

	For the three months ended March 31	
	2013	2012
Operating cost	$ 54	26
Operating expense	143	374
	$ 197	**400**

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(c) Actuarial assumptions

The following are the key actuarial assumptions at the reporting date (expressed as weighted average percentages):

	2012
Discount rate on December 31	1.75%
Expected return rate on plan assets on January 1	2.00%
Future salary rate	3.00%

The overall expected long-term rate of return on asset were 1.75% and 2.00% as of December 31, 2012 and January 1, 2012, respectively. The expected long-term rate of return is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

The Group expects to make contributions of $1,938 to the defined benefit plans in the next year starting March 31,2013.

(d) Actuarial gains and losses recognized in other comprehensive income
The Group's cumulative actuarial gains and losses recognized in other comprehensive income amounted to $3,238 and $0 as of December 31,2012 and January 1,, respectively.

(e) Experience adjustments based on historical information

		December 31, 2012	January 1, 2012
Present value of defined benefit obligation	$	43,478	39,537
Fair value of plan assets		(10,368)	(8,440)
(Surplus) deficit in the plan	$	33,110	31,097
Experience adjustments arising on plan liabilities	$	3,150	-
Experience adjustments arising on plan assets	$	88	-

B. Defined contribution plans

The Company and domestic subsidiary contribute an amount at the rates of 6% of the employee's monthly wages to the Labor Pension personal account with the Bureau of the Labor Insurance and Council of Labor Affairs in accordance with the provisions of the Labor Pension Act. The Group's contributions to the Bureau of the Labor Insurance for the employees' pension benefits require no further additional payment of legal or constructive obligations. For some of the Company's foreign subsidiaries, the pension contribution is subject to the local contribution plans dominated by local act.

For the three months ended March 31, 2013 and 2012, the Group set aside $8,690 and $4,624, respectively, of the pension costs under the defined contribution method.

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(12)Taxes

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting."

The income tax expense for the three months ended March 31, 2013 and 2012 was calculated as follows:

	For the three months ended March 31	
	2013	**2012**
Current income tax expense:		
Current period	$ 15,439	40,960
Deferred tax expense:		
Temporary difference	22,614	20,889
Income tax expense	**$ 38,053**	**61,849**

The amount of tax income expense recognized in other comprehensive income for the three months ended March 31, 2013 and 2012 were as follows:

	For the three months ended March 31	
	2013	**2012**
Foreign currency translation differences for foreign operations	$ 6,005	(4,650)
Net change in fair value of available-for-sale financial assets	643	1,073
	$ 6,648	**(3,577)**

The income tax returns of the Company, Hersuo and Nova Techology have been examined by the tax authorities through year 2011.

Information related to the approved (ICA) and the imputation credit account of the Company were as follows:

	March 31, 2013	**December 31, 2012**	**December 31, 2012**	**January 1, 2012**
Unappropriated earnings in 1998 and after	$ 1,353,756	1,239,355	1,264,751	1,091,708
ICA balance	**$ 104,664**	**104,664**	**101,008**	**101,008**

Unappropriated retained earnings shown on the table above, which include the comparable information of each period, are prepared in accordance with the Regulations and IFRS endorsed by the FSC.

	2012 (Estimated)	**2011 (Actual)**
Tax deduction ratio for earnings distributable to R.O.C. residents	**8.45%**	**18.70%**

(Continued)

Estimated tax deduction ratio for distribution of earnings for the year 2012 as shown on the table above has been prepared in accordance with the amendment to Article 66-6 of the Income Tax Act as approved by the Finance Committee of Legislative Yuan of the Republic of China on 1st April 2013. The amendment is still on pending for third reading by the Legislative Yuan on the date of the issuance of the review report.

(13)Capital and other equity

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the authorized common stock was $720,000 and the issued common stock amounted to $461,359, with a par value of $10 per share.

A. Common stock

In pursuant to a resolution by the board of the directors on September 20, 2011, Acter increased its common stock by issuing 4,600 thousand shares for cash at $86.5 per share. This capital increase was registered with the government authorities. The record date for this capital increase was November 18, 2011.

B. Capital surplus

The components of the capital surplus were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
From issuance of common stock	$ 896,599	896,599	896,599	896,599

In accordance with Amended Company Act, effective January 2012, realized capital reserves can only be capitalized or distributed as cash dividends after offsetting against losses. The aforementioned realized capital reserves include share premiums and donation gains. In accordance with Securities Offering and Issuance Guidelines, the amount of capital surplus that can be capitalized shall not exceed 10 percent of the paid-in capital.

C. Legal reserve

In accordance with the Amended Company Act, effective 2012, 10 percent of net income should be set aside after offsetting accumulated deficits, if any, as legal reserve, until it is equal to issued common stock. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the legal reserve either by new shares or by cash of up to 25 percent of the paid-in capital.

D. Special reserve

By choosing to apply exemptions granted under IFRS 1 *First-time Adoption of International Financial Reporting Standards* during the Company's first-time adoption of the International Financial Reporting Standards endorsed by the Financial Supervisory Commission, the amount to be reclassified as special reserve should be equal to cumulative translation adjustments (gains) recognized under shareholders' equity in accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on 6 April 2012. When the relevant assets were used, disposed of, or reclassified, this special earnings reserve shall be reversed as distributable earnings proportionately. The balance of special reserve amounted to $39,790 as of January 1, 2012.

In accordance with the guidelines of the above Ruling, the difference between the total net reduction of other shareholders' equity and the carrying amount of special earnings reserve as stated above shall be reclassified as a special earnings reserve during earnings distribution. Other prior accumulated debit balance of stockholders equity was recognized as additional special reserve from prior undistributed earnings, and distributions were prohibited. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

E. Retained earnings and earnings distribution

According to Acter's articles of incorporation, 10% of the annual earnings, after offsetting any accumulated deficit and payment of income taxes due, if any, shall be set aside as a legal reserve. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. The remainder of such appropriation should be as follows:

i. 2% or more as bonuses to employees. However, Acter may include employees of subsidiaries in profit sharing in the form of stock.
ii. 3% as remuneration to directors.
iii. The remaining balance, excluding (i) and (ii), is partially reserved depending on the business environment, growth status, and long-term finance planning. After deducting the aforementioned partially reserve, the remaining balance plus any unappropriated earnings in previous years is used for distribution of stockholders' bonuses by the board of directors, depending on the capital status and economic development in the current year. Cash bonuses are not less than 10% of the total stockholders' bonuses, and they will be recommended by the board of directors and resolved in the stockholders' meeting.

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Based on the abovementioned earnings distribution policy and taking into account the present operating conditions, the employee bonuses in the amount of $4,972 and $2,784 were accrued for March 31, 2013 and 2012, respectively; and remuneration to directors and supervisors in the amount of $3,022 and $3,410 was accrued for March 31, 2013 and 2012, respectively. If employee bonuses were paid in stock, the number of shares would be determined by dividing the total approved bonus amount by the closing market price of Acter's stock one day prior to the stockholders' resolution and considering the ex-dividend effect. However, if the aforementioned employee bonuses are modified by the stockholders' meeting in the following year, the adjustment will be treated as a change in accounting estimate and will be reflected in the statement of operations in the actual distribution year.

The actual distribution of employee bonuses and directors' and supervisors' remuneration for March 31, 2013 was subject to the proposal of the board of directors and a resolution of the stockholders' meeting. Relevant information would be available on the Market Observation Post System of the Taiwan Stock Exchange after the abovementioned meetings.

On March 25, 2013, and June 18, 2012, the meeting of stockholders of Acter approved the distribution plan of retained earnings proposed by the board of directors. For 2012 and 2011, respectively, information about dividends per share, employees' bonuses and directors' and supervisors' remuneration is as follows:

	2012	2011
Dividends per share:		
Cash	$ 10.00	10.00
Employees' bonuses－cash	$ 35,122	17,232
Directors' and supervisors' remuneration	17,242	14,428
	$ 52,364	31,660

The above earnings distribution, which was charged to expense, had no difference from the resolution of Acter's board of directors and its accouting records for the years ended December 31, 2011. The estimated employee bonuses and directors' and supervisors' remuneration amounting to $52,364 in 2012 has been approved by the Board of Directors of Acter but is still subject to a resolution of the stockholders' meeting. Relevant information would be available on the Market Observation Post System of the Taiwan Stock Exchange after the stockholders' meetings.

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(14)Earnings per share ("EPS")

A. Basic EPS

The Company's basic EPS for the three months ended March 31, 2013 and 2012 was as follows:

(a) Profit attributable to common shareholders

	For the three months Ended March 31	
	2013	**2012**
Profit attributable to common shareholders	$ 114,401	173,043

(b) Weighted average number of common shares

	For the three months Ended March 31	
	2013	**2012**
Issued common shares on January 1 (equal to outstanding shares as of March 31)	$ 46,136	46,136

B. Diluted EPS

The Company's diluted EPS for the three months ended March 31, 2013 and 2012 was as follows:

(a) Profit attributable to ordinary shareholders

	For the three months Ended March 31	
	2013	**2012**
Profit attributable to common shareholders	$ 114,401	173,043

(b) Weighted average number of common shares

	For the three months Ended March 31	
	2013	**2012**
Weighted average number of common shares (basic)	$ 46,136	46,136
Effect of employee stock bonus	295	222
Weighted average number of common shares (diluted) at March 31	$ 46,431	46,358

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(15)Revenue

	For the three months Ended March 31	
	2013	2012
Construction revenue	$ 2,258,392	1,470,250
Facilities and components sales revenue	33,657	460,791
Other revenue	14,923	13,922
	$ 2,306,972	1,944,963

Please refer to Note 6(4) regarding construction revenue.

(16)Non-operating income and expenses

A. Other income

	For the three months Ended March 31	
	2013	2012
Interest income	$ 2,691	2,609
Other income	11,299	1,126
	$ 13,990	3,735

B. Other gains and losses

	For the three months Ended March 31	
	2013	2012
Gains on doubtful debt recoveries	$ -	13,928
Foreign exchange gains/losses, net	366	(2,238)
Loss on disposal of property, plant and equipment	(2)	(108)
Gains on disposals of investments	856	610
	$ 1,220	12,192

C. Finance costs

	For the three months Ended March 31	
	2013	2012
Interest expenses－bank loans	$ (1,097)	(1,262)

(17)Financial instruments

A. Credit risk

(a) Exposure to credit risk

The carrying amount of financial assets represents the Group’s maximum credit exposure. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the maximum exposures to credit risk amounted to $3,813,273, $4,290,081, $3,865,286 and $4,470,293, respectively.

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(b) Impairment losses

Aging analysis of receivables (including notes receivable and accounts receivable (including related parties), other receivables from related parties, other financial assets (excluding restricted assets) and refundable deposits) on the balance sheet date was as follows:

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
	Total amount	**Impairment**	**Total amount**	**Impairment**	**Total amount**	**Impairment**	**Total amount**	**Impairment**
Not past due	$ 657,883	-	738,986	-	840,084	-	1,158,019	-
Past due 1- 120days	1,115,057	37	1,199,720	37	871,856	-	1,028,324	71
Past due 121 - 180 days	84,931	2,984	48,524	1,790	68,728	1,435	198,146	10,728
Past due 180 - 360 days	115,921	19,352	95,777	16,867	38,559	5,381	34,227	4,863
Past due360 - 540days	47,605	16,583	39,575	15,830	11,436	1,552	29,633	9,178
Past due more than 541 days	17,012	16,741	9,029	8,765	5,288	3,037	6,462	889
	$ 2,038,409	55,697	2,131,611	43,289	1,835,951	11,405	2,454,811	25,729

The movement in the allowance for impairment with respect to the receivables was as follows:

	For the three months Ended March 31	
	2013	**2012**
Balance on January 1	$ 43,289	25,729
Impairment loss	11,245	-
Reversal of impairment loss	-	(13,928)
Foreign exchange gains (loss)	1,163	(396)
Balance on March 31	$ 55,697	11,405

Allowance for impairment are the accounts used to record bad debt expense. If the Group believes the related receivables cannot be recovered, the carrying amount of the accounts receivable will be written off through the allowance for impairment.

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payment

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
March 31, 2013						
Non-derivative financial liabilities						
Secured bank loans	$ 106,088	108,181	108,181	-	-	-
Unsecured bank loans	30,739	30,960	30,960	-	-	-
Notes payable	144,778	144,7778	144,7778	-	-	-
Accounts payable and provisions (including related parties)	2,026,143	2,026,143	1,955,858	62,601	7,684	-
	$ 2,307,748	$ 2,310,062	$ 2,239,777	62,601	7,684	-

(Continued)

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	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2012						
Non-derivative financial liabilities						
Secured bank loans	$ 59,091	$ 60,286	$ 60,286	-	-	-
Unsecured bank loans	93,069	93,676	93,676	-	-	-
Notes payable	196,567	196,567	196,567	-	-	-
Accounts payable and provisions (including related parties)	2,051,389	2,051,389	1,837,460	205,173	8,692	64
	$ 2,400,116	$ 2,401,918	$ 2,187,989	205,173	8,692	64
March 31, 2012						
Non-derivative financial liabilities						
Secured bank loans	$ 43,974	$ 45,981	$ 45,981	-	-	-
Unsecured bank loans	27,090	27,252	27,252	-	-	-
Notes payable	229,080	229,080	229,080	-	-	-
Accounts payable and provisions (including related parties)	1,754,052	1,754,052	1,572,587	164,394	17,071	-
	$ 2,054,196	2,056,365	1,874,900	164,394	17,071	-
January 1, 2012						
Non-derivative financial liabilities						
Secured bank loans	$ 69,197	$ 72,276	$ 72,276	-	-	-
Unsecured bank loans	90,969	91,563	91,563	-	-	-
Notes payable	397,022	397,022	397,022	-	-	-
Accounts payable and provisions (including related parties)	1,872,706	1,872,706	1,782,672	84,296	5,664	74
	$ 2,429,894	$ 2,433,567	$ 2,343,533	84,296	5,664	74

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Currency risk

(a) Exposure to currency risk

The Group’s significant exposures to foreign currency risk were as follows:

	March 31, 2013			December 31, 2012			March 31,2012			January 1, 2012		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets												
Monetary items												
USD	$ 6,246	29.875	186,588	4,970	29.136	144,815	2,374	29.53	70,104	1,438	30.29	43,564
CNY	217,483	4.8102	1,046,138	291,112	4.6741	1,360,685	213,127	4.69	999,310	310,863	4.81	1,496,028
SGD	634	24.1054	15,277	2,013	23.8292	47,957	1,319	23.50	30,999	1,254	23.33	29,252
Financial liabilities												
Monetary items												
USD	2,099	29.875	62,708	6,236	29.136	181,691	123	29.53	3,632	-	-	-
CNY	198,223	4.8102	953,493	184,510	4.6741	862,416	156,119	4.69	732,011	224,296	4.81	1,079,247
SGD	-	-	-	606	23.8292	14,429	209	23.50	4,912	-	-	-

(Continued)

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, loans, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD, CNY and SGD as of March 31, 2013 and 2012 would have increased or decreased the after-tax net income by $2,318 and $3,600, respectively. The analysis is performed on the same basis for both periods.

D. Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in note 6(18) of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Group's internal management reported the increases/decreases in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate increases / decreases by 1%, the Group's net income will decrease /increase by $1,368 and $711 for the three months ended March 31, 2013 and 2012, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rate.

E. Fair value of financial instruments

(a) Fair value and carrying amount

The Group's management considers the carrying amounts of its financial assets and financial liabilities measured at amortized cost as a reasonable approximation of fair value.

(b) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by the levels in the fair value hierarchy. The different levels have been defined as follows:

i. Level 1: quoted prices (unadjusted) for identical assets or liabilities in active markets.
ii. Level 2: Other than quoted prices included within Level 1, inputs that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
iii. Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

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	Level 1	Level 2	Level 3	Total
March 31, 2013				
Available-for-sale financial assets -current	$ 366,984	-	-	366,984
Available-for-sale financial assets -noncurrent	-	8,692	-	8,692
Financial assets carried at cost	-	-	45	45
	$ 366,984	8,692	45	375,721
December 31, 2012				
Available-for-sale financial assets -current	$ 248,842	-	-	248,842
Available-for-sale financial assets -noncurrent	-	6,942	-	6,942
Financial assets carried at cost	-	-	45	45
	$ 248,842	6,942	45	255,829
March 31, 2012				
Available-for-sale financial assets -current	$ 207,206	-	-	207,206
Available-for-sale financial assets -noncurrent	-	26,892	-	26,892
Financial assets carried at cost	-	-	45	45
	$ 207,206	26,892	45	234,143
January 1, 2012				
Available-for-sale financial assets -current	$ 82,143	-	-	82,143
Available-for-sale financial assets -noncurrent	-	22,692	-	22,692
Financial assets carried at cost	-	-	45	45
	$ 82,143	22,692	45	104,880

There have been no transfers from each level for the three months ended March 31, 2013 and 2012.

(18)Financial risk management

A. Overview

The Group is exposed to the nature and extent of the risks arising from financial instruments. They include credit risk, liquidity risk and market risk.
This note discloses the exposure risk information, and the Group's objectives, policies and procedures of measuring and managing risks. For more quantitative disclosure information, please refer to notes of the financial statements.

(Continued)

B. Risk management framework

The Group's finance department provides business services for the overall internal department. It coordinates the domestic and international financial market operations, and supervises and manages financial risks related to the Group's operation based on internal risk report about exposure to risk with the analysis of the extent and width of risk. Operation of derivative financial instruments is subject to the policy approved by the Board of Directors, which is documentation regarding exchange rate risk, interest risk, credit risk , operation of derivative and non-derivative financial instruments and investment in the remaining current capital. The internal auditors of the Group continue with the review of the compliance with the policy and the extent of the exposure to risk. The Group has no transactions in financial instruments (including derivative financial instruments) for the purpose of speculation.

C. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligations that arise principally from the Group's accounts receivable, investments in securities and financial guarantees.

a. Accounts receivable

As of March 31, 2013 and 2012, balance amounting to 36% and 27%, respectively, of the Group's notes and accounts receivable (including related parties) were from a group of five customers, which was free from concentration of credit risk. However, the Company still evaluates the collectibility of trade receivables on a timely basis and requests a collateral or guarantee if necessary. In addition, the Company has completed the assessment of uncollectibility of accounts receivable and provided adequate reserves for bad debts, if necessary. The management of the Company expects no significant loss from credit risk in the near future.

The Group establishes an impairment allowance that represents its estimate of incurred losses in respect of trade receivables. The two components of this impairment allowance are specific loss component that relates to individually significant exposure and collective loss component which the loss was incurred but not identified. The collective component is based on historical payment experience of similar financial assets.

b. Investment

The credit risk exposure in the bank deposits, fixed income investments and open-ended fund investments are measured and monitored by the Group's finance department. As the Group deals with the banks and other external parties with good credit standing and banks, corporate organization and financial institutions which are graded above investment level, management believes that the Group do not have compliance issues and no significant credit risk.

c. Guarantees

The balance of intercompany guarantees has been eliminated as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012.

d. Liquidity risk

The Group manages sufficient cash and cash equivalents so as to cope with its operations and mitigate the effects of fluctuations in cash flows. The Group's management supervises the banking facilities and ensures in compliance with the terms of the loan agreements.

The loans and borrowings from the bank form an important source of liquidity for the Group. The Group has unused short-term bank facilities of $2,309,802, $2,547,863, $2,600,515 and $2,152,191 as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012.

D. Market risk

Market risk is a risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(a) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (TWD), US Dollars (USD) and Chinese Yuan (CNY) as well. The currencies used in these transactions are denominated in TWD, CNY, USD, and Japanese Yen (JPY).

(b) Interest rate risk

The Group borrows funds on fixed and variable interest rates, which has risk exposure to changes in fair value and cash flow. Therefore, the Group manages the interest risk by maintaining the fixed and variable interest rates with a proper portfolio. The Group will assess the hedging activities for consistent interest rates within its risk preferences and use the most cost-effective hedging strategy on a regular basis.

(19) Capital management

The Group meets its objectives for managing capital to safeguard the capacity to continue to operate and provide a return on shareholder; also, to benefit other related parties, as well as to maintain an optimal capital structure to reduce the cost of capital.

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In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Group and other entities in the similar industry use the debt-to-equity ratio to manage capital. This ratio uses the total net debt to be divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings and other equity plus net debt.

The Company's debt to capital ratios at the balance sheet date were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Total liabilities	$ 3,956,183	4,092,740	3,376,903	4,308,456
Less: cash and cash equivalents	(1,446,278)	(1,934,995)	(1,809,062)	(1,934,358)
Net debt	$ 2,509,905	2,157,745	1,567,841	2,374,098
Total equity	2,978,363	2,830,860	2,764,352	2,607,702
Total capital	$ 5,488,268	4,988,605	4,332,193	4,981,800
Debt to capital ratio	45.73%	43.25%	36.19%	47.66%

Management believes that there were no changes in the Group's approach to capital management for the three months ended March 31, 2013.

7. **Related party transactions**

(1) Parent company and ultimate controlling party
The Company is the ultimate controlling party of the Group.

(2) Key management personnel compensation

	For the three months ended March 31	
	2013	2012
Short-term employee benefits	$ 19,612	19,014
Post-employment benefits	240	224
	$ 19,852	19,238

The aforementioned amounts include the accruals for remuneration to directors and supervisors and for employees' bonuses, please refer to the section "capital and other equity" for further details.

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(3) Other Related Party Transactions

A. Construction revenue and related assets and liabilities

a. Construction revenue, sales revenue, and accounts receivable

The amounts of significant sales transactions and outstanding receivables between the Group and related parties were as follows:

	Sales		Receivables from Related Parties			
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Entity under the key management's control	$ 756	60,183	12,051	23,003	128,753	340,642
Associates	-	-	2,383	6,522	-	-
	$ 756	60,183	14,434	29,525	128,753	340,642

Receivable and collection terms for the construction contracts with related parties are determined by the market mechanism and present no significant difference from those with third-party vendors.

b. Construction contracts receivable

Construction contracts receivable generated from the construction contract were as follows:

	Construction contracts receivable			
	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Entity under the key management's control	-	-	3,598	-

c. Construction contracts payable

Construction contracts payable generated from construction contract were as follows:

	Construction contracts payable			
	March 31, 2013	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Entity under the key management's control	-	-	-	24,348

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B. Construction cost, and related assets and liabilities

The amounts of significant purchase transactions and outstanding payables between the Group and related parties were as follows:

	Purchases		Payables to Related Parties			
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Entity under the key management's control	$ 706	229	801	642	10,274	10,272
Associates	27,982	-	2,212	-	-	-
	$ 28,688	**229**	**3,013**	**642**	**10,274**	**10,272**

The purchase price and terms of the payments for the construction contracts with related parties present no significant difference from those with third-party vendors.

C. Rental revenue

The Group had an office lease contract with the associates. The rental revenue is in accordance with the market price and the square meters used. The rental revenue is $1,037 for the year ended December 31, 2012, and is recognized under other receivables from related parties.

D. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the Company, on behalf of SCEC (Shanghai), had paid $11,066, $10,894, $0 and $0, and they were recorded as other receivables from related parties.

8. **Pledged assets**

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, pledged assets were as follows:

Asset	**Purpose of pledge**	**March 31, 2013**	**December 31, 2012**	**March 31, 2012**	**January 1, 2012**
Financial assets carried at amortized cost:					
Multi asset-backed bonds for guarantee	Construction contract fulfillment and warranty guarantee	$ -	-	2,362	2,423
Other financial assets－current:					
Savings deposit / time deposit	Construction contract fulfillment and warranty guarantee	17,299	17,922	22,110	21,565
Time deposit	Currency forward	-	-	-	722
		17,299	17,922	24,472	24,710
Land and building (including investment property)	Short-term borrowing limit	74,058	72,880	76,810	77,384
		$ 91,357	**90,802**	**101,282**	**102,094**

(Continued)

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9. Significant commitments and contingencies

Significant commitments and contingencies for the Group as of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, were as follows:

(1) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to $373,461, $360,627, $442,159 and $409,043, respectively.
(2) Bank pledges for engaging in construction contracts amounted to $259,741, $179,129, $188,229 and $184,754, respectively.
(3) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for the competitive corporations amounted to $964,220, $966,900, $963,180 and $963,180, respectively.
(4) Outstanding letters of credit were $10,636, $41,939, $2,333 and $130,111, respectively.
(5) For already-signed but not-yet-finished significant construction contracts, please refer to note 6(4).
(6) The Company has signed a construction contract with Walsin Technology Corporation (Walsin) in December, 2010. Walsin claimed that the Company did not perform the contruction according to the contract, and therefore claimed compensation amounting to $42,189 at the Taipei District Court, while the Company presumed that the payment obligation did not exist.

    The Company has appointed an attorney to handle the above dispute. Court proceedings had begun just once as of the issuance date of the financial statements, and therefore the court’s decision is still unknown.

10. Losses due to major disasters: None.

11. Subsequent events: None.

12. Other

(1) The employee benefits, depreciation and amortization expenses categorized by function were as follows:

	For the Three Months Ended March 31, 2013			For the Three Months Ended March 31, 2012		
By item	**Operating costs**	**Operating expense**	**Total**	**Operating costs**	**Operating expense**	**Total**
Employee benefit						
Salary	87,417	55,470	142,887	77,923	46,155	124,078
Labor, health and social insurance	7,379	4,695	12,074	7,427	3,354	10,781
Pension	5,875	3,012	8,887	3,294	1,730	5,024
Other	2,343	3,903	6,246	2,020	2,225	4,245
Depreciation (note)	609	4,231	4,840	709	2,463	3,172
Amortization	9	1,294	1,303	53	961	1,014

Note: Depreciation for investment property was $86 for the three months ended March 31, 2013 and 2012, and was recorded in non-operating expense.

(Continued)

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13. **Segment information**

(1) General information and industrial information

There are three segments that need be reported: Taiwan, Mainland China, and other Asian countries. The Taiwan segment provides engineering, maintenance, sales and other services in the Taiwan area. The Mainland China segment provides engineering services in Mainland China. The other Asian segment provides engineering services in Vietnam, Singapore, Malaysia and other Asian countries.

The reported segments are strategic business units and render products and services in different areas. Since each strategic business unit is located in a different environment, they require different administration strategies and are managed separately. Most of the business units were founded by the Group, and the management teams have been cultivated by the Group as well.

The Group has allocated unusual income (loss) and tax expense (profit) to the reportable segments. The income for the reported segments includes significant non-cash items exclusive of depreciation and amortization. The reported amounts are in accordance with the report used by the decision maker of the operation. The accounting policies used by the operating segments are the same as in note 4. The performance of the segments is evaluated by operating income and net income.

(2) Segment information

	For the Three Months Ended March 31, 2013				
	Taiwan	**Mainland China**	**Other Asian**	**Adjustments and eliminations**	**Total**
Revenue:					
Revenue from external customers	$ 1,145,858	1,123,216	37,898	-	2,306,972
Intersegment revenues	26,428	13,978	-	(40,406)	-
Total revenue	$ 1,172,286	1,137,194	37,898	(40,406)	2,306,972
Reportable segment profit or loss	**$ 93,702**	**27,493**	**(6,794)**	**-**	**114,401**

	For the Three Months Ended March 31, 2012				
	Taiwan	**Mainland China**	**Other Asian**	**Adjustments and eliminations**	**Total**
Revenue:					
Revenue from external customers	$ 1,059,793	871,842	13,328	-	1,944,963
Intersegment revenues	165,931	1,546	-	(167,477)	-
Total revenue	$ 1,225,724	873,388	13,328	(167,477)	1,944,963
Reportable segment profit or loss	**$ 111,086**	**70,857**	**(8,900)**	**-**	**173,043**

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14. **First time adoption of IFRS**

The consolidated financial statements as of December 31, 2012 were prepared in conformity with the generally accepted accounting principles of the Republic of China as mentioned in Note 4(1). These are the Group's first consolidated interim financial statements prepared under IFRS (endorsed by the FSC) for annual financial statements, and IFRS 1 "First-time Adoption of International Financial Reporting Standards".

The accounting policies discussed in Note 4 have been applied to the comparative consolidated interim financial statements for the three months ended March 31, 2012, the consolidated balance sheets as of December 31 and the consolidated balance sheets as of January 01, 2012, first IFRSs adoption date.

For purposes of preparing the first financial reports in 2012 under IFRS, the Group regarded the amounts in the financial reports under the R.O.C. GAAP as the initial point for adjustments. An explanation of how the transition to IFRS has affected the reported financial position, financial performance, and cash flows of the Group is provided in the following statements and notes.

(1) Reconciliation of balance sheet and disclosure

	December 31, 2012			March 31, 2012			January 1, 2012		
	ROC GAAP	**Adjustments**	**IFRSs**	**ROC GAAP**	**Adjustments**	**IFRSs**	**ROC GAAP**	**Adjustments**	**IFRSs**
Assets									
Cash and cash equivalents	$ 1,934,995	-	1,934,995	1,809,062	-	1,809,062	1,934,358	-	1,934,358
Available-for-sale financial assets－current	248,842	-	248,842	207,206	-	207,206	82,143	-	82,143
Financial assets carried at amortized cost－current	-	-	-	-	2,362	2,362	-	2,423	2,423
Notes receivable, net	257,690	-	257,690	342,903	-	342,903	280,800	-	280,800
Accounts receivable, net	1,695,667	-	1,695,667	1,244,385	-	1,244,385	1,672,137	-	1,672,137
Receivables from related parties	29,525	-	29,525	128,753	-	128,753	340,642	-	340,642
Construction contracts receivables	1,010,787	38,644	1,049,431	780,117	184,566	964,683	789,076	326,324	1,115,400
Other receivables from related parties	11,931	-	11,931	-	-	-	-	-	-
Inventories, net	790,922	-	790,922	592,816	-	592,816	789,250	-	789,250
Other financial assets－current	102,721	-	102,721	115,084	4,293	119,377	148,452	(2,423)	146,029
Other current assets	384,209	(52,712)	331,497	360,663	(56,031)	304,632	193,931	(47,594)	146,337
Total Current Assets	6,467,289	(14,068)	6,453,221	5,580,989	135,190	5,716,179	6,230,789	278,730	6,509,519
Available-for-sale financial assets－noncurrent	-	6,942	6,942	-	26,892	26,892	-	22,692	22,692
Financial assets carried at cost－noncurrent	6,987	(6,942)	45	29,387	(29,342)	45	35,387	(35,342)	45
Investment accounted for using equity method	3,682	(62)	3,620	11,947	(23)	11,924	15,581	(19)	15,562
Property, plant and equipment	340,451	-	340,451	288,020	-	288,020	267,533	-	267,533
Investment property, net	31,550	-	31,550	31,809	-	31,809	31,895	-	31,895
Intangible assets	56,717	(47,676)	9,041	55,602	(47,332)	8,270	57,098	(48,524)	8,574
Deferred tax assets	4	27,950	27,954	-	7,535	7,535	-	9,117	9,117
Refundable deposits	8,710	-	8,710	11,238	-	11,238	11,761	-	11,761
Long-term prepaid rents	-	36,974	36,974	-	37,670	37,670	-	38,862	38,862
Other non-current assets	5,526	(434)	5,092	8,666	(6,993)	1,673	936	(338)	598
Total Non-current Assets	453,627	16,752	470,379	436,669	(11,593)	425,076	420,191	(13,552)	406,639
Total assets	**$ 6,920,916**	**2,684**	**6,923,600**	**6,017,658**	**123,597**	**6,141,255**	**6,650,980**	**265,178**	**6,916,158**
Liabilities									
Short-term loans	$ 152,160	-	152,160	71,064	-	71,064	160,166	-	160,166
Notes payable	196,567	-	196,567	229,080	-	229,080	397,022	-	397,022
Accounts payable	1,974,223	-	1,974,223	1,636,496	-	1,636,496	1,792,382	-	1,792,382
Payables to related parties	642	-	642	10,274	-	10,274	10,272	-	10,272
Construction contracts payable	560,823	(169,548)	391,275	536,554	(124,202)	412,352	513,689	74,429	588,118
Other payables	232,175	13,392	245,567	115,870	11,692	127,562	193,401	12,546	205,947
Current tax liabilities	112,817	-	112,817	109,211	-	109,211	126,235	-	126,235
Provisions－current	76,524	-	76,524	107,282	-	107,282	70,052	-	70,052
Advance sales receipts	702,074	-	702,074	456,333	-	456,333	719,605	-	719,605
Other current liabilities	30,193	(3,287)	26,906	23,437	(4,850)	18,587	51,997	(659)	51,338
Total current liabilities	4,038,198	(159,443)	3,878,755	3,295,601	(117,360)	3,178,241	4,034,821	86,316	4,121,137

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	December 31, 2012			March 31, 2012			January 1, 2012		
	ROC GAAP	Adjustments	IFRSs	ROC GAAP	Adjustments	IFRSs	ROC GAAP	Adjustments	IFRSs
Deferred tax liabilities	152,913	27,649	180,562	120,595	46,719	167,314	118,393	37,517	155,910
Accrued pension liabilities	15,891	17,219	33,110	16,015	15,021	31,036	15,794	15,303	31,097
Guaranteed deposit received	312	-	312	312	-	312	312	-	312
Total Non-current Liabilities	169,116	44,868	213,984	136,922	61,740	198,662	134,499	52,820	187,319
Total liabilities	4,207,314	(114,575)	4,092,739	3,432,523	(55,620)	3,376,903	4,169,320	139,136	4,308,456
Equity									
Common stock	461,359	-	461,359	461,359	-	461,359	461,359	-	461,359
Capital surplus	896,599	-	896,599	896,599	-	896,599	896,599	-	896,599
Retained earnings	1,342,079	153,451	1,495,530	1,215,349	221,750	1,437,099	1,093,972	170,084	1,264,056
Other equity interest	13,565	(36,192)	(22,627)	11,828	(42,533)	(30,705)	29,729	(44,041)	(14,312)
Total equity attributable to owners of the Company	2,713,602	117,259	2,830,861	2,585,135	179,217	2,764,352	2,481,659	126,043	2,607,702
Total equity	2,713,602	117,259	2,830,861	2,585,135	179,217	2,764,352	2,481,659	126,043	2,607,702
Total liabilities and stockholders' equity	$ 6,920,916	2,684	6,923,600	6,017,658	123,597	6,141,255	6,650,979	265,179	6,916,158

(2) Reconciliation of its statement of comprehensive income

	For the Year Ended December 31, 2012			For the Year Ended March 31, 2012		
	ROC GAAP	Adjustments	IFRSs	ROC GAAP	Adjustments	IFRSs
Operating revenue:						
Construction revenue	$ 7,355,980	(215,523)	7,140,457	1,085,092	385,388	1,470,480
Less: allowances	(1,824)	-	(1,824)	(230)	-	(230)
	7,354,156	(215,523)	7,138,633	1,084,862	385,388	1,470,250
Sales	1,096,735	-	1,096,735	460,791	-	460,791
Other operating revenue	47,025	-	47,025	13,922	-	13,922
	8,497,916	(215,523)	8,282,393	1,559,575	385,388	1,944,963
Operating cost:						
Construction cost	6,182,702	(174,683)	6,008,019	907,136	324,652	1,231,788
Cost of goods sold	896,532	(1,070)	895,462	399,750	(1,427)	398,323
Other operating cost	8,996	(43)	8,953	2,219	(100)	2,119
	7,088,230	(175,796)	6,912,434	1,309,105	323,125	1,632,230
Gross profit	1,409,686	(39,727)	1,369,959	250,470	62,263	312,733
Operating expenses:						
Selling	95,155	(679)	94,476	20,998	(62)	20,936
General and administrative	310,356	(53)	310,303	68,324	(9)	68,315
Research and development	22,442	-	22,442	-	-	-
	427,953	(732)	427,221	89,322	(71)	89,251
Operating income	981,733	(38,995)	942,738	161,148	62,334	223,482
Non-operating income and expenses:						
Other income	23,634	-	23,634	3,735	-	3,735
Other gains and losses, net	(29,056)	-	(29,056)	6,192	6,000	12,192
Finance costs	(3,795)	-	(3,795)	(1,262)	-	(1,262)
Share of loss of associates accounted for using equity method	(17,265)	(43)	(17,308)	(3,251)	(4)	(3,255)
	(26,482)	(43)	(26,525)	5,414	5,996	11,410
Profit before tax	955,251	(39,038)	916,213	166,562	68,330	234,892
Income tax expense	(245,718)	25,641	(220,077)	(45,185)	(16,664)	(61,849)
Profit for the period	709,533	(13,397)	696,136	121,377	51,666	173,043

(Continued)

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements

	For the Year Ended December 31, 2012			For the Year Ended March 31, 2012		
	ROC GAAP	Adjustments	IFRSs	ROC GAAP	Adjustments	IFRSs
Other comprehensive income, net of tax：						
Foreign currency translation differences —foreign operations	-	(27,237)	(27,237)	-	(22,702)	(22,702)
Net change in fair value of available-for-sale financial assets	-	18,920	18,920	-	6,309	6,309
Defined benefit plan actuarial losses	-	(3,238)	(3,238)	-	-	-
Other comprehensive income, net of tax	-	(11,555)	(11,555)	-	(16,393)	(16,393)
Comprehensive income	709,533	(24,952)	684,581	121,377	35,273	156,650
Profit, attributable to:						
Owners of the Company	709,533	(13,397)	696,136	121,377	51,666	173,043
Non-controlling interests	-	-	-	-	-	-
Profit	709,533	(13,397)	696,136	121,377	51,666	173,043
Comprehensive income attributable to:						
Owners of the Company	709,533	(24,952)	684,581	121,377	35,273	156,650
Non-controlling interests	-	-	-	-	-	-
Comprehensive income	$ 709,533	(24,952)	684,581	121,377	35,273	156,650
Basic earnings per share	15.38	-	15.09	2.63	-	3.75
Diluted earnings per share	15.26	-	14.97	2.62	-	3.73

(3) There was no significant difference between the Consolidated Statements of Cash Flows prepared by the Group under IFRSs and the R.O.C. GAAP.

(4) Notes to reconciliation

A. Financial assets designated as available-for-sale are measured at fair value under the IFRS as endorsed by the FSC, which are previously measured at cost.

Under the R.O.C GAAP, the financial assets amounted to $35,342. The fair value of the available-for-sale financial assets amounted to $22,692 at the transition date.

The effects of this GAAP difference are as follows:

	For the Year Ended December 31, 2012	For the Three Months Ended March 31, 2012
Consolidated comprehensive income statement		
Decrease in impairment loss	$ -	6,000

(Continued)

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	December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets			
Available-for-sale financial assets	$ 6,942	26,892	22,692
Financial assets carried at cost	(6,942)	(29,342)	(35,342)
Retained earnings adjustments	$ -	(2,450)	(12,650)

B. Under the R.O.C. GAAP, the Group estimates the amount of accumulating compensated absences arising from employees' past service based on the best parameter at the end of the year. This obligation is calculated by projected unit credit method, and is reevaluated using actuaries at the end of every single year under the IFRS as endorsed by the FSC.

The effects of this GAAP difference are as follows:

	For the Year Ended December 31, 2012	For the Three Months Ended March 31, 2012
Consolidated comprehensive income statement		
Decrease (increase) in operating cost	$ (647)	740
Decrease (increase) in operating expense	(285)	40
	$ (932)	780

	December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets			
Other payables - retained earnings adjustments	$ 13,392	11,692	12,546

C. The Group recognized the actuarial gain or loss as other comprehensive income in the statement of comprehensive income under the IFRS as endorsed by the FSC. Under R.O.C. GAAP, the Group recognized actuarial gain or loss as profit or loss based on the average remaining service period of employees. At the transition date, all of the unrecognized accumulated actuarial gains or losses are recognized directly to retained earnings, and reversed on the comprehensive income statement in the previous years.

(Continued)

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements

The effects of this GAAP difference are as follows:

	For the Year Ended December 31, 2012	For the Three Months Ended March 31, 2012
Consolidated comprehensive income statement		
Decrease in operating cost	$ 215	251
Decrease in operating expense	1,017	31
	$ 1,232	282

	December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets			
Accrued pension liabilities - retained earnings adjustments	$ 17,219	15,021	15,303

D. Some of the Group's long-term construction contracts do not meet the criteria for adopting the percentage-of-completion method, and therefore adopt the completed-contract method. According to IFRSs, however, there is no completed-contract method, and revenues are recognized based on the extent of completion using the percentage-of- completion method. The effects of this GAAP difference are as follows:

	For the Year Ended December 31, 2012	For the Three Months Ended March 31, 2012
Consolidated comprehensive income statement		
Increase (decrease) in construction revenue	$ (215,523)	385,388
Decrease (increase) in construction cost	176,228	(324,116)
	$ (39,295)	61,272

	December 31, 2012	March 31, 2012	January 1, 2012
Consolidated balance sheets			
Construction contract receivable	$ 38,644	184,566	326,324
Construction contract payable	$ 169,548	124,202	(74,429)

(Continued)

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements

According to the Company's consolidated financial statements for the year ended December 31, 2012, note 10 (4), the amount of recognized construction revenue shall be decreased by $149,982 at the transition date to IFRSs. The difference between $149,982 and $215,523 listed in the above table amounted to $65,541. This adjustment made the percentage of completion lower and had an effect on the amount to be recognized for the construction revenue and construction contract receivable for the period due to an increase in estimated total construction costs in 2012.

Moreover, the decrease in recognized amount of construction revenue in 2012 also resulted in a decrease in income tax expense and net deferred tax liability/asset which amounted to $24,632.

The above adjustments took as a whole resulted in a decrease in retained earnings which amounted to $40,799 for the year ended December 31, 2012.

E. The Company elected to have the foreign currency translation differences－foreign operations deemed to be zero according to IFRS 1 endorsed by the FSC.

The effects of this GAAP difference are as follows:

	December 31, 2012	March 31, 2012	January 1, 2012
Consolidated comprehensive income statement			
Foreign currency translation differences－foreign operations - retained earnings adjustments	$ (39,790)	(39,790)	(39,790)

F. The effects to retained earnings of the GAAP differences described above are as follows :

	December 31, 2012	March 31, 2012	January 1, 2012
Employee benefits	$ (43,918)	(39,867)	(40,925)
Construction contract receivable/ payables, net	204,106	304,673	243,401
Reclassification of other equity interest	39,790	45,790	39,790
Deferred tax	(46,527)	(88,846)	(72,182)
Changes in retained earnings	$ 153,451	221,750	170,084

(Continued)

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements

G. Regarding the land leasehold rights held under leases, the Company accounted for them as an operating lease under IFRSs endorsed by the FSC. According to IFRSs, the payment to acquire the leasehold interest shall be accounted for as prepayments and amortized over the lease term. Thus, the Company reclassified the land leasehold rights which were recorded under intangible assets in accordance with ROC GAAP as prepaid long-term lease amounting to $38,862, $37,670 and $36,974 as of January 1, March 31 and December 31, 2012, respectively.

H. Parts of the Company's land and building are used for acquiring rental revenue or capital gain. Thus, the Company reclassified the land and building which were recognized as lease assets in accordance with ROC GAAP as investment properties, and they amounted to $31,895, $31,809 and $31,550, as of January 1, March 31 and December 31, 2012, respectively.

I. The Company's savings deposit, time deposit and multi asset-backed bonds for guarantee are pledged for construction contract fulfillment and warranty guarantee, recognized as restricted assets－current amounting to $24,710, $17,817 and $17,922, as of January 1, March 31 and December 31, 2012, respectively, and as restricted assets－noncurrent amounting to $6,656 as of March 31, 2012. The restricted assets that will be reclassified to other financial assets amounting to $22,287, $22,110 and $17,922 and financial assets carried at amortized cost－current amounted to $2,423, $2,362 and $0 under IFRSs.