

**MEGAFORCE CO., LTD.
AND ITS SUBSIDIARIES**
**Consolidated Financial Statements for the
Three Months Ended March 31, 2013 and 2012
(Reviewed , Not Audited)**

Address : 1F., No.5, Zihciang St., Tucheng Dist., New Taipei City 236, Taiwan
Telephone : 886-2-2268-7790

MEGAFORCE CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
March 31, 2013, December 31, 2012, March 31, 2012 And January 1, 2012
(Expressed in Thousands of New Taiwan Dollars)

ASSETS		2013.3.31		2012.12.31		2012.3.31		2012.1.1		LIABILITIES AND STOCKHOLDERS' EQUITY		2013.3.31		2012.12.31		2012.3.31		2012.1.1									
		Amount	%	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%	Amount	%								
Current assets																											
1100	Cash and cash equivalents	\$	710,609	14	\$	737,526	14	\$	773,531	15	\$	908,714	15	2100	Short-term borrowings	\$	843,840	16	\$	730,502	14	\$	753,451	14	\$	1,045,617	17
1110	Financial assets at fair value through profit or loss - current		-	-		93	-		2	-		6,000	-	2120	Financial liabilities at fair value through profit or loss - current		4,992	-		2,100	-		-	-		2,172	-
1170	Notes and accounts receivable		1,626,710	31		1,702,091	33		1,532,913	28		2,149,414	35	2170	Notes and accounts payable		637,672	12		629,182	12		591,281	11		752,716	12
1310	Inventories		608,898	12		513,982	10		542,527	10		495,789	8	2200	Other payables		474,342	9		575,321	11		379,022	7		557,113	9
1476	Other financial assets - current		446,772	8		276,496	5		365,070	7		405,057	7	2230	Current tax liabilities		11,024	-		15,134	-		12,772	-		23,634	1
1479	Other current assets		39,412	-		51,423	1		92,034	1		75,670	-	2399	Other current liabilities		87,646	2		76,006	2		67,350	1		105,681	2
Total current assets			3,432,401	65		3,281,611	63		3,306,077	61		4,040,644	65	2321	Bonds payable, current portion or exercise sell back		287,418	5		285,119	6		-	-		-	-
Non-current assets																											
1523	Available-for-sale financial assets - non-current		49,203	1		49,056	1		68,917	1		61,164	1	2322	Long-term borrowings, current portion		100,082	2		113,630	2		66,442	1		146,881	2
Total current liabilities			2,447,016	46		2,426,994	47		1,870,318	34		2,633,814	43														
Non-current liabilities																											
1550	Investments accounted for using equity method		-	-		-	-		21,761	-		24,872	-	2500	Financial liabilities at fair value through profit or loss - non-current		-	-		-	-		1,380	-		2,460	-
1600	Property, plant and equipment		1,532,360	29		1,567,592	30		1,656,367	31		1,760,752	29	2530	Bonds payable		-	-		-	-		278,330	5		276,102	4
1780	Intangible assets		46,664	1		49,440	1		58,952	1		59,887	1	2540	Long-term borrowings		35,850	1		50,988	1		81,207	2		51,493	1
1980	Other financial assets - non-current		32,297	1		56,385	1		66,211	1		25,570	-	2640	Accrued pension liabilities		155,190	3		154,104	3		143,435	3		142,141	2
1990	Other non-current assets		174,294	3		178,797	4		203,176	5		215,428	4	2670	Other non-current liabilities		3,145	-		600	-		32,029	1		35,395	1
Total non-current assets			1,834,818	35		1,901,270	37		2,075,384	39		2,147,673	35	Total non-current liabilities			194,185	4		205,692	4		536,381	11		507,591	8
														Total liabilities			2,641,201	50		2,632,686	51		2,406,699	45		3,141,405	51
Equity attributable to owners of parent																											
3100	Capital stock		1,290,371	25		1,362,141	26		1,361,846	25		1,361,771	22	3200	Capital surplus		1,182,945	23		1,199,552	23		1,194,735	22		1,193,131	19
3300	Retained earnings (accumulated deficit)		(89,375)	(2)		(99,363)	(2)		204,696	4		225,954	4	3400	Other equity interest		228,400	4		164,956	4		201,514	4		253,142	4
3500	Treasury shares		-	-		(89,772)	(2)		-	-		-	-	Total equity attributable to owners of parent			2,612,341	50		2,537,514	49		2,962,791	55		3,033,998	49
36XX	Non-controlling interests		13,677	-		12,681	-		11,971	-		12,914	-	Total equity			2,626,018	50		2,550,195	49		2,974,762	55		3,046,912	49
TOTAL ASSETS			\$5,267,219	100		\$5,182,881	100		\$5,381,461	100		\$6,188,317	100	TOTAL LIABILITIES AND EQUITY			\$5,267,219	100		\$5,182,881	100		\$5,381,461	100		\$6,188,317	100

MEGAFORCE CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For The Three Months Ended March 31, 2013 And 2012
(Expressed in Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2013		2012	
	Amount	%	Amount	%
4000 Operating revenue	\$ 1,163,333	100	1,125,361	100
5000 Operating costs	1,029,948	88	996,986	89
Gross profit from operations	133,385	12	128,375	11
Operating expenses :				
6100 Selling expenses	23,382	2	20,918	2
6200 Administrative expenses	66,284	6	80,974	7
6300 Research and development expenses	22,892	2	17,956	1
Total operating expenses	112,558	10	119,848	10
Net operating income	20,827	2	8,527	1
Non-operating income and expenses :				
7101 Interest income	3,917	-	2,344	-
7020 Other gains and losses	5,849	1	1,004	-
7510 Interest expenses	(6,460)	(1)	(11,237)	(1)
7060 Share of loss of associates and joint ventures accounted for using equity method, net	-	-	(3,111)	-
	3,306	-	(11,000)	(1)
7900 Profit (loss) before tax	24,133	2	(2,473)	-
7950 Tax expense	(13,520)	(1)	(18,995)	(2)
8200 Profit (loss)	10,613	(1)	(21,468)	(2)
Other comprehensive income :				
8310 Exchange differences on translation	63,668	5	(59,632)	(6)
8325 Available-for-sale financial assets	147	-	7,753	1
8399 Income tax relating to components of other comprehensive income	-	-	-	-
8300 Other comprehensive income, net	63,815	5	(51,879)	(5)
8500 Comprehensive income	\$ 74,428	6	(73,347)	(7)
Profit (loss), attributable to :				
8610 Owners of parent	9,988	1	(21,226)	(2)
8620 Non-controlling interests	625	-	(242)	-
	\$ 10,613	1	(21,468)	(2)
Comprehensive income attributable to :				
8710 Owners of parent	73,432	6	(72,854)	(7)
8720 Non-controlling interests	996	-	(493)	-
	\$ 74,428	6	(73,347)	(7)
Earnings per share (expressed in dollars) :				
9710 Basic earnings (loss) per share	\$ 0.08		(0.16)	
9810 Diluted earnings per share	\$ 0.08			

MEGAFORCE CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For The Three Months Ended March 31, 2013 And 2012
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent											
	Retained Earnings (Accumulated Deficit)					Other Equity Interest			Treasury Stock	Total Equity Attributable to Owners of Parent	Non-controlling Interests	Total Equity
	Common Stock	Capital Surplus	Legal Reserve	Unappropriated Retained Earnings	Total	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-sale Financial Assets	Total				
Balance at January 1, 2012	\$ 1,361,771	1,193,131	-	225,954	225,954	253,142	-	253,142	-	3,033,998	12,914	3,046,912
Net loss	-	-	-	(21,226)	(21,226)	-	-	-	-	(21,226)	(242)	(21,468)
Other comprehensive income	-	-	-	-	-	(59,381)	7,753	(51,628)	-	(51,628)	(251)	(51,879)
Total comprehensive income	-	-	-	(21,226)	(21,226)	(59,381)	7,753	(51,628)	-	(72,854)	(493)	(73,347)
Compensation cost arising from employee stock options	-	1,595	-	-	-	-	-	-	-	1,595	-	1,595
Exercise of employee stock	75	9	-	-	-	-	-	-	-	84	-	84
Changes in non-controlling	-	-	-	(32)	(32)	-	-	-	-	(32)	(450)	(482)
Balance at March 31, 2012	\$ 1,361,846	1,194,735	-	204,696	204,696	193,761	7,753	201,514	-	2,962,791	11,971	2,974,762
Balance at January 1, 2013	\$ 1,362,141	1,199,552	27,556	(126,919)	(99,363)	188,904	(23,948)	164,956	(89,772)	2,537,514	12,681	2,550,195
Net income	-	-	-	9,988	9,988	-	-	-	-	9,988	625	10,613
Other comprehensive income	-	-	-	-	-	63,297	147	63,444	-	63,444	371	63,815
Total comprehensive income	-	-	-	9,988	9,988	63,297	147	63,444	-	73,432	996	74,428
Compensation cost arising from employee stock options	-	1,395	-	-	-	-	-	-	-	1,395	-	1,395
Retirement of treasury share	(71,770)	(18,002)	-	-	-	-	-	-	89,772	-	-	-
Balance at March 31, 2013	\$ 1,290,371	1,182,945	27,556	(116,931)	(89,375)	252,201	(23,801)	228,400	-	2,612,341	13,677	2,626,018

MEGAFORCE CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Three Months Ended March 31, 2013 And 2012
(Expressed in Thousands of New Taiwan Dollars)

	2013	2012
Cash flows from (used in) operating activities :		
Profit (loss) before tax	\$ 24,133	(2,473)
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	68,921	76,726
Amortization expense	3,136	4,236
Interest expense	6,460	11,237
Interest income	(3,917)	(2,344)
Share-based payments	1,395	1,595
Share of loss of associates accounted for using equity method	-	3,111
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	2,985	(3,254)
Loss (gain) on disposal of property, plan and equipment	3,134	(937)
Property, plan and equipment transferred to expenses	11	118
Impairment loss on non-financial assets	-	454
Total adjustments to reconcile profit	82,125	90,942
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease in financial assets held for trading	-	6,000
Decrease in accounts receivable	115,828	566,306
Increase in inventories	(83,517)	(55,530)
Decrease(increase) in other current assets	13,697	(17,991)
Decrease(increase) in other financial assets- current	(3,173)	24,227
Total changes in operating assets	42,835	523,012
Changes in operating liabilities :		
Decrease in notes and accounts payable	(6,329)	(97,024)
Decrease in other payable	(65,214)	(127,134)
Increase(decrease) in other current liabilities	10,383	(90,272)
Increase in accrued pension liabilities	1,086	1,294
Total changes in operating liabilities	(60,074)	(313,136)
Total changes in operating assets and liabilities	(17,239)	209,876
Total adjustments	64,886	300,818
Cash inflow generated from operations	89,019	298,345
Income taxes paid	(10,692)	(23,373)
Net cash flows from operating activities	78,327	274,972
Cash flows from (used in) investing activities		
Acquisition of property, plant and equipment	(53,202)	(58,492)
Proceeds from disposal of property, plant and equipment	12,022	121
Acquisition of intangible assets	(500)	(1,619)
Decrease in other financial assets-current	(168,038)	19,629
Decrease in other financial assets-non-current	24,554	(41,068)
Decrease(increase) in other non-current assets	3,262	(2,713)
Interest received	5,261	2,142
Net cash flows used in investing activities	(176,641)	(82,000)
Cash flows from (used in) financing activities :		
Increase(decrease) in short-term loans	67,950	(284,231)
Increase in short-term notes and bills payable	30,000	-
Proceeds from long-term debt	-	60,580
Repayments of long-term debt	(32,684)	(105,189)
Increase(decrease) in other non-current liabilities	10	(469)
Exercise of employee share options	-	84
Interest paid	(5,837)	(10,132)
Net cash flows from (used in) financing activities	59,439	(339,357)
Effect of exchange rate changes on cash and cash equivalents	11,958	11,202
Net decrease in cash and cash equivalents	(26,917)	(135,183)
Cash and cash equivalents at beginning of period	737,526	908,714
Cash and cash equivalents at end of period	\$ 710,609	773,531