

Coretronic Corporation

2014 Annual General Shareholder Meeting Minutes

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

Time : 9:00 a.m., June 17(Tuesday), 2014.

Place : No. 2, Ke Bei 5th Rd., Science Park, Chu-Nan, Miao-Li County (Chunan Science Park)

Attendants: Total outstanding shares: 724,038,518 shares, total shares represented by shareholders present in person or by proxy: 550,323,597 shares (including the 349,937,154 shares represented via electronic transmission). Percentage of shares held by shareholders present in person or by proxy: 76.01%. The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

I. Chairman's Address (omitted)

II. Report Items

1. 2013 Annual Business Report (attached as Attachment 1).
2. Audit Committee's Report (attached as Attachment 2).
3. The Execution of Issuance of New Shares and/or Issuance of Overseas Depositary Receipts (refer to the handbook).

The above report items were acknowledged.

III. Ratification Items

1. Ratification of 2013 Business Report and Financial Statements. (Proposed by the Board of Directors)

Description:

- (1) The 2013 balance sheet, comprehensive income statement, statement of changes in shareholders' equity and cash flow statement of the Company audited by Ernst & Young and had issued its review report accordingly.
- (2) Please refer to attachment 1 and 3 for 2013 Business Report and financial statements.
- (3) Please resolve.

Resolution: The proposal has been unanimously approved. There were 529,450,984 shares represented at the time of voting, which 409,891,103 shares voted for the proposal (among them, 230,378,303 shares voted via electronic transmission); 1,611 shares voted against the proposal (among them, 1,611 shares voted via electronic transmission) ; 119,557,240 shares voted abstained the proposal.

2. Ratification of the Proposal for the Distribution of 2013 Earnings. (Proposed by the Board of Directors)

Description:

- (1) The 2013 financial statements audited by Ernst & Young and had issued its review report accordingly. The earnings distribution table is made in accordance with the Articles of Incorporation / Company Act and attached as below. The company will distribute cash dividend of NTD 0 this year.

(2) Please resolve.

Coretronic Corporation
2013's Earnings Distribution Table

Unit : NTD

Item	Amount	
	Subtotal Total	Total
Beginning of Unappropriated Earnings		3,689,731,060
Plus: The Impact of Adopting IFRSs For the First Time	252,767,894	
Minus: Defined Benefit Plans Actuarial losses	15,549,342	
Adjusted of Unappropriated Earnings		3,926,949,612
2013's Unappropriated Earnings	1,938,963,228	
Minus: Appropriated For Legal Reserve	193,896,323	
2013's Earnings Available For Distribution		1,745,066,905
Earnings Available For Distribution (Cumulative)		5,672,016,517
Cash Dividends To Shareholders (NTD0/per share)		0
End of Unappropriated Earnings		5,672,016,517
Note : It is proposed to distribute NT\$0 for employee cash bonus, NT\$0 for directors' remunerations.		

Chairman: Wade Chang President : Sarah Lin, SY Chen Accounting Officer: Franck Ho

Resolution: The proposal has been unanimously approved .There were 529,450,984 shares represented at the time of voting, which 413,136,103 shares voted for the proposal (among them, 233,623,303 shares voted via electronic transmission); 1,611 shares voted against the proposal (among them, 1,611 shares voted via electronic transmission) ; 116,312,240 shares voted abstained the proposal.

IV. Discussion Items

1. Proposal of conducting the Company's capital reduction. (Proposed by the Board of Directors)

- (1) In order to raise the interests of shareholders, it is proposed that the Company conduct a capital reduction and cash repayment. The amount of the capital reduction shall be NT\$1,810,096,300. Following the capital reduction, paid-in capital shall be NT\$5,430,288,880 and no shares shall be issued in physical form.
- (2) The amount of the capital reduction shall be NT\$1,810,096,300, which is calculated based on the numbers of outstanding shares on February 26, 2014.The capital reduction percentage is 25%.
- (3)The common shares, calculated on the basis of the number of shares held by each shareholder, according to each shareholder's ownership as registered in the book on the record date of the capital reduction, shall be replaced for new shares. Each 1,000 shares shall be exchanged for 750 shares, which will achieve a reduction of 181,009,630 common shares. For each fractional common share resulting from the capital reduction, the shareholders' other factional

shares; otherwise the Company will pay the shareholder cash based on the face value before the record date of the conversion, rounded down to whole NT dollar. The Chairman is hereby authorized to designate persons to purchase all of the fractional shares at the face value.

- (4) The Chairman/Board shall be authorized to determine the record date of the capital reduction and other relevant matters after this capital reduction proposal has been approved at the annual general meeting and has received the competent authority's approval.
- (5) The rights and obligations of the replaced new shares are same with the original shares.
- (6) It is proposed that the Chairman is granted full power to handle the situation if the competent authority changes the minimum capital requirement or if a response must be made to other changes in objective environment prior to the record date of cash capital reduction.
- (7) Please resolve.

Resolution: The proposal has been unanimously approved .There were 529,450,984 shares represented at the time of voting, which 404,125,924 shares voted for the proposal (among them, 224,613,124 shares voted via electronic transmission); 9,790 shares voted against the proposal (among them, 9,790 shares voted via electronic transmission) ; 125,314,240 shares voted abstained the proposal.

2. Proposal of Amending the Company's Articles of Incorporation. (Proposed by the Board of Directors)

- (1)To accommodate the Company's future business needs and comply with the regulations of Electronic shareholders' voting, it is proposed to make certain amendments to the Articles of Incorporation of the Company.
- (2)The Company's Articles comparison of amendments, please refer to the handbook as Attachment 4.
- (3) Please resolve.

Resolution: The proposal has been unanimously approved .There were 529,450,984 shares represented at the time of voting, which 404,133,879 shares voted for the proposal (among them, 224,621,079 shares voted via electronic transmission); 2,835 shares voted against the proposal (among them, 2,835 shares voted via electronic transmission) ; 125,313,240 shares voted abstained the proposal.

3. Proposal of Amending the Company's Rules and Procedures of Shareholders Meeting. (Proposed by the Board of Directors)

- (1)To comply with the regulations of e-voting, it is proposed to make certain amendments to the Company's Rules and Procedures of Shareholders Meeting.
- (2)Please see below for a comparison table of the original provisions and amendments.

Current Provisions	Proposed Amendments	Note
6. Procedures: 6.1 Shareholders (or agent) attending the shareholders' meeting shall sign-in. The sign-in procedure is performed by submitting the attendance card. The attendance card shall be worn to attend the shareholders' meeting. The number of shares represented by attending shareholders shall be calculated in accordance with the attendance card submitted by shareholders.	6. Procedures: 6.1 Shareholders (or agent) attending the shareholders' meeting shall sign-in. The sign-in procedure is performed by submitting the attendance card. The attendance card shall be worn to attend the shareholders' meeting. The number of shares represented by attending shareholders shall be calculated in accordance with the attendance card submitted by shareholders <u>and those submitted by e-voting shares.</u>	To comply with the application of e-voting
6.11 Unless otherwise provided by The Company Law, a proposal shall be approved by the consent of more than half of the votes of shares represented by shareholders present. Each shareholder is entitled to one vote for each share held. The above provision shall not apply to those persons whose voting rights are restricted by the terms of preferred stocks.	6.11 Unless otherwise provided by The Company Law, a proposal shall be approved by the consent of more than half of the votes of shares represented by shareholders present. Each shareholder is entitled to one vote for each share held <u>except the shares provided by laws.</u>	To comply with the applicable laws

(3) Please resolve.

Resolution: The proposal has been unanimously approved .There were 529,450,984 shares represented at the time of voting, which 404,125,597 shares voted for the proposal (among them, 224,612,797 shares voted via electronic transmission); 11,117 shares voted against the proposal (among them, 11,117 shares voted via electronic transmission) ; 125,313,240 shares voted abstained the proposal.

4. Proposal of Amending the Procedures of Acquisition or Disposal of Assets. (Proposed by the Board of Directors)

(1)To comply with the order of the Financial Supervisory Commission, the adoption of International Financial Reporting Standards ("IFRSs") and to accommodate the Company's actual business needs, it is proposed to amend the Procedures of Acquisition or Disposal of Assets.

(2)The comparison table of amendments to the Procedures of Acquisition or Disposal of Assets, please refer to the handbook as Attachment 5.

(3) Please resolve.

Resolution: The proposal has been unanimously approved .There were 529,450,984 shares represented at the time of voting, which 404,133,878 shares voted for the proposal (among them, 224,621,078 shares voted via electronic transmission); 2,836 shares voted against the proposal (among them, 2,836 shares voted via electronic transmission) ; 125,313,240 shares voted abstained the proposal.

V. Motions: None.

VI. Meeting Adjournment: 9:18 am.

Chairman: Wade Chang
Recorder: Franck Ho

Coretronic Corporation

2013 Annual Business Report

For the fiscal year of 2013, Coretronic reported consolidated sales revenue of NT\$72,749 million and operating income of NT\$2,599 million with a net income of NT\$2,016 million. Net income attributable to equity holders of the parent company was NT\$1,939 million with the basic EPS* of NT\$2.68 per common share.

Sales breakdowns by product lines in 2013 as below: (Consolidated)

Product	2013	2012	Diff.
LCD Backlight (pc)	77,696,844	68,525,320	13%
Projector (unit)	1,008,863	1,076,658	(6%)

In the year of 2013, we continue to integrate the variety of BLU technologies, such as injection, screen/inkjet printing, and laser direct writing, to meet the market trend of supper thin, touch, 3D and big screen TV display. By using the 3D micro structure LGP with photo mask-less process technique we developed, a supper thin Hinge-up module had been mass produced for the first tier NB companies, and with the honor of granting the “2013 Innovated Product Award” from MOEA. Furthermore, taking advantage of the unique Ink-Jet LGP printing process and Display Head technique, we realized the 1~2mm thickness side-emitted LGP for 40~50” TV BLU module which will be one of the thinnest possible solution. Finally, at the high-end 4K2K TV product segment, both 80” single side emitted LGP and 12mm direct emitted BLU had been successful developed. At the same time, to fulfill the economic TV market, an innovative LGP-less side emitted BLU model has also been developed. Generally speaking, our BLU development strategy covers all of the size segments and all display applications.

Due to the availability of smart phone and tablet PC, Coretronic continues to develop a new series of micro projection by LED light source with features such as portability, easy setup, auto detecting to smart phone, tablet PC, and other portable electronic products. This helps Coretronic expand its product lines in display sharing, mobile projection, and application of micro projection display. Via the dual-lamp high efficiency optical engine platform, Coretronic has also united latest laser light source and thermal management to increase market share and gain high profit in professional market of high brightness. In addition, catering to the site characteristics and curve surface projection of professional applications, Coretronic has developed a system thermal design with effective cooling at all installation angles and image blending technology to ensure projector reliability and provide unconstrained setup environments for end users. As educational application is the main projector market, Coretronic regards enhanced functionality and simple installation, combined laser touched module as direction of project development. Continually launch new generation of interactive short focal length projector to conform requirement from educational market.

Looking into the future, Coretronic will adhere to its mission as a leader in the digital display system technology sector and aim to implementing the following strategies:

(1) Using optical technology as a core competitive strength to expand into other optical components and system products; to increase product value-add and price competitiveness; and to strengthen global competitive edge in terms of backlighting and projection technology. (2) Improving processing techniques of various light guide plates and backlight module and develop R&D

platforms which can be expansively applied to all kinds of advanced display system products. (3) Improving operation models, provide optimal design, production and after-sales services, and foster closer relationships with LCD panel manufacturers and brand name customers. (4) Continuing to develop emerging techniques of solid-state light, ultra short throw projection, interactive touch, and multi-projector with auto blending display to strengthen core technology capabilities and enrich production application fields. (5) By platform integration, system modularization and flexibility design, Coretronic optimizes supply chain efficiency and enhances product competitiveness. (6) Based upon market trend, increasing software functions of multimedia and internet of the thing (IOT) and linking with core technology capabilities of software developing and system integration to create most friendly user interface for new interactive experience, and to provide total projection solutions for various application fields (education, corporate, home, digital signage...etc.) (7) Using information technology to manage the potency, integrate group resources deployment and ensure the security of information systems resources to improve the overall performance of the organization. Develop the information processes and application systems to provide integrated management information platform. Planning and integrate the cloud-based platform to accelerate the expansion of the Group's new business. (8) With reference to corporate operating growth and financial positioning strategies, utilizing financing tools such as optimal capital market and the money market to acquire low-cost working capital as support to sustain operation growth and long-term development needs. Building consensus through engagement to enable teamwork, innovation and execution; materializing the vision to build technologies foundation for sustainable business and pursuing the ultimate interest of shareholders and staff.

Sincerely,

Chairman: Wade Chang President: Sarah Lin, SY Chen Accounting Officer: Franck Ho

Audit Committee's Report

To: 2014 General Annual Shareholders' Meeting of Coretronic Corporation

The Board of Directors of the Company has delivered the 2013 business report, the financial statements and the proposed 2013 earnings distribution. The aforesaid 2013 financial statements of the Company and the consolidated financial statements had been audited by Ernst & Young. The Audit Committee has examined the above statements and found nothing out of order and thus prepared this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act for your ratification.

Coretronic Corporation

Chairman of the Audit Committee : Ted Tu

Date: April 24, 2014

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To the Board of Directors and Shareholders of Coretronic Corporation

We have audited the accompanying parent company only balance sheets of Coretronic Corporation as of December 31, 2013 and 2012 and January 1, 2012 and the related parent company only statements of comprehensive income, parent company only changes in equity, and parent company only cash flows for the years then ended December 31, 2013 and 2012. These parent company only financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these parent company only financial statements based on our audits.

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

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of Coretronic Corporation as of December 31, 2013 and 2012 and January 1, 2012, and the results of its operations and its cash flows for the years then ended December 31, 2013 and 2012, in conformity with requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
February 26, 2014
Taipei, Taiwan
Republic of China

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2013, December 31, 2012 and January 1, 2012

(Amounts in thousands of New Taiwan Dollars)

ASSETS	December 31, 2013	%	December 31, 2012	%	January 1, 2012	%
Current assets						
Cash and cash equivalents	\$4,058,110	11.78	\$3,871,023	12.33	\$4,358,447	14.94
Financial assets at fair value through profit or loss-current	65,189	0.19	990	-	3,227	0.01
Hedging derivative financial assets-current	136,911	0.40	32,431	0.10	16,849	0.06
Notes receivables, net	3,712	0.01	-	-	-	-
Accounts receivables, net	5,268,426	15.29	5,694,605	18.15	2,226,978	7.64
Accounts receivable-related parties, net	1,890,941	5.49	1,555,560	4.96	1,922,285	6.59
Other receivables	79,157	0.23	112,136	0.36	57,043	0.20
Other receivables-related parties	706,797	2.05	517,936	1.65	591,196	2.03
Inventories, net	1,617,440	4.70	1,344,209	4.28	1,410,519	4.84
Prepayments	51,554	0.15	141,283	0.45	97,697	0.33
Other current assets	27,484	0.08	27,271	0.09	3,234	0.01
Total current assets	13,905,721	40.37	13,297,444	42.37	10,687,475	36.65
Non-current assets						
Financial assets measured at cost-noncurrent	221	-	221	-	221	-
Investments accounted for using the equity method	18,902,801	54.88	16,331,231	52.04	16,550,633	56.75
Property, plant and equipment, net	1,461,799	4.24	1,591,017	5.07	1,751,727	6.01
Intangible assets	26,165	0.08	20,361	0.07	27,999	0.09
Deferred tax assets	120,548	0.35	117,004	0.37	121,649	0.42
Other assets-others	27,242	0.08	24,329	0.08	22,711	0.08
Total non-current assets	20,538,776	59.63	18,084,163	57.63	18,474,940	63.35
Total assets	\$34,444,497	100.00	\$31,381,607	100.00	\$29,162,415	100.00

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY BALANCE SHEETS

As of December 31, 2013, December 31, 2012 and January 1, 2012

(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2013	%	December 31, 2012	%	January 1, 2012	%
Current liabilities						
Short-term debts	\$4,639,148	13.47	\$3,332,340	10.62	\$2,781,626	9.54
Financial liabilities at fair value through profit or loss-current	12,748	0.04	6,942	0.02	3,328	0.01
Hedging derivative financial liabilities-current	104,773	0.31	60,142	0.19	13,331	0.05
Notes payable	86	-	933	-	853	-
Accounts payable	3,263,242	9.47	2,634,689	8.40	2,440,755	8.37
Accounts payable-related parties	1,939,804	5.63	2,653,189	8.46	544,636	1.87
Other payables	1,506,371	4.37	1,224,813	3.90	1,526,165	5.23
Other payables-related parties	85,478	0.25	93,504	0.30	125,360	0.43
Current tax liabilities	111,355	0.32	111,398	0.35	275,342	0.95
Provision-current	467,766	1.36	488,904	1.56	495,864	1.70
Other current liabilities	306,477	0.89	330,075	1.05	389,125	1.33
Total current liabilities	12,437,248	36.11	10,936,929	34.85	8,596,385	29.48
Non-current liabilities						
Long-term loans	161,841	0.47	647,592	2.06	-	-
Deferred tax liabilities	35,999	0.10	5,430	0.02	13,739	0.05
Accrued pension liabilities	142,980	0.42	131,701	0.42	113,875	0.39
Other liabilities-others	274	-	119	-	226	-
Total non-current liabilities	341,094	0.99	784,842	2.50	127,840	0.44
Total liabilities	12,778,342	37.10	11,721,771	37.35	8,724,225	29.92
Equity						
Share capital						
Common stock	7,240,385	21.02	7,240,385	23.07	7,240,385	24.83
Capital surplus	4,552,383	13.22	4,552,383	14.51	4,542,827	15.57
Retained earnings						
Legal reserve	2,532,514	7.35	2,443,498	7.79	2,292,170	7.86
Special reserve	1,290,820	3.75	1,290,820	4.11	1,290,820	4.43
Undistributed earnings	5,865,913	17.03	4,755,554	15.15	5,197,667	17.82
Total retained earnings	9,689,247	28.13	8,489,872	27.05	8,780,657	30.11
Other equity	184,140	0.53	(622,804)	(1.98)	(49,168)	(0.17)
Treasury shares	-	-	-	-	(76,511)	(0.26)
Total equity	21,666,155	62.90	19,659,836	62.65	20,438,190	70.08
Total liabilities and equity	\$34,444,497	100.00	\$31,381,607	100.00	\$29,162,415	100.00

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2013 and 2012
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	2013	%	2012	%
Net sales	\$19,896,879	100.00	\$20,911,192	100.00
Operating costs	18,176,213	91.35	19,493,725	93.22
Gross profit	1,720,666	8.65	1,417,467	6.78
Unrealized intercompany profit	109,024	0.55	89,511	0.43
Realized intercompany profit	89,511	0.45	103,879	0.50
Gross profit, net	1,701,153	8.55	1,431,835	6.85
Operating expenses				
Selling expenses	214,182	1.08	203,484	0.98
Administrative expenses	852,402	4.29	870,445	4.16
Research and development expenses	1,017,480	5.11	957,257	4.58
Total operating expenses	2,084,064	10.48	2,031,186	9.72
Operating loss	(382,911)	(1.93)	(599,351)	(2.87)
Non-operating income and expenses				
Other income	380,139	1.91	298,993	1.43
Other gains and losses	135,434	0.68	60,016	0.29
Finance costs	(33,538)	(0.17)	(38,693)	(0.19)
Share of profit of subsidiaries and associates accounted for using the equity method	1,888,079	9.49	1,082,595	5.18
Total non-operating income and expenses	2,370,114	11.91	1,402,911	6.71
Net income before income tax	1,987,203	9.98	803,560	3.84
Income tax expense	(48,240)	(0.24)	80,051	0.39
Net income	1,938,963	9.74	883,611	4.23
Other comprehensive income				
Exchange differences resulting from translating the financial statements of foreign operations	749,259	3.77	(552,102)	(2.64)
Cash flow hedge	59,850	0.30	(27,711)	(0.13)
Actuarial losses on defined benefit plans	(15,581)	(0.08)	(22,789)	(0.11)
Share of other comprehensive income of subsidiaries and associates accounted for using the equity method	682	-	9,135	0.04
Income tax relating to components of other comprehensive income	(2,815)	(0.01)	3,874	0.02
Other comprehensive income, net of tax	791,395	3.98	(589,593)	(2.82)
Total comprehensive income	\$2,730,358	13.72	\$294,018	1.41
Basic Earnings Per Share (in New Taiwan Dollars)	\$ 2.68		\$ 1.22	
Diluted Earnings Per Share (in New Taiwan Dollars)	\$ 2.67		\$ 1.21	

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2013 and 2012

(Amounts in thousands of New Taiwan Dollars)

Description	Common stock	Capital surplus	Retained earnings			Other equity			Treasury shares	Total equity
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains from available-for-sale financial assets	Effective hedging instrument from cash flow hedge		
Balance as of January 1, 2012	\$ 7,240,385	\$ 4,542,827	\$ 2,292,170	\$ 1,290,820	\$ 5,197,667	\$ -	\$ (51,709)	\$ 2,541	\$ (76,511)	\$20,438,190
Appropriation and distribution of 2011 earnings:										
Legal reserve	-	-	151,328	-	(151,328)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,158,462)	-	-	-	-	(1,158,462)
Adjustment of capital surplus accounted for using the equity method	-	(33)	-	-	23	-	-	-	-	(10)
Profit for the year ended December 31, 2012	-	-	-	-	883,611	-	-	-	-	883,611
Other comprehensive income for the year ended December 31, 2012	-	-	-	-	(15,957)	(552,102)	15,647	(37,181)	-	(589,593)
Total comprehensive income	-	-	-	-	867,654	(552,102)	15,647	(37,181)	-	294,018
Treasury stock sold to employees	-	9,589	-	-	-	-	-	-	76,511	86,100
Balance as of December 31, 2012	7,240,385	4,552,383	2,443,498	1,290,820	4,755,554	(552,102)	(36,062)	(34,640)	-	19,659,836
Appropriation and distribution of 2012 earnings:										
Legal reserve	-	-	89,016	-	(89,016)	-	-	-	-	-
Cash dividends	-	-	-	-	(724,039)	-	-	-	-	(724,039)
Profit for the year ended December 31, 2013	-	-	-	-	1,938,963	-	-	-	-	1,938,963
Other comprehensive income for the year ended December 31, 2013	-	-	-	-	(15,549)	749,259	(12,870)	70,555	-	791,395
Total comprehensive income	-	-	-	-	1,923,414	749,259	(12,870)	70,555	-	2,730,358
Balance as of December 31, 2013	\$ 7,240,385	\$ 4,552,383	\$ 2,532,514	\$ 1,290,820	\$ 5,865,913	\$ 197,157	\$ (48,932)	\$ 35,915	\$ -	\$ 21,666,155

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2013 and 2012
(Amounts in thousands of New Taiwan Dollars)

Description	2013	2012	Description	2013	2012
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$1,987,203	\$803,560	Acquisition of investments accounted for using the equity method	(50,000)	(25,000)
Adjustments for:			Acquisition of property, plant and equipment	(33,131)	(51,648)
The profit or loss items which did not affect cash flows:			Proceeds from disposal of property, plant and equipment	1,133	3,330
Bad debt expenses (reversal)	6,116	(2,364)	Acquisition of intangible assets	(13,975)	(2,092)
Depreciation	165,280	178,069	Decrease in intangible assests	250	-
Amortization	9,513	11,323	Increase in other assests-others	(4,505)	(3,211)
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(58,393)	5,851	Net used in investing activities	(100,228)	(78,621)
Interest expenses	33,538	38,693			
Interest income	(19,398)	(17,884)			
Stock-based payment-treasury stock sold to employees	-	7,108			
Share of profit of associates accounted for using the equity method	(1,888,079)	(1,082,595)			
Gain on disposal of property, plant and equipment	(639)	(2,268)			
Unrealized gross profit	109,024	89,511			
Realized gross profit	(89,511)	(103,879)			
Changes in operating assets and liabilities:			Cash flows from financing activities :		
Notes receivables	(3,712)	-	Increase in short-term debts	1,306,808	550,714
Accounts receivables	420,063	(3,465,263)	(Decrease) increase in long-term bank loans	(485,751)	647,592
Accounts receivables-related parties	(335,381)	366,725	Increase (decrease) in other liabilities-others	155	(107)
Other receivables	33,214	(68,971)	Cash dividends	(724,039)	(1,158,462)
Other receivables-related parties	(188,861)	73,260	Proceed from disposal of treasury stock	-	78,992
Inventories	(273,231)	66,310	Net cash provided by in financing activities	97,173	118,729
Prepayments	89,729	(43,586)	Net increase (decrease) in cash and cash equivalents	187,087	(487,424)
Other current assets	(213)	(24,037)	Cash and cash equivalents at the beginning of the period	3,871,023	4,358,447
Notes payable	(847)	80	Cash and cash equivalents at the end of the period	\$4,058,110	\$3,871,023
Accounts payables	628,553	193,934			
Accounts payables-related parties	(713,385)	2,108,553			
Other payables	277,651	(267,090)			
Other payables-related parties	(8,026)	(31,856)			
Provision-current	(21,138)	(6,960)			
Other current liabilities	(23,598)	(59,050)			
Accrued pension liabilities	(1,653)	(1,088)			
Cash generated from operating activities	133,819	(1,233,914)			
Interest received	19,163	31,762			
Dividend received	96,937	801,905			
Interest paid	(33,056)	(39,728)			
Income tax paid	(26,721)	(87,557)			
Net cash provided by (used in) operating activities	190,142	(527,532)			

English Translation of a Report Originally Issued in Chinese

Independent Auditors' Report

To the Board of Directors and Shareholders of Coretronic Corporation

We have audited the accompanying consolidated balance sheets of Coretronic Corporation and its subsidiaries as of December 31, 2013 and 2012 and January 1, 2012 and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the years then ended December 31, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Coretronic Corporation and its subsidiaries as of December 31, 2013 and 2012 and January 1, 2012, and the results of its operations and its cash flows for the years then ended December 31, 2013 and 2012, in conformity with requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards, International Accounting Standards, International Financial Reporting Interpretations committee and Standing Interpretations Committee as endorsed by Financial Supervisory Commission.

The Company has prepared Separate Financial Statements as of December 31, 2013 and 2012 for the years then ended. We have expressed an unqualified opinion on those separate financial statements.

Ernst & Young
CERTIFIED PUBLIC ACCOUNTANTS
February 26, 2014
Taipei, Taiwan
Republic of China

Notice to Readers

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

As of December 31, 2013, December 31, 2012 and January 1, 2012

(Amounts in thousands of New Taiwan Dollars)

ASSETS	December 31, 2013	%	December 31, 2012	%	January 1, 2012	%
Current assets						
Cash and cash equivalents	\$ 16,498,603	28.39	\$ 12,930,125	27.04	\$ 14,321,728	28.75
Financial assets at fair value through profit or loss-current	196,640	0.34	3,944	0.01	25,414	0.05
Hedging derivative financial assets-current	198,812	0.34	42,223	0.09	20,866	0.04
Note receivables, net	376,187	0.65	340,583	0.71	152,276	0.31
Accounts receivables, net	21,336,906	36.72	14,861,166	31.08	14,832,155	29.77
Accounts receivables-related parties, net	16,345	0.03	4,704	0.01	35,566	0.07
Other receivables	229,506	0.39	317,317	0.66	321,401	0.65
Other receivables-related parties	171	-	54	-	74	-
Current tax assets	16,019	0.03	15,612	0.03	5,516	0.01
Inventories, net	7,609,357	13.10	7,073,084	14.79	7,678,860	15.41
Prepayments	363,122	0.62	493,634	1.03	513,471	1.03
Other current assets	156,433	0.27	146,083	0.31	151,933	0.31
Total current assets	46,998,101	80.88	36,228,529	75.76	38,059,260	76.40
Non-current assets						
Financial assets at fair value through profit or loss-noncurrent	133,835	0.23	132,145	0.28	113,100	0.23
Available-for-sale financial assets-noncurrent	53,982	0.09	66,852	0.14	62,486	0.13
Financial assets measured at cost-noncurrent	275,146	0.47	273,500	0.57	276,157	0.55
Investments accounted for using the equity method	-	-	-	-	52,108	0.10
Property, plant and equipment, net	9,301,889	16.01	9,567,723	20.01	9,691,035	19.45
Investment property, net	263,745	0.45	273,639	0.57	233,842	0.47
Intangible assets	475,084	0.82	674,498	1.41	705,963	1.42
Deferred tax assets	277,911	0.48	278,040	0.58	273,501	0.55
Other assets-others	327,897	0.57	323,260	0.68	349,051	0.70
Total non-current assets	11,109,489	19.12	11,589,657	24.24	11,757,243	23.60
Total assets	\$ 58,107,590	100.00	\$ 47,818,186	100.00	\$ 49,816,503	100.00

CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of December 31, 2013, December 31, 2012 and January 1, 2012
(Amounts in thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2013	%	December 31, 2012	%	January 1, 2012	%
Current liabilities						
Short-term debts	\$ 7,334,372	12.62	\$ 5,780,723	12.09	\$ 7,068,063	14.19
Financial liabilities at fair value through profit or loss-current	47,140	0.08	18,921	0.04	5,036	0.01
Hedging derivative financial liabilities-current	157,433	0.27	76,862	0.16	18,325	0.04
Notes payable	4,843	0.01	5,007	0.01	2,201	-
Accounts payables	18,330,979	31.55	12,373,323	25.88	12,139,450	24.37
Accounts payables-related parties	34,417	0.06	8,147	0.02	-	-
Other payables	4,541,650	7.82	3,823,038	7.99	4,252,325	8.54
Other payables-related parties	2,697	-	7,536	0.02	7,674	0.01
Current tax liabilities	876,256	1.51	577,816	1.21	671,489	1.35
Provision-current	825,837	1.42	934,975	1.95	1,142,558	2.29
Current portion of long-term loans	882	-	882	-	882	-
Other current liabilities	772,515	1.33	660,098	1.38	655,315	1.32
Total current liabilities	<u>32,929,021</u>	<u>56.67</u>	<u>24,267,328</u>	<u>50.75</u>	<u>25,963,318</u>	<u>52.12</u>
Non-current liabilities						
Long-term loans	174,151	0.30	660,831	1.38	14,142	0.03
Provision-non-current	12,975	0.02	12,951	0.03	6,751	0.01
Deferred tax liabilities	120,542	0.21	61,067	0.13	30,473	0.06
Accrued pension liabilities	300,831	0.52	291,596	0.61	271,802	0.54
Other liabilities-others	35,784	0.06	29,460	0.06	28,836	0.06
Total non-current liabilities	<u>644,283</u>	<u>1.11</u>	<u>1,055,905</u>	<u>2.21</u>	<u>352,004</u>	<u>0.70</u>
Total liabilities	<u>33,573,304</u>	<u>57.78</u>	<u>25,323,233</u>	<u>52.96</u>	<u>26,315,322</u>	<u>52.82</u>
Equity attributable to owners of the parent						
Share capital						
Common stock	7,240,385	12.46	7,240,385	15.14	7,240,385	14.53
Capital surplus	4,552,383	7.83	4,552,383	9.52	4,542,827	9.12
Retained earnings						
Legal reserve	2,532,514	4.36	2,443,498	5.11	2,292,170	4.60
Special reserve	1,290,820	2.22	1,290,820	2.70	1,290,820	2.59
Undistributed earnings	5,865,913	10.09	4,755,554	9.94	5,197,667	10.44
Total retained earnings	<u>9,689,247</u>	<u>16.67</u>	<u>8,489,872</u>	<u>17.75</u>	<u>8,780,657</u>	<u>17.63</u>
Other equity	184,140	0.32	(622,804)	(1.30)	(49,168)	(0.10)
Treasury shares	-	-	-	-	(76,511)	(0.15)
Non-controlling interests	<u>2,868,131</u>	<u>4.94</u>	<u>2,835,117</u>	<u>5.93</u>	<u>3,062,991</u>	<u>6.15</u>
Total equity	<u>24,534,286</u>	<u>42.22</u>	<u>22,494,953</u>	<u>47.04</u>	<u>23,501,181</u>	<u>47.18</u>
Total liabilities and equity	<u>\$ 58,107,590</u>	<u>100.00</u>	<u>\$ 47,818,186</u>	<u>100.00</u>	<u>\$ 49,816,503</u>	<u>100.00</u>

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2013 and 2012
(Amounts in thousands of New Taiwan Dollars, except for earnings per share)

Description	2013	%	2012	%
Net sales	\$ 72,748,977	100.00	\$ 67,626,289	100.00
Operating costs	62,299,027	85.64	58,554,130	86.58
Gross profit	10,449,950	14.36	9,072,159	13.42
Operating expenses				
Selling expenses	2,449,411	3.37	2,621,108	3.88
Administrative expenses	2,607,909	3.58	2,664,050	3.94
Research and development expenses	2,793,172	3.84	2,788,451	4.12
Total operating expenses	7,850,492	10.79	8,073,609	11.94
Operating income	2,599,458	3.57	998,550	1.48
Non-operating income and expenses				
Other income	424,029	0.58	540,423	0.80
Other gains and losses	(72,494)	(0.10)	53,773	0.08
Finance costs	(96,463)	(0.13)	(131,660)	(0.19)
Share of profit of associates accounted for using the equity method	-	-	3,069	-
Total non-operating income and expenses	255,072	0.35	465,605	0.69
Net income before income tax	2,854,530	3.92	1,464,155	2.17
Income tax expense	(838,513)	(1.15)	(416,980)	(0.62)
Net income	2,016,017	2.77	1,047,175	1.55
Other comprehensive income				
Exchange differences resulting from translating the financial statements of foreign operations	830,074	1.14	(618,508)	(0.92)
Unrealized gains from available-for-sale financial assets	(12,870)	(0.02)	15,647	0.02
Cash flow hedge	76,019	0.10	(37,181)	(0.05)
Actuarial losses on defined benefit plans	(14,823)	(0.02)	(27,807)	(0.04)
Share of other comprehensive income of associates accounted for using the equity method	(2,944)	-	4,727	0.01
Other comprehensive income, net of tax	875,456	1.20	(663,122)	(0.98)
Total comprehensive income	\$ 2,891,473	3.97	\$ 384,053	0.57
Net income for the periods attributable to :				
Owners of the parent	\$ 1,938,963		\$ 883,611	
Non-controlling interests	\$ 77,054		\$ 163,564	
Total comprehensive income for the periods attributable to :				
Owners of the parent	\$ 2,730,358		\$ 294,018	
Non-controlling interests	\$ 161,115		\$ 90,035	
Basic Earnings Per Share (in New Taiwan Dollars)	\$ 2.68		\$ 1.22	
Diluted Earnings Per Share (in New Taiwan Dollars)	\$ 2.67		\$ 1.21	

English Translation of Financial Statements Originally Issued in Chinese
CORETRONIC CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2013 and 2012
(Amounts in thousands of New Taiwan Dollars)

Description	Equity attributable to owners of the parent										Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings			Other equity			Treasury shares	Total		
			Legal reserve	Special reserve	Undistributed earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains from available-for-sale financial assets	Effective hedging instrument from cash flow hedge				
Balance as of January 1, 2012	\$ 7,240,385	\$ 4,542,827	\$ 2,292,170	\$ 1,290,820	\$ 5,197,667	\$ -	\$ (51,709)	\$ 2,541	\$ (76,511)	\$ 20,438,190	\$ 3,062,991	\$ 23,501,181
Adjustments of capital surplus accounted for using the equity method	-	(33)	-	-	23	-	-	-	-	(10)	-	(10)
Appropriation and distribution of 2011 earnings:												
Legal reserve	-	-	151,328	-	(151,328)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,158,462)	-	-	-	-	(1,158,462)	-	(1,158,462)
Treasury stock sold to employees	-	9,589	-	-	-	-	-	-	76,511	86,100	-	86,100
Profit for the year ended December 31, 2012	-	-	-	-	883,611	-	-	-	-	883,611	163,564	1,047,175
Other comprehensive income for the year ended December 31, 2012	-	-	-	-	(15,957)	(552,102)	15,647	(37,181)	-	(589,593)	(73,529)	(663,122)
Total comprehensive income	-	-	-	-	867,654	(552,102)	15,647	(37,181)	-	294,018	90,035	384,053
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(317,909)	(317,909)
Balance as of Dcember 31, 2012	7,240,385	4,552,383	2,443,498	1,290,820	4,755,554	(552,102)	(36,062)	(34,640)	-	19,659,836	2,835,117	22,494,953
Appropriation and distribution of 2012 earnings:												
Legal reserve	-	-	89,016	-	(89,016)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(724,039)	-	-	-	-	(724,039)	-	(724,039)
Profit for the year ended Dcember 31, 2013	-	-	-	-	1,938,963	-	-	-	-	1,938,963	77,054	2,016,017
Other comprehensive income for the year ended Dcember 31, 2013	-	-	-	-	(15,549)	749,259	(12,870)	70,555	-	791,395	84,061	875,456
Total comprehensive income	-	-	-	-	1,923,414	749,259	(12,870)	70,555	-	2,730,358	161,115	2,891,473
Decrease of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(128,101)	(128,101)
Balance as of Dcember 31, 2013	\$ 7,240,385	\$ 4,552,383	\$ 2,532,514	\$ 1,290,820	\$ 5,865,913	\$ 197,157	\$ (48,932)	\$ 35,915	\$ -	\$ 21,666,155	\$ 2,868,131	\$ 24,534,286

English Translation of Financial Statements Originally Issued in Chinese

CORETRONIC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2013 and 2012

(Amounts in thousands of New Taiwan Dollars)

Description	2013	2012	Description	2013	2012
Cash flows from operating activities :			Cash flows from investing activities :		
Profit before tax from continuing operations	\$ 2,854,530	\$ 1,464,155	Proceeds from disposal of available-for-sale financial assets	-	11,408
Adjustments for:			Proceeds from disposal of investments accounted for using the equity method	-	62,237
The profit or loss items which did not affect cash flows:			Acquisition of property, plant and equipment	(1,038,067)	(1,891,481)
Bad debt reversal	(20,692)	(54,726)	Proceeds from disposal of property, plant and equipment	48,072	274,851
Depreciation (including investment property)	1,495,199	1,403,800	Acquisition of intangible assets	(49,598)	(109,634)
Amortization (including other assets-others)	60,331	99,494	Proceeds from disposal of intangible assets	274	62,192
Interest expenses	96,463	131,660	Increase in other assets-others	(17,418)	(3,172)
Interest income	(145,495)	(191,728)	Net cash used in investing activities	<u>(1,056,737)</u>	<u>(1,593,599)</u>
Dividend income	(5,822)	(10,316)			
Transfer of property, plant and equipment to expense	3,183	271			
Losses (gain) on disposal of property, plant and equipment	9,958	(18,759)			
Gain on disposal of investments	-	(7,836)			
Share of profit of associates accounted for using the equity method	-	(3,069)			
Impairment of non-financial assets	256,787	96,179			
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(166,167)	16,310			
Stock-based payment-treasury stock sold to employees	-	7,108			
Changes in operating assets and liabilities:			Cash flows from financing activities :		
Notes receivables	(35,604)	(188,307)	Increase (decrease) in short-term debts	1,553,649	(1,287,340)
Accounts receivables	(6,472,778)	39,956	(Decrease) increase in long-term bank loans	(486,680)	646,689
Accounts receivables-related parties	(11,641)	30,862	Increase in other liabilities-others	6,348	6,824
Other receivables	88,931	3,828	Cash dividends	(724,039)	(1,158,462)
Other receivables-related parties	(117)	20	Proceeds from disposal of treasury stock	-	78,992
Inventories	(560,318)	626,456	Decrease in non-controlling interests	(128,101)	(317,919)
Prepayments	130,512	22,637	Net cash provided by (used in) financing activities	<u>221,177</u>	<u>(2,031,216)</u>
Other current assets	(10,350)	5,850	Effect of changes in exchange rate on cash and cash equivalents	<u>559,241</u>	<u>(435,865)</u>
Notes payables	(164)	2,806	Net increase (decrease) in cash and cash equivalents	<u>3,568,478</u>	<u>(1,391,603)</u>
Accounts payables	5,957,656	233,873	Cash and cash equivalents at the beginning of the period	<u>12,930,125</u>	<u>14,321,728</u>
Accounts payables-related parties	26,270	8,147	Cash and cash equivalents at the end of the period	<u>\$ 16,498,603</u>	<u>\$ 12,930,125</u>
Other payables	729,527	(425,444)			
Other payables-related parties	(4,839)	(138)			
Provision-current	(109,138)	(207,583)			
Other current liabilities	112,417	4,783			
Accrued pension liabilities	(6,314)	3,837			
Cash generated from operating activities	<u>4,272,325</u>	<u>3,094,126</u>			
Dividend received	5,822	10,316			
Interest received	144,375	191,984			
Interest paid	(91,386)	(132,655)			
Income tax paid	(486,339)	(494,694)			
Net cash provided by operating activities	<u>3,844,797</u>	<u>2,669,077</u>			