SCI PHARMTECH, INC.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011
TOGETHER WITH INDEPENDENT AUDITORS' REPORT

Company: SCI PHARMTECH, INC.

Address: 186-2, HAI-HU-TSUN, LU CHU HSIANG,
TAOYUAN, R.O.C.

Telephone: 886-3-354-3133

INDEX TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders of SCI Pharmtech, Inc.:

We have audited the accompanying balance sheets of SCI Pharmtech, Inc. (the "Company") as of December 31, 2012 and 2011, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The Company's certain long-term equity investment, accounted for using the equity method, was audited by other auditors whose report thereon has been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts and the information disclosed in Note 24(2) included for such investment company, is based solely on the reports of the other auditor. Long-term equity investment in the company amounted to NT$42,599 thousand as of December 31, 2012, and total investment loss was NT$6,786 thousand for the year then ended.

We conducted our audits in accordance with "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and auditing standards generally accepted in the Republic of China. Those regulations and standards require that we plan and perform the audits 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 and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of SCI Pharmtech, Inc. as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and accounting principles generally accepted in the Republic of China.

As discussed in Note 3 to the financial statements, effective January 1, 2011, the Company adopted the newly revised Statement of Financial Accounting Standards NO.34 "Financial Instruments: Recognition and Measurement" as well as newly issued Statement of Financial Accounting Standards NO.41 "Operation Segments".

We have also audited the consolidated financial statements of SCI Pharmtech, Inc. and subsidiaries as of and for the years ended December 31, 2012 and 2011, and expressed an unqualified opinion with explanatory paragraph on such consolidated financial statements, respectively.

BDO TAIWAN

March 8, 2013

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

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

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

1. GENERAL

SCI PHARMTECH, INC. (the "Company"), named Siegfried Chemicals, Inc. before May 2002, was incorporated in the Republic of China (R.O.C.) on September 18, 1987. The Company is mainly engaged in：

(1) Manufacturing and selling of active pharmaceutical ingredients, pharmaceutical intermediates, specialty and fine chemicals (that are approved by a certified government agency).

(2) Acting as an agent in providing price quotations, bidding and distribution services for domestic and overseas companies.

(3) Acting as an agent in providing research and development services for the products stated in the preceding paragraphs.

(4) Conducting businesses that are not prohibited or restricted by the laws and regulations, excluding those requiring special approvals.

In 2012 and 2011, the Company had 175 and 166 employees in average, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are presented in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the R.O.C.

For the convenience of readers, the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If any conflicts or any interpretational discrepancies arise between the English version and the original Chinese version, the original Chinese financial statements shall prevail.

Significant accounting policies are summarized as follows:

(1) Use of Estimates

The preparation of financial statements in conformity with the accounting principles, laws and guidelines mentioned above requires management to make reasonable estimates and assumptions. Those estimates are often made based on unclear circumstances. Actual results may differ from those assumptions and estimates.

(2) Classification of Current and Noncurrent Assets and Liabilities

Current assets are assets held for trading purposes and expected to be converted to cash, sold or consumed within one year from the balance sheet date. Current liabilities are obligations incurred for trading purposes and obligations expected to be settled within one year from the balance sheet date. Assets and liabilities that are not classified as current are noncurrent assets and liabilities, respectively.

(3) Cash and Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks of value changes resulting from fluctuations in interest rates. Such cash equivalents include commercial paper with original maturities of three months or less.

The statement of cash flows is prepared on the basis of cash and cash equivalents.

(4) Financial Assets and Financial Liabilities

At initial recognition of a financial asset or financial liability, an entity shall measure the asset or liability at its fair value, in the case of financial assets or financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

All "regular way" purchases or sales of financial assets are recorded as of the trade date.

a. Financial Assets and Liabilities at Fair Value through Profit or Loss

Financial assets and liabilities at fair value through profit or loss are subsequently measured at fair value, and changes in fair value are recognized in the statement of income.

The markets values of listed stocks, over-the-counter stocks, close-end funds, and depositary receipts are their closing market prices as of the balance sheet date. The market value of an open-end fund is based on the net asset value per unit of the beneficiary certificates as of the balance sheet date. The fair values of derivatives are estimated using valuation techniques.

Such financial assets and liabilities are classified as financial assets and financial liabilities held for trading purpose, or designated by the Company as at fair value through profit or loss.

b. Financial Assets Carried at Cost

If there is no active market for an equity instrument, such as non-publicly traded and emerging stocks, and a reliable fair value cannot be estimated, the equity instrument is measured at cost. Impairment losses are recognized if a decrease in the fair value of the instruments can be objectively associated with an event. Reversal of impairment losses is not allowed.

(5) Derivative Financial Instruments and Hedging Activities

The Company entered into forward exchange contract transactions and interest rate swap contract transactions to hedge its exposures to foreign-exchange rate and interest rate fluctuations. Such derivative transactions are both initially and subsequently measured at fair value. When derivative transactions do not meet the criteria for hedge accounting, they are measured at fair value with the changes in fair value recognized in current profits or losses.

Hedge accounting is described as follows:

a. Fair value hedges

The gain or loss from re-measurement of hedging instrument at fair value for a derivative hedging instrument, or non-derivative hedging instrument shall be recognized in profit or loss. Gain or loss on the hedged item attributable to the hedged risk shall adjust the carrying amount of the hedged item.

b. Cash flow hedges

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized directly in stockholders equity via statement of changes in equity, and the portion that is determined to be an ineffective hedge shall be recognized in profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognized in equity shall be reclassified into profit or loss in the same period or periods during which the acquired asset or assumed liability affected profit or loss.

c. Hedges of a net investment in a foreign operation

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognized directly in stockholders equity through the statement of changes in equity. Profits or losses are recognized when the foreign operation is disposed of.

(6) Accounts Receivable and Allowance for Doubtful Accounts

Imputed rate of interest should be applied to determine the fair value of accounts receivable. The difference between fair value and maturity value is recorded as unrealized interest revenue and will be reclassified to interest revenue in terms by the interest method. If the receivable from sales is due within one year, the difference between its present value and maturity value is immaterial, and the sales transaction is frequent, the fair value method will not be used.

The Company first assesses as of balance sheet date whether objective evidence of impairment exists for notes, accounts and other receivables that are individually significant. If there is objective evidence that an impairment loss has occurred, the amount of impairment loss is assessed individually. For notes, accounts and other receivables other than those mentioned above, the Company groups those assets with financial assets with similar credit risk characteristics and collectively assess them for impairment.

(7) Inventories

Inventories are recorded at cost when purchased and follow the perpetual inventory system. The weighted-average cost method is adopted in determining costs of inventories. Inventories are stated at lower of cost or net realizable value. Inventory write-downs are made on an item-by-item basis, except where it may be appropriate to group similar or related items.

Any defective, damaged, or obsolete inventories are stated at net realizable value if the values of such inventories are reduced significantly.

(8) Investments Accounted for Using Equity Method

Investments in companies wherein the Company exercises significant influence over the operating and financial policy decisions are accounted for using the equity method. The excess of the cost of the investment over the fair value of identifiable net assets, known as goodwill, is no longer amortized, but rather tested for impairment every year and for specific events or changes in circumstances which may render impairment losses on such carrying values unrecoverable. If the fair value of investee’s identifiable net assets exceeds the cost of the investment, the difference should be eliminated in proportion to the fair value of the noncurrent assets; however, if the difference is greater than the fair value of the noncurrent assets, the remaining balance is negative goodwill and should be recognized as income from extraordinary items.

When the Company subscribes for additional investee’s shares at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment in the investee differs by the amount of the Company’s share of the investee’s equity. The Company records this difference as an adjustment to long-term investments with the corresponding amount charged or credited to capital surplus.

Gains or losses on sales from the Company to equity method investees are deferred in proportion to the Company’s ownership percentages in the investees, until such gains or losses are realized through transactions with third parties. The entire amount of the gains or losses on sales to investees over which the Company has a controlling interest is deferred, until such gains or losses are realized through subsequent sales to third parties the products or properties in question. Gains or losses on sales from equity method investees to the Company are deferred in proportion to the Company’s ownership percentages in the investees, until they are realized through transactions with third parties. Gains or losses on sales between equity method investees over each of which the Company has control are deferred in proportion to the Company’s weighted-average ownership percentages in the investees, in which gains or losses are recorded. For transactions between equity method investees over either or both of which the Company has no control, gains or losses on sales are deferred in proportion to the product of the Company’s weighted-average ownership percentages in the investees. Such gains or losses are recorded until they are realized through transactions with third parties.

If an investee’s functional currency is a foreign currency, differences will arise from the translation of the investee’s financial statements to the Company’s reporting currency. Such differences are charged or credited to cumulative translation adjustments, a separate component of stockholders’ equity.

(9) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation. Interest is capitalized during the construction period of fixed asset until an asset is substantially completed and ready for its intended use.

Idle assets are transferred to other assets at the lower of the net realizable value or carrying amount. Depreciation is provided continuously and recorded as non-operating expenses.

Significant betterments, renewals and additions incurred during the construction period are capitalized. Maintenance and repairs are expensed as incurred.

Upon sale or retirement of fixed assets, the related costs and accumulated depreciation are removed from the accounts, with any gain or loss recorded as non-operating gain or loss, in the period of sale or disposal.

Depreciation is computed using the straight-line method over the estimated service lives. Salvage values of fully depreciated assets still in use are depreciated over the remaining estimated useful lives. Estimated service lives are: buildings – 2 to 55 years; and other fixed assets – 3 to 15 years.

(10) Interest Capitalization

In accordance with R.O.C. Statement of Financial Accounting Standard (SFAS) No. 3, “Capitalization of Interest Cost”, interest incurred on the construction of fixed assets is capitalized and depreciated over their estimated useful lives accordingly.

(11) Deferred Charges

Deferred charges are stated at cost and amortized using straight-line method over the following estimated service lives. Auxiliary power lines charges are amortized over 2~5 years.

(12) Pension Costs

1. Defined benefit pension plan

The Company has established a retirement plan covering all regular employees. For employees who participate in pension plans, pension costs are recorded based on actuarial calculations. In accordance with the “Labor Standards Act”, the Company makes contributions on a monthly basis to the labor pension fund deposited in the Bank of Taiwan.

When providing defined benefit plans, an actuarial valuation of pension liability is performed as of the balance sheet date, and a minimum pension liability resulting from the excess of the accumulated benefit obligation over the fair value of plan assets is recognized in the financial statements. The Company also recognizes net periodic pension costs based on its actuarial calculation.

2. Defined contribution pension plan

Effective July 1, 2005, the Company adopted the “Labor Pension Act” (the Act), which prescribes a defined contribution pension plan for those employees who were covered by the “Labor Standards Act” prior to the enforcement of the Act but chose to be subject to the pension mechanism under the Act, and those employees employed after the enforcement of the Act. The Company makes monthly contributions to individual employee pension fund accounts at a rate of 6% of the employee’s monthly wages. The contributions are accounted for as current pension expense.

(13) Employee Stock Option Plans

Employee stock option plans that were granted or modified after January 1, 2008 are accounted for using the fair value method in accordance with SFAS No. 39 - "Accounting for Share-based Payment". The value of stock option granted, the product of the number of vested stock options multiplied by the fair value of the option on grant date, shall be expensed over the vesting period, and increase "capital surplus - employee stock options" by the same amount accordingly.

Employee stock options that were granted or modified during the period between January 1, 2004 and December 31, 2007 are accounted for by the interpretations issued by the Accounting Research and Development Foundation of the Republic of China. The Company adopted the intrinsic value method and any remuneration costs determined using this method are recognized as expenses over the employee vesting period.

(14) Bonuses to Employees and Remuneration to Directors and Supervisors

In accordance with Accounting Research and Development Foundation Interpretation No. 2007-052 "Accounting for Bonuses to Employees, Directors and Supervisors" effective January 1, 2008, employee bonuses and remunerations paid to directors and supervisors are charged to expense and are no longer accounted for as an appropriation of retained earnings.

The bonuses to employees and remuneration to directors and supervisors were accrued based on management's evaluation. If Board resolution differs significantly from management's evaluation, such difference shall be adjusted in the current year. However, if differences in actual distributed amounts resolved by the stockholders subsequently arise, accounting estimates shall be recognized in the following year.

(15) Assets Impairment

Pursuant to R.O.C. SFAS No. 35, "Impairment of Assets", indicators of impairment for all assets (except for goodwill) shall be assessed at each balance sheet date. If impairment is indicated, the Company compares the asset's carrying amount with the asset's recoverable amount or the cash-generating unit (CGU) associated with the asset, and writes down the carrying amount to the recoverable amount where applicable.

For previously recognized losses, if there is any indication that the impairment loss no longer exists or may have diminished, the Company recalculates the recoverable amount of the asset, and reverses the impairment loss so that the resulting carrying amount of the asset does not exceed the amount (net of amortization or depreciation) that would otherwise result had no impairment loss been recognized for the assets in prior years.

(16) Foreign Currency Transactions and Translation of Foreign-currency Financial Statements

The Company maintains its accounting records and prepares its financial statements in New Taiwan dollars. Non-derivative foreign-currency transactions are recorded in New Taiwan dollars at the exchange rates prevailing on the dates of transactions. Monetary assets or liabilities denominated in foreign currencies are translated at the exchange rates prevailing on the balance sheet date, and the resulting exchange differences are included in profit or loss for the current year. Non-monetary assets or liabilities carried at fair value and denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date when the fair value was determined, and the resulting exchange differences are included in profit or loss for the current period. Such does not include the differences arising from the retranslation of non-monetary assets and liabilities, where gains and losses, along with their associated exchange components, are recognized directly in equity.

In the case that a foreign currency is not the functional currency of a foreign subsidiary, items involving such a foreign currency are first converted into the functional currency. As such re-measurements affect the cash flows of the foreign subsidiary; any difference due to re-measurement is treated as an exchange gain or loss of the current period. If the functional currency of an equity-method investee is a foreign currency, translation adjustments will result from the translation of the investee’s financial statements into the reporting currency of the Company. These adjustments are accumulated and reported as a separate component of stockholders’ equity.

(17) Segment Information

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expense,

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and,

(c) for which discrete financial information is available.

According to R.O.C. SFAS No.41,”Operating Segments”, the segment information is disclosed in the consolidated financial statement, and is not disclosed it in the separate financial statement.

(18) Income Tax

The Company applies an inter-period and intra-period income tax allocation for its income tax whereby deferred income tax assets and liabilities are recognized. A valuation allowance on deferred income tax assets is provided to the extent that it is more likely than not that the tax benefits will not be realized. A deferred tax asset or liability is classified as current or noncurrent in accordance with the classification of its associated asset or liability. However, if a deferred tax asset or liability is not associated with any particular asset or liability in the financial statements, its classification is based on the expected reversal date of the temporary difference.

Provisions for overestimation or underestimation of income tax liabilities of previous year are included in the current year's income tax as an adjustment. An additional 10% income tax on earnings is applied as income tax expense in the year the stockholders resolved to retain the earnings.

According to R.O.C. SFAS No. 12 "Accounting for Income Tax Credits", the Company's income tax credits generated from purchases of equipment or technology, research and development expenditures, personnel training expenditures, and investments are recognized in the period when the tax credits arose.

The "Income Basic Tax Act" was enforced in January 1, 2006. According to the Act, if the amount of regular income tax is less than the amount of basic tax, the amount of income tax payable shall also include the amount of basic tax and regular income tax.

(19) Recognition of Revenue and Expense

Revenue is recognized when titles to products and risks of ownership are transferred to customers, usually upon shipment. When the outcome of a transaction involving the rendering of services can be reliably estimated, revenue associated with the transaction should be recognized based on the stage of completion of the transaction at the balance sheet date; expenses thereof are recognized as current expenses when the rights and obligations from the transaction arise.

(20) Capital Expenditure and Expenses

An expenditure is capitalized and amortized over its useful life if it involves significant amount, and is expected to provide benefits for future periods. Otherwise, the expenditure is expensed in the year of expenditure.

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

(21) Earnings (Loss) per Share

Basic earnings per share is computed by dividing net income by the weighted-average number of common shares outstanding during the current reporting period. Diluted earnings per share is computed by adding to basic earning per share any additional common shares that would have been outstanding if the dilutive share equivalents had been issued. However, the adverse dilutive share is not computed.

3. CHANGES IN ACCOUNTING PRINCIPLES AND ITS EFFECTS

(1) Effective January 1, 2011, the Company adopted the newly revised SFAS NO.34, “Financial Instruments: Recognition and Measurement“. This accounting change had no material effect on the Company’s financial statements as of and for the year ended December 31, 2011.

(2) Effective January 1, 2011, the Company adopted the newly issued SFAS No. 41 “Operating Segments”, information disclosures of the Company’s operation segments were included on its audited consolidated financial statement rather than included on its audited separated financial statement. This accounting change had no material effect on the Company’s financial statements as of and for the year ended December 31, 2011.

4. CASH AND CASH EQUIVALENTS

	December 31	
	2012	2011
Cash on hand	$84	$50
Petty cash/ revolving funds	150	150
Deposit in banks	19,431	28,002
Total	$19,665	$28,202

5. NOTES RECEIVABLE – NET

	December 31	
	2012	2011
Notes receivable	$8,243	$9,407

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

6. ACCOUNTS RECEIVABLE - NET

	December 31	
	2012	2011
Accounts receivable	$209,960	$196,547
Less: Allowance for doubtful accounts	(2,489)	(2,632)
Net	$207,471	$193,915

7. INVENTORIES

	December 31	
	2012	2011
Raw materials	$90,250	$98,327
Work in process	115,905	119,160
Finished goods	139,547	156,016
Raw materials in transit	4,136	-
Less: Allowance for loss on decline in market value and obsolescence	(56,623)	(62,703)
Net	$293,215	$310,800

Amount of cost of goods sold related to inventory is listed below:

	Years Ended December 31	
	2012	2011
Cost of goods sold	$861,625	$717,264
Loss (Gain) on inventory valuation	(6,080)	9,904
Loss on inventory obsolescence	9,139	3,428
Total	$864,684	$730,596

The Company recognized NT$6,080 thousand gain on inventory value recoveries arising from loss recognition on inventory obsolescence during the destroy and disposal process, which were calculated based on the original cost of inventories and resulted NT$6,080 thousand gain from the year end inventory evaluation.

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

8. FINANCIAL ASSETS CARRIED AT COST – NON-CURRENT

	December 31			
	2012		2011	
Name of investees	Amount	Percentage owned	Amount	Percentage owned
Preferred Stock:				
Asan Laboratories Co., Ltd.	$-	-	$34,920	19.94

(1) The investments held by the Company are carried at cost because there are no published price quotations in active markets and their fair values could not be reliably measured.

(2) The Company's Board of Directors approved an investment in Asan Laboratories Co., Ltd. (the "Asan Laboratories") to acquire 6,862 thousand-share preferred stock amounting to NT$127,320 thousand (US$3,980 thousand) in January, 2010. As indicated in the contract, the preferred stock with liquidation preference is entitled to convert 1:1 to common stock at any time at option of holder. Non-cumulative dividends will be paid in an amount equal to US$0.04 per share of the preferred stock when and if declared by the Board. The Company assessed the value of Asan Laboratories and recognized NT$92,400 thousand in impairment loss as non-operating expenses due to the investment value impaired.

The investee company, Asan Laboratories, held a special stockholders' meeting on February 6, 2012, resolving on retrieving and retiring 15.3 million common shares at US$0.001 per share from one of its stockholders ("the Stockholder"). The Company's shareholding in the investee company will be increased from 19.94% to 35.91% when the Stockholder's shares are retrieved and legally retired. The Company transferred and recorded the "book value at the beginning of year" as "opening book value" of the long-term investment accounted for using equity method.

9. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

(1) Details of investments accounted for using equity method are as follows:

	December 31			
	2012		2011	
Name of subsidiaries	Amount	Percentage owned	Amount	Percentage owned
SCI Holding Universal Ltd.	$25,573	100.00	$30,206	100.00
Asan Laboratories Co., Ltd.	42,599	35.91	-	-
Total	$68,172		$30,206	

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

(2) The gains or losses for 2012 and 2011 arising from investments accounted for using equity method were recognized based on the investees' respective CPA-audited financial statements for the same periods, as follows:

	Years ended December 31	
Investee	2012	2011
SCI Holding Universal Ltd.	$(3,813)	$(5,498)
Asan Laboratories Co., Ltd.	(6,786)	-
	$(10,599)	$(5,498)

(3) The Company has prepared 2012 and 2011 consolidated financial statements.

(4) For other related information, please refer to Note 24 for details.

10.FIXED ASSETS

	December 31	
	2012	2011
Accumulated depreciation- Land improvements	$2,294	$2,101
Accumulated depreciation-Buildings and structures	165,879	147,159
Accumulated depreciation- Machinery and equipment	724,896	645,410
Accumulated depreciation-Office equipment	10,920	10,773
Total	$903,989	$805,443

(1) In May, 2008, the Company's Board of Directors approved the purchase of a farmland parcel nominally using a natural person as the landholder in consideration of the restriction of current regulations. In order to protect the right of the Company, the Company signed a trust agreement with the nominal landholder. Ownership registration of the farmland parcel had been transferred to the Company on July 15, 2012.

(2) Part of the fixed assets has been pledged for short-term borrowings. Please refer to Note 19 for details.

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

11.SHORT-TERM BORROWINGS

	December 31	
	2012	2011
Unsecured loans	$26,000	$136,500
L/C loans	6,697	32,037
Export loans	2,327	7,381
Total	$35,024	$175,918
Interest rates	1.33%~1.42%	1.32%~1.66%

For information related to the pledged assets for short-term borrowings, please refer to Note 19.

12.CAPITAL STOCK

(1) The Company's outstanding common stock as of December 31, 2012 amounted to NT$493,173 thousand, divided into 49,317 thousand shares at NT$10 par value.

(2) In 2012, the Company issued 151 thousand shares at NT$10 par value with the amount of NT$1,510 thousand from employee stock options exercise. Please refer to the description in Note 23(4).

(3) On June 10, 2011, the stockholders' meeting of the Company approved a capital increase by issuing 3,763 thousand new shares from retained earnings of NT$34,403 thousand and employee's bonus of NT$19,989 thousand respectively. The base date of the aforementioned capital increase was on August 12, 2011, approved by the Board of Directors.

(4) In 2011, the Company issued 137 thousand shares at NT$10 par value with the amount of NT$1,365 thousand from employee stock options exercise. Please refer to the description in Note 23(4).

13.CAPITAL SURPLUS

(1) Pursuant to the R.O.C. Company Law, capital surplus can only be used to offset a deficit. If a company has no deficit, capital surplus arising from paid-in capital in excess of par or donated surplus may be used to issue new shares, or distributed as cash dividends. According to R.O.C. Securities and Futures Bureau (SFB) regulations, capital increases from capital surplus per year may not exceed 10% of total paid-in capital and in so far as the capital surplus increase from paid-in capital in excess of par, the capital increase may only commence in the year after the capital surplus is incurred.

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

(2) The Company's capital surplus is as follows:

	December 31	
	2012	2011
Additional paid-in capital	$154,151	$152,568
Gain on sale of fixed assets (after tax)	980	980
Long-term investment	14,299	-
Stock-based payment	5,582	5,582
Total	$175,012	$159,130

14.RETAINED EARNINGS

(1) Legal reserve

Pursuant to the R.O.C. Company Law, 10% of the annual after-tax net income of a company must be appropriated as legal reserve until the total amount of the legal reserve equals the share capital. The main purpose of the reserve is to offset deficits. However, when the legal reserve has reached 25% of the company's issued share capital and the company has no deficits, the legal reserve amount in excess of the 25% can be used to either increase share capital or distribute cash dividends, in accordance with the resolutions of a stockholders' meeting.

(2) Special reserve

Under the Approval Documents (89) Tai-Tsai-Tseng (1) No. 100116 of Securities and Futures Commission, pursuant to Article 41-1 of Securities and Exchange Act of the R.O.C., a special reserve is set aside from an amount equal to the amount of items that is accounted for as deductions to stockholders' equity, such as unrealized loss on financial instruments, cumulative translation adjustments and net loss not recognized as pension cost. When the deductions to stockholders' equity are reversed, the set-aside special reserve can be distributed.

(3) Retained earnings and dividend policies

A. As stipulated in the Company's Articles of Incorporation, the restrictions and sequences for distributing annual net income are as follows:

a. Paying income tax;

b. Offsetting previous deficit;

c. Appropriating 10% of the remaining net income as legal reserve;

d. Appropriating special reserve pursuant to legal requirements;

e. Appropriation of the remainder of the net income as follows:

I. Bonuses to employees of at least 3% of the remaining net income; and

II. Consideration to directors: 2%

f. Distributing dividends to stockholders as proposed by Board of Directors and resolved by the stockholders' meeting.

B. a. For the year ended December 31, 2012, the bonuses to employees and remuneration to directors were accrued based on around 16.5% of after-tax net income. The significant difference between annual accrual and the amount proposed by the Board of Directors shall be adjusted in the current year. If the actual amount subsequently resolved by the stockholders' meeting differs from the proposed amount by the Board of Directors, the difference is recorded in the year of stockholders' meeting's resolution as a change in accounting estimate. If stock bonuses are resolved to be distributed to employees, the number of shares is determined by dividing the amount of bonuses by the closing price (after considering the effect of cash and stock dividends) of the shares on the day preceding the stockholders' meeting.

b. Appropriations and distributions for year 2012 had been proposed by Board of Directors. Please refer to the information regarding Board of Directors and stockholders' resolutions in respect of earnings appropriations from "the Market Observation Post System" on the Taiwan Stock Exchange website.

c. Distributions for the bonuses to employees and remunerations to directors for years 2011 and 2010 had been proposed by Board of Directors and resolved by the stockholders' meetings, respectively. Please refer to the information regarding Board of Directors and stockholders' resolutions in respect of earnings appropriations from "the Market Observation Post System" on the Taiwan Stock Exchange website.

d. There were no differences between estimations and approved bonuses to employees and remunerations to directors for years 2011 and 2010. Detailed distributions are as follows:

Distribution	2011	2010
I. Employees' cash bonus	$13,033	$4,997
II. Employees' stock bonus		
Number of shares (in thousands)	-	322
Amount	-	$19,989
Percentage of total number of outstanding common shares as of December 31, 2011 and 2010, respectively	-	1%
III. Remuneration of directors	$1,556	$3,053

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

15.THE INFORMATION OF PERSONNEL COST, DEPRECIATION AND AMORTIZATION IS AS FOLLOWS:

Function / Item	2012			2011		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Personnel cost						
Salary and wages	$106,187	$74,897	$181,084	$94,138	$60,060	$154,198
Labor and health insurance expense	7,213	2,985	10,198	6,562	2,731	9,293
Pension cost	5,638	2,452	8,090	5,246	2,304	7,550
Other personnel cost(note 1)	617	5,782	6,399	593	5,331	5,924
Depreciation	95,955	14,470	110,425	90,280	14,612	104,892
Amortization	407	-	407	213	-	213

Note 1：Meal expenses, employee benefits and insurance of group were included in the other personnel cost.

16.INCOME TAX

(1) Income tax expenses (benefits) consisted of the following:

	Years ended December 31	
	2012	2011
Income tax payable - current	$41,291	$33,728
Deferred income tax expense (benefits)	(1,909)	(18,207)
Income tax adjustments on prior years	4,316	794
Additional tax at 10% on unappropriated earnings	7	33
Income tax expenses	$43,705	$16,348

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

(2)Deferred income tax assets and liabilities of 2012 and 2011 were as follows:

	December 31	
	2012	2011
A. Total deferred income tax assets	$36,929	$35,412
B. Total deferred income tax liabilities	$-	$393

C. Components of deferred income tax assets and liabilities resulting from temporary difference

	December 31	
	2012	2011
Deductible (taxable) temporary difference from bad debt loss	$1,107	$1,107
Deductible (taxable) temporary difference from loss on inventory valuation	$56,623	$62,704
Deductible (taxable) temporary difference from unrealized foreign exchange gain and loss	$842	$(2,312)
Deductible (taxable) temporary difference from recognition of pension expense	$1,591	$116
Deductible (taxable) temporary difference from other expenses	$10,379	$432
Deductible (taxable) temporary difference from depreciation expenses	$2,011	$1,957
Deductible (taxable) temporary difference from equity in loss of equity method investees	$29,205	$18,607
Deductible temporary difference from impairment loss	$92,400	$92,400
Deductible (taxable) temporary difference from sales revenue	$23,070	$30,984

	December 31	
	2012	2011
D. Deferred income tax assets - current	$15,921	$16,448
Deferred income tax liabilities - current	-	(393)
Net balance of deferred income tax assets (liabilities) - current	$15,921	$16,055

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

	December 31	
	2012	2011
E. Deferred income tax assets - noncurrent	$21,008	$18,965

F. Adjustments between accrued income tax expenses and income tax expenses for the years ended December 31, 2012 and 2011 are as follows:

	Years ended December 31	
	2012	2011
Accrued income tax expenses-current	$41,291	$36,806
Deferred income tax expense (benefits) from loss on inventory valuation	$1,034	$(1,684)
Deferred income tax expense (benefits) from unrealized foreign exchange (gain) and loss	$(536)	$1,426
Deferred income tax expense (benefits) from pension expense	$(251)	$(222)
Deferred income tax expense (benefits) from depreciation expenses	$(9)	$137
Deferred income tax expense (benefits) from other expenses	$(1,690)	$33
Deferred income tax expense (benefits) from equity in loss of equity method investees	$(1,802)	$(935)
Deferred income tax expense (benefits) from impairment	$-	$(15,708)
Deferred income tax expense (benefits) from sales revenue	$1,345	$(1,254)
Prior year’s adjustment	$4,316	$794
Additional tax at 10% on unappropriated earnings	$7	$33
Investment tax credits	$-	$(3,078)
Income tax expenses	$43,705	$16,348

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

(3) Imputation credit account (ICA)

	December 31	
	2012	2011
Balance of ICA	$73,817	$60,711

	2012(Estimate)	2011(Actual)
Imputation tax credit ratio	25.28%	27.58%

As the Company had no actual Imputation tax credit ratio for 2012, an estimated amount is disclosed. The 2011 net income was appropriated in 2012. Accordingly, an actual Imputation tax credit ratio was available.

(4) Unappropriated retained earnings:

	December 31	
Year	2012	2011
Prior to 1997	$86,063	$86,063
After 1998	380,730	276,224
Total	$466,793	$362,287

(5) Under Article 9-2-2 of the Statute for Upgrading Industry and Under Article 9 of “New Investments in Manufacturing and Related Technical Services from July 1, 2008 to December 31 2009 Adopt Five-Year Income Tax Exemption Incentive Measurement”, effective January 1, 2012, the product sales revenue from capital expansion will be tax free in the next 5 years.

(6) The Company’s income tax returns through 2010 have been examined and cleared by the tax authority.

17.EARNINGS PER SHARE

	Year ended December 31, 2012				
	Amount (Numerator)		Number of shares (Denominator) (In thousands)	EPS(NT$)	
	Pretax	Aftertax		Pretax	Aftertax
Net Income (loss)	$238,154	$194,449			
Basic EPS					
Earnings available to common stockholders	238,154	194,449	49,233	$4.84	$3.95
Effect of dilutive potential common shares					
Stock options			125		
Bonus to employees			519		
Diluted EPS					
Earnings available to common stockholders (including effect of dilutive potential common shares)	$238,154	$194,449	49,877	$4.77	$3.90

	Year ended December 31, 2011				
	Amount (Numerator)		Number of shares (Denominator) (In thousands)	EPS(NT$)	
	Pretax	Aftertax		Pretax	Aftertax
Net Income (loss)	$106,364	$90,016			
Basic EPS					
Earnings available to common stockholders	106,304	90,016	48,874	$2.18	$1.84
Effect of dilutive potential common shares					
Stock options	-	-	130		
Bonus to employees	-	-	494		
Diluted EPS					
Earnings available to common stockholders (including effect of dilutive potential common shares)	$106,364	$90,016	49,498	$2.15	$1.82

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Potential shares from bonus to employees should be included in the weighted average number of outstanding shares in calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the amount of bonus to employees by the fair value of the common shares on the balance sheet date. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until the shares of employee bonus are resolved in the stockholders' meeting in the following year, and thus the shares of employee bonus resolved will be included in the basic EPS.

The weighted average outstanding common shares set forth above are calculated as follows:

	Years ended December 31	
	2012	2011
Beginning balance – common shares	49,166	45,267
Add： Employee stock options exercised	67	46
Issuance of stockholders' stock dividends	-	3,440
Employee stock bonus	-	121
Total	49,233	48,874

18.RELATED PARTY TRANSACTIONS

(1) Related parties

Name of the related parties	Relationship with the Company
Siegfried Ltd.	Director of the Company
Siegfried (USA), Inc.	Affiliated company of the director of the Company
Nanjing SCI Pharmtech Ltd.	Subsidiary
Institute of Taiwan Masters Golf Sports Promotion Foundation	The Company donations amounting to at least one-third of total funds

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

(2) Significant transactions with related parties

A. Sale

	Years ended December 31			
	2012		2011	
	Amount	%	Amount	%
Siegfried Ltd.	$-	-	$296	0.03
Siegfried (USA), Inc.	44,710	3.54	14,176	1.37
Total	$44,710	3.54	$14,472	1.40

The sales prices were not significantly different from those sales to third parties, and the payment term was 2-3 months.

B. Other expense

	Years ended December 31			
	2012		2011	
	Amount	%	Amount	%
Nanjing SCI Pharmtech Ltd.	$2,377	6.89	$1,122	2.87
Institute of Taiwan Masters Golf Sports Promotion Foundation	1,000	1.70	1,000	2.22
Total	$3,377	8.59	$2,122	5.09

(3) Remuneration of directors, and managers

In 2012 and 2011, remunerations to directors, and managers were $32,970 thousand and $24,322 thousand, respectively. The total remuneration for the year ended December 31, 2012 included estimated bonuses to employees and remuneration to directors of the Company that relate to 2012 but will be paid in the following year. The actual amount will be finalized, approved, and paid in accordance with the resolution of the stockholders' meeting in 2013. The total remuneration for the year ended December 31, 2011 included the remuneration and bonuses estimated on 2011 profit approved by the stockholders' meeting held in 2012. The information about the remuneration of directors and managers is available in the annual report for the stockholders' meeting.

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

19.PLEDGED ASSETS

Item	December 31 2012	December 31 2011
Land	$42,736	$42,736
Buildings	19,481	23,437
Total	$62,217	$66,173

(1) The pledged assets are disclosed at net carrying values.

(2) The above assets have been pledged for the short-term borrowings.

20.SIGNIFICANT COMMITMENTS AND CONTINGENCIES

	December 31 2012	December 31 2011
Unused letters of credit for purchase of materials	$22,524	$2,159

21.SERIOUS DAMAGES: None

22.SUBSEQUENT EVENTS:

(1) On March 8, 2013, the Company's Board of Directors approved the establishment of the new subsidiary, which will manufacture and sell high activity and sterile bulk medicine in order to meet industry trends and customer needs. It will also increase product lines and expand operation bases. In January 2013, the Company acquired a land in Taoyuan County for the construction of the new facility. The contract price NT$312,068 thousand was based on the appraisal report and agreed by both sides. The full amount has been paid in February 2013.

(2) On February 1, 2013, a fire broke out in the factory and fortunately no casualties. The estimated repair cost is approximately NT$8,000 thousand. The factory is insured with the insurance company. Based on the preliminary calculation, with NT$ 4,000 thousand deductible amount, the rest will be compensated in full by the insurance compnay. The impact on the Company's finance and business will be limited because the estimated repair time is 2~3 weeks and the Company is covered by the business interruption insurance.

(3) On March 8, 2013, the Company's Board of Directors approved to close the operation of Nanjing SCI Pharmtech Ltd.

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

23.OTHER IMPORTANT EVENTS

(1) Pension information

A. The pension mechanism under the Labor Pension Act is deemed a defined contribution plan. Pursuant to the Act, the Company has made monthly contributions no less than 6% of each employee's monthly salary to the employees' pension accounts and recognized pension costs of $4,421 thousand and NT$4,045 thousand for the years ended December 31, 2012 and 2011, respectively.

B. The Company has a defined benefit plan under the Labor Standards Law that provides benefits based on an employee's length of service and average monthly salary for the six-month period prior to retirement. Two units per year are awarded for the first 15 years of services, while one unit per year is awarded after the completion of the fifteenth year. The total units shall not exceed 45 units. The fraction year of more than six months is counted as a full year, and that of less than six months is regarded as one-half year. The Company contributes an amount equal to 5% of salaries paid each month to a pension fund (the Fund), which is administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan.

Pension information on the defined benefit plan is summarized as follows:

a. Net periodic pension cost：

	Years ended December 31	
	2012	2011
Service cost	$2,153	$2,124
Interest cost	1,542	1,570
Projected return on plan assets	(1,066)	(1,028)
Amortization of unrecognized net transition obligation	31	31
Amortization of net pension loss (income)	1,009	811
Net periodic pension cost	$3,669	$3,508

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

b. Reconciliation of funded status of the plans and accrued pension cost on December 31, 2012 and 2011：

	December 31	
	2012	2011
Benefit obligation		
Vested benefit obligation	$(23,328)	$(21,264)
Nonvested benefit obligation	(47,877)	(45,154)
Accumulated benefit obligation	(71,205)	(66,418)
Additional benefits based on future salaries	(12,426)	(12,134)
Projected benefit obligation	(83,631)	(78,552)
Fair value of plan assets	54,000	53,429
Funded status	(29,631)	(25,123)
Unrecognized net transition obligation (asset)	133	164
Unrecognized net gain and loss	28,077	25,013
Minimum pension liability	(15,784)	(13,043)
(Accrued pension cost) prepaid pension cost	$(17,205)	$(12,989)
Deferred pension costs	$133	$164
Net loss not recognized as pension cost	$15,652	$12,879
Vested benefit	$(25,672)	$(23,940)

c. Actuarial assumptions

	Years ended December 31	
	2012	2011
Discount rate	1.75%	2.00%
Future salary increase rate	1.50%	1.50%
Expected rate of return on plan assets	1.75%	2.00%

(2) The Information for financial instruments:

	December 31					
	2012			2011		
		Fair value			Fair value	
	Book value	Fair value based on quotations in an active market	Fair value based on valuation technique	Book value	Fair value based on quotations in an active market	Fair value based on valuation technique
Non-derivative financial instruments						
Financial assets：						
Financial assets carried at cost-non current	$-	$-	$-	$34,920	$-	$-
Derivative financial instruments						
Financial assets(liabilities) ：						
Financial assets(liabilities) at fair value through profit or loss-current	$-	$-	$-	$(66)	$(66)	$-

Fair values of financial instruments are determined as follows:

a. The carrying amounts of cash and cash equivalents, accounts receivable/payable (including related parties), short-term borrowings, accrued expenses, and other payable approximate their fair values due to the short-term nature of these items.

b. The fair values of financial instruments at fair value through profit or loss and the available-for-sale financial assets are based on quoted market prices, if available, in active markets. If market prices are unavailable, fair values are determined using a valuation technique, with estimates and assumptions consistent with those made by market participants. The fair values of respective foreign currency forward contracts and option contracts of derivative financial instruments are computed by daily settlement prices of contract banks.

A. Procedures of financial risk control and hedge

The Company identifies all the risks, including market risk, credit risk, liquidity risk and cash flow risk, through the operation of exchange and interest rate monitoring and counterparties' credit management. Thus, the Company will be able to efficiently control and evaluate all the aforesaid risks. The purpose of the Company's market risk management is to contemplate on economic situations, conditions of competition and the effects of market value risk. Therefore, the Company could minimize the exposure position, maintain the liquidity and keep all the market risks under control.

B. Information about financial risks

a. Market risk：

Exchange rate: Parts of the Company's purchases and sales are priced in U.S. dollars or other foreign currencies, the fair values of which will fluctuate with the changes of market exchange rates. However, the Company will execute hedges in accordance with its net foreign exchange positions and the market conditions, thus partially reducing market risk derived from foreign exchanges.

b. Credit risk：

I. Receivables: The debtors of the Company are generally considered reputable. The Company periodically evaluates the credit position of the debtors, and believes that the exposure to credit risk is not significant.

II. Financial market: The Company believes it has no significant credit risk exposure, as its forward exchange contracts and futures trading transactions are done with creditworthy international financial institutions, and defaults on contracts are unlikely.

c. Liquidity risk：

I. Receivables: In general, the debtors of the Company are reputable. The receivables are due within one year and paid on a regular basis. No significant liquidity risk is expected from the Company's receivables.

II. Foreign currency transaction: The Company has entered forward exchange contracts for currencies with huge trade volume resulting in high market liquidity. There are many traders quoting currency prices aggressively. Therefore, no significant liquidity risk is expected from the Company's foreign currency transactions.

III. Fund arrangement: The Company has good operating performance and sufficient operating capital to support all business activities. In addition, the Company has excellent credits in the money market and bank industry. Therefore, the liquidity risk from insufficient funds to cover all obligations of the Company is not expected.

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

d. Cash flow interest rate risk：

The interest rates of the Company's debts are floating in line with the market rates. Thus, the fluctuations of the market rates will influence the effective interest rates of the Company's debts and its future cash flows. As the loan amount of the Company is not large, the Company expects that the exposure to cash flow interest rate risk is not significant.

e. Derivative transactions

	December 31, 2012			December 31, 2011		
Item	Book value	Nominal amount (Thousands)	Contract period	Book value	Nominal amount (Thousands)	Contract period
Forward exchange contracts (Buy NTD/Sell JPY)	$-	-		$(66)	JPY41,000	2011.11.29 ~2012.1.30

The Company concluded the foreign currency forward contracts of JPY (Japanese Yen) with Mega International Commercial Bank, which were mainly for hedging the adverse effects of changes in exchange rates. As of December 31, 2011 the nominal amount of the contract was JPY41,000 thousand. For the year ended December 31, 2011, net loss was NT$66 thousand.

(3) Material contracts: None

(4) Employee stock options

A. The Company's employee stock option plan was approved by the SFB on April 27, 2007, to issue employee stock options of 1,500 thousand units. As resolved by the Board on June 28, 2007, the Company issued 1,100 thousand units on July 4, 2007 with each option eligible to subscribe for one common share when exercisable under the terms of the plan, the options were granted at an exercise price equal to the closing price of the Company's common shares listed on the TSE on the grant date. The options are valid for six years and exercisable at certain percentages subsequent to the second anniversary of the grant date.

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

B. Detailed information relevant to the employee stock options is disclosed as follows：

	Years ended December 31			
	2012		2011	
	Options (Thousands)	Weighted-average exercise price per share(NTD)	Options (Thousands)	Weighted-average exercise price per share(NTD)
Outstanding at beginning of period	226	$21.80	363	$26.10
Exercised	(151)	-	(137)	-
Outstanding at end of period	75	$20.22	226	$21.80
Exercisable at end of period	75	-	226	-

C. Information about the Company's outstanding stock options as of December 31, 2012, is as follows：

	Options Outstanding			Options Exercisable	
Range of exercise price (NTD)	Number of options (Thousands)	Weighted-average remaining contractual life	Weighted-average exercise price (NTD)	Number of options (Thousands)	Weighted-average exercise price (NTD)
$20.22	75	0.5	$20.22	75	$20.22

D. No compensation cost was recognized under the intrinsic value method for the year ended December 31, 2012. Had the Company used the fair-value-based method to evaluate the options, using the Black-Scholes model, the assumptions and pro forma results of the Company for the year ended December 31, 2012 would have been as follows:

Evaluation model	Black-Scholes options pricing model
Expected dividend yield	4.9107%
Expected volatility	16.6083%
Risk-free interest rate	2.477675%
Expected life	0.5 years

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

		Years ended December 31	
		2012	2011
Net income	Net income as reported	$194,449	$90,016
	Pro forma net income	194,449	89,886
Earnings per share(EPS)-after income tax	Basic EPS as reported	3.95	1.84
	Pro forma EPS	3.95	1.84
Diluted earnings per share(EPS)-after income tax	Diluted EPS as reported	3.90	1.82
	Pro forma diluted EPS	3.90	1.82

(5) The significant financial assets and liabilities denominated in foreign currencies were as follows:

	December 31			
	2012		2011	
	Foreign currency	Exchange rate	Foreign currency	Exchange rate
Financial assets				
Monetary assets				
USD	$4,423	29.03	$4,465	30.26
EUR	87	38.48	44	39.19
JPY	36,622	0.34	49,448	0.39
Investments accounted for using equity method				
USD	2,348	29.03	998	30.26
Financial liabilities				
Monetary liabilities				
USD	1,047	29.03	2,120	30.26
JPY	2,706	0.34	1,560	0.39

(6) Reclassifications: None

24.ADDITIONAL DISCLOSURES

(1) The following are additional disclosures required by the SFB for the Company and its investees：

A. Financing provided: None;

B. Endorsement/guarantee provided: None;

C. Marketable securities held: Please refer to Table 1 attached;

D. Marketable securities acquired or disposed of at costs or prices of at least NT$100 million or 20% of the paid-in capital: None;

E. Acquisition of individual real estate properties at costs of at least NT$100 million or 20% of the paid-in capital: None;

F. Disposal of individual real estate properties at prices of at least NT$100 million or 20% of the paid-in capital: None;

G. Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: None;

H. Receivable from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None;

I. Financial instruments and derivative transactions: Please refer to Note 23(2);

J. Names, locations, and related information of investees on which the Company exercises significant influence: Please refer to Table 2 attached;

(2) Information on investment in Mainland China

A. As resolved by the Board in March, 2008, the Company established SCI Holding Universal Ltd. to invest US$1,500 thousand in Nanjing SCI Pharmtech Ltd. The investment had been approved by the Investment Commission of the Ministry of Economic Affairs of R.O.C. As of December 31, 2012, the investment amounting to US$1,500 thousand had been wired to SCI Holding Universal Ltd., and thus SCI Holding Universal Ltd. invested US$1,490 thousand into Nanjing SCI Pharmtech Ltd. For other related information, please refer to Table 3 attached.

B. Significant direct or indirect transactions with the investees, their prices, terms of payment, unrealized gain or loss, and other related information: None

(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

25.SEGMENT FINANCIAL INFORMATION

(1) Industry financial information

The Company evaluates its operating performance and allocates resources as a single reportable business segment. Therefore, the Company does not make separate financial information disclosures by operating segment.

(2) Geographic financial information

The Company's export sales in 2012 and 2011 were as below:

	Years ended December 31	
	2012	2011
ASIA	$229,133	$231,616
AMERICA	279,209	248,732
EUROPE	526,950	323,599
Total	$1,035,292	$803,947

(3) Major customers：

Major customers representing at least 10% of net sales were as bellow:

	Years ended December 31			
	2012		2011	
Name	Amount	%	Amount	%
Client B	$122,545	9.71	$138,454	13.34
Client D	185,073	14.66	146,031	14.07
Client E	113,055	8.95	186,399	17.96
Total	$420,673	33.32	$470,884	45.37

In 2012 and 2011, sales revenues from Client A and Client C, respectively, had not reached 10% of the Company's total sales revenues.

26.APROVAL OF FINANCIAL STATEMENTS

The Company's financial statements of FY2012 had already been approved by the Board of Directors on March 8, 2013.