COLORSTARS GROUP AND SUBSIDIARIES

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012 and 2011

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTANT

To the Board of Directors and Stockholders of ColorStars Group:

I have audited the consolidated balance sheets of ColorStars Group as of December 31, 2012 and 2011 and the related consolidated statements of operations, stockholders' deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these consolidated financial statements based on my audits.

I conducted my audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the consolidated 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, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ColorStars Group as of December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

The company is not required to have, nor was I engaged to perform, an audit of its internal control over financial reporting. My audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the Company's internal control over financial reporting. Accordingly, I express no such opinion.

Michael F. Albanese, CPA

Parsippany, New Jersey
March 25, 2013

COLORSTARS GROUP AND SUBSIDIARIES
AUDITED CONSOLIDATED BALANCE SHEETS
(IN US$)

Assets	December 31, 2012	2011
Current assets:		
Cash and equivalents	$406,100	$989,078
Accounts receivable, net of allowance for doubtful accounts of $42,227 and $11,624 at December 31, 2012 and 2011	189,468	299,050
Inventory	802,848	821,100
Prepaid expenses and other current assets	124,104	166,581
Total current assets	1,522,520	2,275,809
Equipment, net of accumulated depreciation	181,945	152,069
Investments	479,026	1,137,256
Deferred income tax	89,000	89,000
Intangible assets	1,272	4,374
Total assets	$2,273,763	$3,658,508
Liabilities and stockholders' equity		
Current liabilities:		
Short term loan	413,351	396,223
Accounts payable	305,855	464,654
Accrued expenses	27,578	49,075
Loan from stockholder	-	100,000
Receipts in advance and other current liabilities	16,606	13,414
Total current liabilities	763,390	1,023,366
Stockholders' equity		
Common Stock –Par Value $0.001 67,448,890 shares issued and outstanding at December 31, 2012 and 2011	67,449	67,449
Additional paid in capital	3,112,230	3,112,230
Accumulated other comprehensive income	332,722	226,527
Accumulated deficit	(2,002,028)	(771,064)
Total stockholders' equity	1,510,373	2,635,142
Total liabilities and stockholders' equity	$2,273,763	$3,658,508

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

COLORSTARS GROUP AND SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(IN US$)

	For the years ended December 31, 2012	2011
Net sales	$2,736,466	$3,812,652
Cost of goods sold	1,883,714	2,728,433
Gross profit	852,752	1,084,219
Operating expenses		
Selling, general and administrative	1,226,243	1,200,103
Research and development	106,984	59,198
Total operating expenses	1,333,227	1,259,301
Loss from operations	(480,475)	(175,082)
Other income (expenses)		
Interest expense (net)	(12,109)	(11,756)
Share of investee's operating results (net)	(40,648)	(97,209)
Impairment of investment	(671,094)	(136,803)
Gain (loss) on foreign exchange, net	(44,088)	45,254
Other, net	11,242	5,070
Loss before income tax	(1,237,172)	(370,526)
Income tax benefit	6,208	66,890
Net loss	(1,230,964)	(303,636)
Earnings per share attributable to common stockholders:		
Basic and diluted per share	$0.00	$0.00
Weighted average shares outstanding:		
Basic and diluted	67,448,890	67,448,890
Comprehensive loss:		
Net loss	(1,230,964)	(303,636)
Other comprehensive loss:		
Foreign currency translation, net of taxes	106,195	(115,214)
Comprehensive loss	$(1,124,769)	$(418,850)

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

COLORSTARS GROUP AND SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' (DEFICIT) EQUITY
(IN US$)

	Shares	Value	Additional Paid in capital	Accumulated deficit	Accumulated other comprehensive income	Total Stockholder's equity
Balance, December 31, 2010	67,448,890	$67,449	$3,112,230	$(467,428)	$341,741	$3,053,992
Foreign currency translation	-	-	-	-	(115,214)	(115,214)
Net loss	-	-	-	(303,636)	-	(303,636)
Balance, December 31, 2011	67,448,890	$67,449	$3,112,230	$(771,064)	$226,527	$2,635,142
Foreign currency translation	-	-	-	-	106,195	106,195
Net loss	-	-	-	(1,230,964)	-	(1,230,964)
Balance, December 31, 2012	67,448,890	$67,449	$3,112,230	$(2,002,028)	$332,722	$1,510,373

The accompanying notes are an integral part of the financial statements

COLORSTARS GROUP AND SUBSIDIARIES
AUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN US$)

	For the years ended December 31, 2012	2011
Cash flows from operating activities		
Net loss	$(1,230,964)	$(303,636)
Depreciation and amortization	46,257	33,660
Provision for doubtful accounts	32,641	12,694
Share of investment loss (profit)	40,648	97,210
Impairment of investment	671,094	132,799
Changes in operating assets and liabilities:		
Accounts receivable	76,941	(96,215)
Inventories	18,251	(32,382)
Deferred income tax	-	(89,000)
Prepaid expenses and other current assets	42,477	104,436
Accounts payable	(158,799)	(118,643)
Accrued expenses	(21,497)	(24,842)
Receipts in advance and other current liabilities	3,192	(2,299)
Cash flows (used in) operating activities	(479,759)	(286,218)
Cash flows from investing activities		
Addition to fixed assets	(67,505)	(132,631)
Cash flow (used in) investing activities	(67,505)	(132,631)
Cash flows from financing activities		
Loan from (paid to) stockholder	(100,000)	100,000
Cash flow (used in) provided from financing activities	(100,000)	100,000
Effect of exchange rate changes on cash and cash equivalents	64,286	(88,307)
Net (decrease) in cash and cash equivalents	(582,978)	(407,156)
Beginning cash and cash equivalents	989,078	1,396,234
Ending cash and cash equivalents	$406,100	$989,078
Supplemental disclosure of cash flow information		
Cash paid during the period for:		
Interest	$12,608	$12,319
Income taxes	24,645	43,638

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

Note 1 – Nature of Business and Basis of Presentation

Nature of Business – Circletronics Inc., now ColorStars Group ("the Company"), was incorporated in Canada on January 21, 2005. Circletronics Inc., was redomiciled to Nevada and its name changed to ColorStars Group on November 3, 2005. ColorStars Group owns 100% of the shares of ColorStars Inc.

Color Stars Inc. ("Color Stars TW", "the Subsidiary") was incorporated as a limited liability company in Taiwan, Republic of China in April 2003 and commenced its operations in May 2003. The Subsidiary is mainly engaged in manufacturing, designing and selling light-emitting diode and lighting equipment.

Basis of Presentation - The consolidated financial statements include the financial statements of the Company and its wholly-owned subsidiary. All significant inter-company transactions and balances have been eliminated in consolidation. The consolidated financial statements have been prepared in accordance with accounting principals generally accepted in the United States, which contemplate continuation of the Company as a going concern.

Note 2 – Summary of Significant Accounting Policies

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company evaluates these estimates on a regular basis and bases them on historical experience and on various assumptions that the Company believes are reasonable. Actual results could differ from the estimates.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, cash on deposits and all short-term highly liquid investments purchased with remaining maturities of three months or less. The Company currently maintains substantially all of its day-to-day operating cash balances with major financial institutions.

Restricted cash – There are no restricted cash balances related to bank loans.

Plant and Equipment – Equipment is recorded at cost. Provision for depreciation is computed using the straight-line method on all depreciable assets over the estimated useful lives of the related assets (five years for machinery equipment, three and half years for transportation equipment and three years for computer and office equipment and other equipment). Upon sale or retirement of assets, the cost and related accumulated depreciation or amortization is eliminated from the respective amounts and any resulting gains or losses are reflected in operations. Expenditures for repairs and maintenance costs are expensed as incurred.

Note 2 – Summary of Significant Accounting Policies (continued)

Accounts Receivable and Allowance for Doubtful Accounts - Accounts receivable are recorded at net realizable value. The Company provides for the possibility of customers' inability to make required payments by recording an allowance for doubtful accounts. The Company writes-off an account when it is considered to be uncollectible. The Company evaluates the collectability of its accounts receivable on an on-going basis. The Company records an allowance for doubtful accounts based on the length of time the receivables are past due, the current business environment and the Company's historical experience. As of December 31, 2012 and 2011, the allowance for doubtful accounts was $42,227 and $11,624 respectively.

Inventory – Inventory is stated at the lower of cost or market (weighted average method). Any write-down of inventory to the lower of cost or market at the close of a fiscal period creates a new cost basis that subsequently would not be marked up based on changes in underlying facts and circumstances. Inventories on hand are evaluated on an on-going basis to determine if any items are obsolete or in excess of future needs. Items determined to be obsolete are reserved for. The Company provides for the possible inability to sell its inventories by providing an excess inventory reserve. As of December 31, 2012 and 2011, the allowance for obsolete inventory was $115,102 and $39,005 respectively.

Intangible Assets - Intangible assets with finite lives are amortized over their respective estimated useful lives. The amount of intangible assets to be amortized shall be the amount initially assigned to that asset less any residual value. Identifiable intangible assets that are subject to amortization are evaluated for impairment using a process similar to that used to evaluate long-lived described below.

Investments – Investments consist of marketable equity securities stated at fair value and are designated as either trading securities or available-for-sale securities at the time of purchase based upon the intended holding period. Changes in fair value of the trading securities are recognized currently in general and administrative expenses in the consolidated statements of operations. Changes in the fair value of available-for-sale securities are recognized in accumulated other comprehensive income on the consolidated balance sheets, unless the Company determines an unrealized loss is other-than-temporary. If the Company determines an unrealized loss is other-than-temporary, the Company recognizes the loss in earnings. Cost basis is determined using average cost. If the Company has significant influence over the investee, the investment is accounted for under the equity method of accounting.

At December 31, 2012 and 2011, the Company has investments stated at cost and investments accounted for under the equity method of accounting.

Impairment of long-lived assets - The Company reviews the recoverability of its long-lived assets, such as property and equipment and intangible assets, when events or changes in circumstances occur that indicate the carrying value of the asset or asset group may not be recoverable. The assessment of possible impairment is based on the Company's ability to recover the carrying value of the asset or asset group from the expected future pre-tax cash flows, undiscounted and without interest charges, of the related operations. If these cash flows are less than the carrying value of such assets, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to estimate future cash flows and the fair value of long-lived assets.

Note 2 – Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments - The Company values financial assets and liabilities using fair value measurements. Fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The carrying amount of cash and cash equivalents, accounts receivable, other current assets, accounts payable, accrued liabilities, and other current liabilities in the Consolidated Financial Statements approximates fair value because of the short-term nature of the instruments.

Revenue Recognition - Revenue is recognized in connection with sales of products when all of the following conditions are met: (1) there exists persuasive evidence of an arrangement with the customer, typically consisting of a purchase order or contract; (2) products have been delivered and title and risk of loss has passed to the customer, which occurs when a product is shipped under customary terms; (3) the amount of revenue is fixed or determinable; and (4) collectability is reasonably assured.

Concentration of Credit Risk - Financial instruments that potentially subject the Company to significant concentration of credit risk consist principally of accounts receivable, cash and cash equivalents. The Company's cash and cash equivalents are maintained with high quality institutions, the compositions and maturities of which are regularly monitored by management. Through December 31, 2012, the Company had not experienced any losses on such deposits.

Accounts receivable include amounts due from customers primarily in the manufactory industry. The Company performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when deemed necessary, but generally requires no collateral. The Company also maintains allowances for potential credit losses. In estimating the required allowances, the Company takes into consideration the overall quality and aging of the receivable portfolio, the existence of a limited amount of credit insurance and specifically identified customer risks. Through December 31, 2012, such losses have been within management's expectations.

In fiscal years 2012, products sold to the Company's largest customer, accounted for approximately 8.07% of the total revenue for fiscal year 2012. Products purchased from the Company's largest suppliers, Anteya Technology Corp, accounted for approximately 59.51% of the total purchases for fiscal year 2012.

Income taxes - The asset and liability method is used in accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their reported amounts in the financial statements using enacted tax rates and laws that will be in effect when the difference is expected to reverse. Valuation allowances are provided against deferred tax assets that are not likely to be realized.

Foreign Currency - The financial statements of the company's foreign operations are translated into U.S. dollars for financial reporting purposes. The assets and liabilities of foreign operations whose functional currencies are not in U.S. dollars are translated at the period-end exchange rates, and equity accounts at historical exchange rates, while revenues and expenses are translated at weighted-average exchange rates during the fiscal year. The cumulative translation effects are recorded as a component of accumulated other comprehensive income (loss) within stockholders' equity in the consolidated balance sheets.

Note 2 – Summary of Significant Accounting Policies (continued)

Comprehensive income - Comprehensive income is defined as the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The primary components of comprehensive income for the Company include net income and foreign currency translation adjustments arising from the consolidation of the Company's foreign subsidiaries.

Net income per common share - Net income per common share-basic is computed by dividing the net income attributable to the Company for the period by the basic weighted-average number of outstanding common shares.

The calculation of net income per common share attributable to the Company is presented in Note 4.

Shipping and Handling Costs - Shipping and handling costs incurred by the Company for the delivery of products to customers are included in selling, general and administrative expenses.

Advertising Costs - Advertising costs are expensed when incurred and are included in selling, general, and administrative expenses.

Research and development costs — Research and development costs are expensed as incurred.

Note 3 - Recently Issued Accounting Pronouncements

Balance Sheet – In January 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-01, *Balance sheet – Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities.* The Board concluded that the scope clarification alleviates issues that have arisen in implementing Update 2011-11, while providing users of financial statements with the needed comparable information. The requirements are effective for annual periods beginning on or after January 1, 2013, and interim periods within those annual periods. The Company does not expect that the adoption will have a material effect on the consolidated financial statements.

Comprehensive Income – Effective June 16, 2011, the Financial Accounting Standards Board ("FASB") issued ASU No. 2011-05, Comprehensive Income, requiring entities to report components of other comprehensive income in either a single continuous statement or in two separate but consecutive statements of net income and other comprehensive income. This ASU does not change the items that must be reported in comprehensive income, how these items are measured, or when these items must be classified to net income. We have formally adopted this guidance during fiscal 2012 and presented the total of comprehensive income (loss), the components of net income (loss) and the components of other comprehensive income (loss) in a single continuous statement on the face of the Consolidated Statements of Operations and Comprehensive Income (Loss).

On February 5, 2013, the FASB issued ASU No. 2013-02, Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income, which adds additional disclosure requirements relating to the reclassification of items out of accumulated other comprehensive income. This ASU is effective for the first quarter of 2013.

Note 4 – Earnings per share

Basic net income (loss) per share is computed by dividing net income (loss) for the period by the weighted average number of shares of common stock outstanding during the period.

The following table sets forth the computation of basic and diluted net income (loss) per share for the periods indicated:

	2012	2011
Net (loss) income attributable to common stockholders	$(1,230,964)	$(303,636)
Weighted average common stock outstanding - Basic and diluted	67,448,890	67,448,890
Earnings per share attributable to common stockholder Basic and diluted	$.00	$.00

Note 5 – Long term investment

	2012	2011
Equity method investment – Anteya Technology Corp		
Carrying value of investment at the beginning	$799,131	$797,363
Interest in Anteya's net income	-	40,835
Impairment for the year	(378,173)	-
Exchange difference	4,387	(39,067)
Carrying value at the end	425,345	799,131
Equity method investment – Fin-Core Corporation		
Carrying value of investment at the beginning	196,087	481,891
Interest in Fin-Core's net loss up to Oct 2011	-	(135,200)
Impairment for the year	(204,563)	(132,799)
Exchange difference	8,476	(17,805)
Carrying value at the end	-	196,087
Cost-method investments – Phocos AG		
At cost	142,038	142,038
Impairment for the year	(88,357)	-
Carrying value at the end	53,681	142,038
	$479,026	$1,137,256

Note 5 – Long term investment (continued)

Anteya Technology Corp (Anteya) is a private company incorporated in Taiwan. The equity interest held by the Company is 20%. Accordingly, the Company adopted the equity method of accounting with respect to the investment in Anteya. There were 200,000 bonus shares issued in 2011 to the Company. The equity interest held by the Company remains unchanged.

On August 16, 2012, Anteya increased share capital from 5,000,000 shares to 6,500,000 shares. The Company subscribed the shares of 300,000 with nil value. The holding shares of the securities is 1,300,000 with invested cost NTD27,304,000 and percentage of the stock of the investee is 20%. The percentage of shareholding is unchanged.

On July 5, 2010, the Company's board of directors approved the sale of 30.4% equity (or 456,000 shares) in Fin-Core Corporation (FCC) to a third party at the consideration of NTD13,680,000 (equivalent to USD429,000). After the disposal, the equity interest of the Company in FCC decreased from 50.4% to 20%.

On July 5, 2010, the Company's board of directors approved the participation in subscribing FCC's newly issued shares and maintain the overall equity interest of 20%. The Company subscribed 500,000 shares at consideration of NTD10,000,000 (equivalent of USD320,000). The Company adopted the equity method of accounting to the investment in FCC.

In October 2011, the associated company, Fin-Core Corporation, decided to increase its capital by issuing 3,000,000 new shares at par value of NTD10 per share. The Company was entitled to subscribe for up to 600,000 shares for NTD6,000,000. However the Company chose not to participate in the subscription of any newly issued shares of Fin-Core. As a result, on November 4, 2011 the Company's equity interest in Fin-Core decreased to 11.43% from 20% after issuance of 3,000,000 new shares. The Company recorded the investment in Fin-Core Corporation at cost on the date when the Company ceased to have significant influence over the investee.

On December 20, 2012, the total shares of Fin-Core Corporation was decreased from 7,000,000 to 500,000. The invested cost and percentage of shareholding are unchanged after shares consolidation. The number of shares of Fin-Core held by the Company is 57,143 shares, 5.19% at December 31, 2012.

Phocos AG is a private company incorporated in Germany. The equity interest held by the Company is 2.38%.

Note 5 – Long term investment (continued)

The unaudited financial information of Anteya Technology Corp. for the year ended December 31, 2012 and 2011 (in US dollars) are as follows:

Balance sheet	2012	2011
Current assets	$4,634,083	$4,671,187
Non-current assets	730,201	1,101,058
Total assets	5,364,284	5,772,245
Current liabilities	2,475,513	2,437,814
Non-current liabilities	762,048	1,097,420
Stockholders' equity	2,126,723	2,237,011
Total stockholders' equity and liabilities	$5,364,284	$5,772,245

Statement of operation	2012	2011
Net sale	$4,820,371	$6,130,555
Cost of goods sold	(3,795,011)	(4,695,958)
Gross profit	1,025,360	1,434,597
Operating and non-operating expenses	(1,225,526)	(1,224,267)
Net profit (loss)	$(200,166)	$210,330

Note 6 – Inventory

Inventories stated at the lower of cost or market value are as follows:

	2012	2011
Finished goods	$802,848	$821,100

Note 7 – Intangible Assets

	2012	2011
Intangible assets:		
Amortizable intangible assets	$42,580	$42,382
Accumulated amortization	(41,308)	(38,008)
Total	$1,272	$4,374

Identifiable intangible assets, which are subject to amortization, consist primarily of patents and trademark. These intangible assets are amortized over the assets' estimated useful lives which range from three to five years.

Note 8 – Equipment

Equipment and the related accumulated depreciation consisted of the following at December 31:

	2012	2011
Plant and equipment:		
Machinery equipment	$177,369	$144,496
Transportation equipment	16,879	16,179
Office equipment	145,280	100,895
Other	242	232
Total cost	339,770	261,802
Accumulated depreciation:		
Machinery equipment	63,483	38,465
Transportation equipment	10,783	7,640
Office equipment	83,317	63,396
Other	242	232
Total accumulated depreciation	157,825	109,733
Plant and equipment – net	$181,945	$152,069

Depreciation was $43,026 and $27,893 for the years ended December 31, 2012 and 2011 respectively.

Note 9 – Income taxes

The Company is subject to U.S. federal income tax as well as income tax in states and foreign jurisdictions. For the major taxing jurisdictions, the tax years 2006 through 2012 remain open for state and federal examination. The Company believes assessments, if any, would be immaterial to its consolidated financial statements. With respect to the foreign jurisdiction, the Company is no longer subject to income tax audits for the year 2012 (inclusive).

The income tax provision information is provided as follows:

	2012	2011
Component of income (loss) before income taxes:		
United States	$(315,254)	$(256,458)
Foreign	(921,918)	(114,068)
Income (loss) before income taxes	(1,237,172)	(370,526)
Provision for income taxes		
U.S. federal	-	89,000
State and local	(800)	(800)
Foreign	7,008	(21,310)
Income tax benefit	6,208	66,890
Current	6,208	(22,110)
Deferred	-	89,000
	6,208	66,890

Note 9 – Income taxes (continued)

The provision for income taxes differs from the amount computed by applying the statutory federal income tax rate to income before income taxes. The sources and tax effects of the differences, for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Federal income taxes at applicable statutory rates	$(433,010)	$(129,684)
Adjustment resulting from the tax effect of:		
Foreign tax rate differential	92,191	11,407
Change in valuation allowance	288,457	760
Foreign taxation adjustment	58,570	49,040
Others	-	1,587
	6,208	66,890

As of December 31, 2012, there was gross U.S. federal net operating loss carry forwards of approximately $570,000, which may be available to offset future federal income tax liabilities. All of the gross federal net operating losses are limited by certain provisions of the U.S. tax code which restricts their utilization in the future.

The federal net operating losses expire at various dates through 2027 to 2032.

Note 10 – Accrued expenses

	2012	2011
Salaries and allowance	$16,351	$19,987
Insurance	7,138	8,150
Tax payable	-	11,040
Others	4,089	9,898
	$27,578	$49,075

Note 11 - Bank short term debt

	2012	2011
Bank loan payable to Taiwan banks	$413,351	$396,223

The Company signed revolving credit agreements with a lending institution. The interest rate on short-term borrowings outstanding as of December 2012 ranges from 3.15% to 3.166% per annum, as of December 31, 2011, interest rate ranges from 2.946% to 3.175% per annum. The short term debt is secured by:

1. personal guarantee from a director
2. the realty property of spouse of a director

Note 12- Geographic Information

Product revenues for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Customers based in:		
Europe	$1,420,653	$1,961,320
Asia	458,297	417,000
United States	557,248	888,058
Others	300,268	546,274
	$2,736,466	$3,812,652

Note 13 – Related Party Transactions

The Company has recorded expenses for the following related party transactions for the year ended December 31, 2012 and 2011:

	2012	2011
Purchase from Anteya Technology Corp	$1,125,062	$1,614,844
Rent paid to Mr. Wei-Rur Chen	48,703	48,980
Sale to Anteya Technology Corp	-	1,061

As of the balance sheet date indicated, the Company had the following liabilities recorded with respect to related party transactions:

	2012	2011
Liabilities:		
Anteya Technology Corp	$148,798	$298,887

The Company leases office space from Mr. Wei-Rur Chen which the term for the agreement is from November 2010 to November 2015.

The Company conducted business with a related party company Anteya Technology Corp. The Company owns 20% of the outstanding common stock of Anteya Technology Corp as of December 31, 2012. All transactions were at market-based prices.

The stockholder, Mr. Wei-Rur Chen, provided a personal loan of USD$100,000 to the company. The personal loan is unsecured, repayable on demand and interest bearing at applicable federal short-term rate in effect for each day on outstanding loan principal and unpaid accrued interest. The effective interest rate is 0.19% and the interest paid to Mr. Chen is $161 for the year ended December 31, 2012. On August 2012, the personal loan was paid in full.

Note 14 – Commitments

	2012	2011
Rent expenses	$124,024	$125,857

The company leases offices in Taiwan and in California, US under operating leases. Minimum future rental payments due under non-cancelable operating leases with remaining terms at December 31, 2012 are as follows:

2013	83,290
2014	49,602
2015	42,162
	$175,054

Note 15– Subsequent Events

The Company evaluated all events subsequent to December 31, 2012 through the date of the issuance of the financial statements and concluded that there are no other significant or material transactions to be reported.