

**GEM Terminal Ind. Co., Ltd. and
Subsidiaries**

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2013 and 2012 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Stockholders
GEM Terminal Ind. Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. (the "Company") and its subsidiaries as of September 30, 2013 and 2012, December 31, 2012 and January 1, 2012 and the related consolidated statements of comprehensive income for the three months ended September 30, 2013 and 2012, nine months ended September 30, 2013 and 2012, and changes in equity and cash flows for the nine months ended September 30, 2013 and 2012. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements," issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China ("ROC"). A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the ROC, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standard 1, "First-time Adoption of International Financial Reporting Standards," and International Accounting Standard 34, "Interim Financial Reporting," endorsed by the Financial Supervisory Commission of the Republic of China.

November 8, 2013

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the ROC and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the ROC.

For the convenience of readers, the independent accountants' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. 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-language independent accountants' review report and consolidated financial statements shall prevail.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2013, DECEMBER 31, 2012, SEPTEMBER 30, 2012 AND JANUARY 1, 2012

(In Thousands of New Taiwan Dollars, Except Par Value)

(Reviewed, Not Audited)

ASSETS	September 30, 2013		December 31, 2012		September 30, 2012		January 1, 2012		LIABILITIES AND EQUITY	September 30, 2013		December 31, 2012		September 30, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS									CURRENT LIABILITIES								
Cash and cash equivalents (Notes 6 and 23)	\$ 1,855,441	29	\$ 2,504,000	39	\$ 2,778,060	42	\$ 1,522,013	28	Short-term loans (Notes 14, 23 and 25)	\$ 1,046,386	16	\$ 1,386,144	22	\$ 1,393,034	21	\$ 709,269	13
Financial assets at fair value through profit or loss - current (Notes 7 and 23)	9,901	-	110,404	2	29,058	-	37,395	1	Short-term bills payable (Notes 14 and 23)	-	-	-	-	19,998	-	-	-
Available-for-sale financial assets - current (Notes 8 and 23)	22,569	-	28,012	1	1,806	-	27,620	-	Financial liabilities at fair value through profit or loss - current (Notes 7 and 23)	-	-	-	-	29	-	1,499	-
Debt investments with no active market - current (Notes 6, 9, 23 and 25)	354,335	6	219,089	3	198,753	3	23,356	-	Notes payable (Notes 15 and 23)	167,791	3	21,412	-	24,415	1	31,039	1
Notes receivable (Notes 10 and 23)	209,535	3	171,259	3	183,575	3	146,019	3	Accounts payable (Notes 15 and 23)	342,927	5	431,829	7	446,361	7	335,212	6
Accounts receivable, net (Notes 10 and 23)	1,040,853	16	1,040,107	16	1,016,291	16	1,252,464	23	Other payables (Notes 16 and 23)	187,106	3	175,949	3	173,475	3	217,333	4
Tax refundable	30,913	1	2,285	-	2,509	-	15,551	-	Current tax liabilities	4,327	-	9,841	-	4,476	-	25,315	-
Other receivables (Note 23)	9,690	-	22,196	-	10,976	-	19,625	-	Provisions - current	953	-	35	-	268	-	-	-
Current tax assets	5,723	-	2,185	-	9,392	-	-	-	Long-term debts - current portion (Notes 14, 23 and 25)	658,333	10	706,490	11	610,898	9	365,074	7
Inventories (Note 11)	846,669	13	438,841	7	431,677	7	512,766	9	Other current liabilities	5,875	-	2,890	-	4,083	-	4,351	-
Other Financial Assets - current (Note 23)	28,603	1	1,807	-	6,760	-	33,436	1	Total current liabilities	2,413,698	37	2,734,590	43	2,677,037	41	1,689,092	31
Other current assets (Notes 13 and 25)	88,244	1	75,571	1	103,223	2	82,542	2	NONCURRENT LIABILITIES								
Total current assets	4,502,476	70	4,615,756	72	4,772,080	73	3,672,787	67	Long-term debts (Notes 14, 23 and 25)	997,026	16	720,833	11	920,833	14	702,465	13
NONCURRENT ASSETS									Accrued pension liabilities (Note 17)	85,167	1	85,458	1	85,417	1	85,388	1
Property, plant and equipment (Notes 12, 25 and 26)	1,638,778	26	1,561,761	25	1,544,851	24	1,633,152	30	Deferred income tax liabilities (Note 20)	70,895	1	70,432	1	68,126	1	61,008	1
Deferred income tax assets (Note 20)	63,088	1	53,397	1	47,156	1	44,932	1	Total noncurrent liabilities	1,153,088	18	876,723	13	1,074,376	16	848,861	15
Prepayments for equipment (Note 26)	146,408	2	83,427	1	79,050	1	30,526	1	Total liabilities	3,566,786	55	3,611,313	56	3,751,413	57	2,537,953	46
Refundable deposits - noncurrent (Note 23)	1,804	-	1,732	-	2,832	-	2,895	-	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT								
Long-term prepaid rent (Notes 13 and 25)	68,170	1	67,034	1	74,362	1	78,627	1	(Note 18)								
Other noncurrent assets (Note 10)	8,635	-	8,757	-	8,974	-	10,619	-	Capital stock	1,715,980	27	1,715,980	27	1,715,980	26	1,715,980	31
Total noncurrent assets	1,926,883	30	1,776,108	28	1,757,225	27	1,800,751	33	Capital surplus	270,187	4	270,187	4	270,187	4	270,187	5
TOTAL	\$ 6,429,359	100	\$ 6,391,864	100	\$ 6,529,305	100	\$ 5,473,538	100	Retained earnings	656,439	10	698,084	11	695,474	11	748,509	14
									Others	219,967	4	96,300	2	96,251	2	200,909	4
									Total equity	2,862,573	45	2,780,551	44	2,777,892	43	2,935,585	54
									TOTAL	\$ 6,429,359	100	\$ 6,391,864	100	\$ 6,529,305	100	\$ 5,473,538	100

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
GROSS OPERATING REVENUE	\$ 1,067,408	100	\$ 1,006,891	100	\$ 2,954,642	100	\$ 2,938,176	100
LESS: SALES RETURNS	105	-	54	-	125	-	209	-
SALES ALLOWANCES	<u>3</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>11</u>	<u>-</u>	<u>142</u>	<u>-</u>
OPERATING REVENUE, NET	1,067,300	100	1,006,829	100	2,954,506	100	2,937,825	100
OPERATING COSTS (Notes 11, 17, 19 and 24)	<u>890,180</u>	<u>83</u>	<u>872,489</u>	<u>86</u>	<u>2,626,496</u>	<u>89</u>	<u>2,494,940</u>	<u>85</u>
GROSS PROFIT	<u>177,120</u>	<u>17</u>	<u>134,340</u>	<u>14</u>	<u>328,010</u>	<u>11</u>	<u>442,885</u>	<u>15</u>
OPERATING EXPENSES (Notes 17, 19 and 24)								
Marketing	34,990	3	35,854	4	103,540	3	105,827	4
General and administrative	60,319	6	53,932	5	163,588	6	157,842	5
Research and development	<u>8,493</u>	<u>1</u>	<u>10,613</u>	<u>1</u>	<u>32,488</u>	<u>1</u>	<u>29,464</u>	<u>1</u>
Total operating expenses	<u>103,802</u>	<u>10</u>	<u>100,399</u>	<u>10</u>	<u>299,616</u>	<u>10</u>	<u>293,133</u>	<u>10</u>
OPERATING INCOME	<u>73,318</u>	<u>7</u>	<u>33,941</u>	<u>4</u>	<u>28,394</u>	<u>1</u>	<u>149,752</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 7 and 19)								
Other income	7,010	1	5,738	1	29,798	1	20,715	1
Other gains and losses	4,966	-	3,673	-	(12,160)	-	2,650	-
Financial costs	<u>(15,259)</u>	<u>(1)</u>	<u>(17,286)</u>	<u>(2)</u>	<u>(50,462)</u>	<u>(2)</u>	<u>(35,661)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(3,283)</u>	<u>-</u>	<u>(7,875)</u>	<u>(1)</u>	<u>(32,824)</u>	<u>(1)</u>	<u>(12,296)</u>	<u>-</u>
CONSOLIDATED INCOME (LOSS) BEFORE INCOME TAX	70,035	7	26,066	3	(4,430)	-	137,456	5
INCOME TAX EXPENSE (REVENUE) (Note 20)	<u>21,146</u>	<u>2</u>	<u>9,385</u>	<u>1</u>	<u>(2,253)</u>	<u>-</u>	<u>53,213</u>	<u>2</u>
CONSOLIDATED NET INCOME (LOSS)	<u>48,889</u>	<u>5</u>	<u>16,681</u>	<u>2</u>	<u>(2,177)</u>	<u>-</u>	<u>84,243</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18 and 20)								
Exchange differences arising on translation of foreign operations	(33,510)	(3)	(61,243)	(6)	126,325	4	(106,500)	(4)
Unrealized gain (loss) on available-for-sale financial assets	3,091	-	(185)	-	(3,210)	-	1,991	-

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax benefit (expense) relating to components of other comprehensive income	\$ (576)	-	\$ 31	-	\$ 552	-	\$ (149)	-
Other comprehensive income (loss), net of income tax	(30,995)	(3)	(61,397)	(6)	123,667	4	(104,658)	(4)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 17,894</u>	<u>2</u>	<u>\$ (44,716)</u>	<u>(4)</u>	<u>\$ 121,490</u>	<u>4</u>	<u>\$ (20,415)</u>	<u>(1)</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:								
Stockholders of the parent	<u>\$ 48,889</u>	<u>5</u>	<u>\$ 16,681</u>	<u>2</u>	<u>\$ (2,177)</u>	<u>-</u>	<u>\$ 84,243</u>	<u>3</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:								
Stockholders of the parent	<u>\$ 17,894</u>	<u>2</u>	<u>\$ (44,716)</u>	<u>(4)</u>	<u>\$ 121,490</u>	<u>4</u>	<u>\$ (20,415)</u>	<u>(1)</u>
EARNINGS (LOSS) PER SHARE (Note 21)								
Basic	<u>\$ 0.28</u>		<u>\$ 0.10</u>		<u>\$ (0.01)</u>		<u>\$ 0.49</u>	
Diluted	<u>\$ 0.28</u>		<u>\$ 0.10</u>		<u>\$ (0.01)</u>		<u>\$ 0.49</u>	

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Stockholders of the Parent						Others		Total Equity	
	Capital Stock - Common Stock		Capital Surplus- Share Issuance in Excess of Par	Legal Capital Reserve	Retained Earnings		Unrealized Gain (loss) from Available-for-sale Financial Assets	Foreign Currency Translation Reserve		
	Shares (In Thousands)	Amount			Unappropriated Earnings	Total				Total
BALANCE, JANUARY 1, 2012	171,598	\$ 1,715,980	\$ 270,187	\$ 301,382	\$ 447,127	\$ 748,509	\$ (1,996)	\$ 202,905	\$ 200,909	\$ 2,935,585
Appropriation of 2011 earnings (Note 18)										
Legal capital reserve	-	-	-	18,530	(18,530)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(137,278)	(137,278)	-	-	-	(137,278)
	-	-	-	18,530	(155,808)	(137,278)	-	-	-	(137,278)
Net income for the nine months ended September 30, 2012	-	-	-	-	84,243	84,243	-	-	-	84,243
Other comprehensive income (loss) for the nine months ended September 30, 2012, net of income tax	-	-	-	-	-	-	1,842	(106,500)	(104,658)	(104,658)
Total comprehensive income (loss) for the nine months ended September 30, 2012	-	-	-	-	84,243	84,243	1,842	(106,500)	(104,658)	(20,415)
BALANCE, SEPTEMBER 30, 2012	171,598	\$ 1,715,980	\$ 270,187	\$ 319,912	\$ 375,562	\$ 695,474	\$ (154)	\$ 96,405	\$ 96,251	\$ 2,777,892
BALANCE, JANUARY 1, 2013	171,598	\$ 1,715,980	\$ 270,187	\$ 319,912	\$ 378,172	\$ 698,084	\$ 2,321	\$ 93,979	\$ 96,300	\$ 2,780,551
Appropriation of 2012 earnings (Note 18)										
Legal capital reserve	-	-	-	8,494	(8,494)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(39,468)	(39,468)	-	-	-	(39,468)
	-	-	-	8,494	(47,962)	(39,468)	-	-	-	(39,468)
Net loss for the nine months ended September 30, 2013	-	-	-	-	(2,177)	(2,177)	-	-	-	(2,177)
Other comprehensive income (loss) for the nine months ended September 30, 2013, net of income tax	-	-	-	-	-	-	(2,658)	126,325	123,667	123,667
Total comprehensive income (loss) for the nine months ended September 30, 2013	-	-	-	-	(2,177)	(2,177)	(2,658)	126,325	123,667	121,490
BALANCE, SEPTEMBER 30, 2013	171,598	\$ 1,715,980	\$ 270,187	\$ 328,406	\$ 328,033	\$ 656,439	\$ (337)	\$ 220,304	\$ 219,967	\$ 2,862,573

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income (loss) before income tax	\$ (4,430)	\$ 137,456
Adjustments for:		
Depreciation expense	162,020	149,074
Amortization expense	3,843	3,591
Allowance (reversal of allowance) for doubtful accounts	3,831	(3,028)
Valuation loss (gain) on financial instruments at fair value through profit or loss, net	2,484	(7,377)
Finance costs	50,462	35,661
Interest income	(27,223)	(15,482)
Dividend income	(1,357)	(138)
Loss on disposal of property, plant and equipment, net	3,514	1,584
Loss (gain) on sale of investments, net	(13,096)	1,467
Impairment of non-financial assets	2,840	-
Reversal of impairment of non-financial assets	-	(5,486)
Net loss on foreign currency exchange	27	845
Recognition of provisions	918	268
Other non-cash items	9,001	8,017
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	4,083	2,242
Increase in notes receivable	(38,276)	(37,556)
Decrease (increase) in accounts receivable	(4,879)	239,526
Decrease (increase) in other receivable and tax refundable	(16,122)	21,691
Decrease (increase) in inventories	(411,728)	87,243
Increase in other current assets	(22,001)	(28,707)
Decrease in financial liabilities held for trading	(3,659)	(667)
Increase (decrease) in notes payable	146,379	(6,624)
Increase (decrease) in accounts payable	(88,902)	111,149
Increase (decrease) in other payables	(17,467)	(57,233)
Increase (decrease) in other current liabilities	2,985	(268)
Increase (decrease) in accrued pension liabilities	(291)	29
Cash generated from (used in) operations	(257,044)	637,277
Interest received	27,523	14,969
Income tax paid	(15,475)	(78,699)
Net cash generated from (used in) operating activities	<u>(244,996)</u>	<u>573,547</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit and loss	(16,886)	-
Proceeds from disposal of financial assets designated as at fair value through profit and loss	114,481	12,634
Acquisition of available-for-sale financial assets	(594,225)	(2,003)
Proceeds from disposal of available-for-sale financial assets	609,437	28,164

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2013	2012
Purchase of debt investments with no active market	\$ (135,246)	\$ (175,397)
Payments for property, plant and equipment	(181,405)	(151,547)
Proceeds from disposal of property, plant and equipment	490	973
Increase in refundable deposits	(26,868)	-
Decrease in refundable deposits	-	26,752
Increase in other noncurrent assets	(2,222)	(224)
Decrease in other noncurrent assets	-	96
Increase in prepayments for equipment	(62,981)	(48,524)
Dividend received	<u>1,357</u>	<u>138</u>
Net cash used in investing activities	<u>(294,068)</u>	<u>(308,938)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	810,948	1,440,825
Decrease in short-term loans	(1,193,388)	(735,437)
Increase in short-term bills payable	-	19,998
Proceeds from long-term debts	659,112	725,000
Repayment of long-term debts	(431,489)	(259,781)
Cash dividend	(39,468)	(137,278)
Interest paid	<u>(51,409)</u>	<u>(35,077)</u>
Net cash generated from (used in) financing activities	<u>(245,694)</u>	<u>1,018,250</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>136,199</u>	<u>(26,812)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(648,559)	1,256,047
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>2,504,000</u>	<u>1,522,013</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,855,441</u>	<u>\$ 2,778,060</u>

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

GEM Terminal Ind. Co., Ltd. (the “Company”) was incorporated in July 1993 under the laws of the Republic of China (ROC). The Company mainly manufactures and sells the following products:

- Series terminals, plug inserts, housing and electronic connectors for AC and DC power cords
- Electric and motor parts terminal
- Electric and communication terminal
- Optical communication passive devices
- Lead frames

The Company’s shares have been listed on the Taiwan Stock Exchange since September 2001.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on November 8, 2013.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. New and revised Standards, Amendments and Interpretations in issue but not yet effective

In addition to the disclosure in Note 3 to the consolidated financial statements as of March 31, 2013, the Company and its entire controlled subsidiaries (the “Group”) have not applied the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations (IFRIC), and Standing Interpretations (SIC) that have been issued by the IASB.

As of the date that the consolidated financial statements were approved and authorized for issue, the Financial Supervisory Commission (“FSC”) has not announced the effective dates for the following new and revised Standards, Amendments and Interpretations:

New, Revised Standards, Amendments and Interpretations		Effective Date Announced by IASB (Note)
Amendment to IAS 36	Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
Amendment to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21	Levies	January 1, 2014

Note: Unless otherwise noted, the above new and revised Standards, Amendments and Interpretations are effective for annual periods beginning on or after the respective effective dates.

- b. Significant changes in accounting policy resulted from new and revised Standards, Amendments and Interpretations in issue but not yet effective

In addition to the disclosure in Note 3 to the consolidated financial statements as of March 31, 2013, and except for the following, the initial application of the above new and revised Standards, Amendments and Interpretations did not have any material impact on the Group's accounting policies:

- 1) IFRS 9 "Financial Instruments"
 - 2) New issued and revised standards related to Consolidation, Joint Arrangement, and Associates
 - a) IFRS 10 "Consolidated Financial Statements"
 - b) IFRS 12 "Disclosure of Interests in Other Entities"
 - 3) IFRS 13 "Fair Value Measurement"
 - 4) Amendment to IAS 1 "Presentation of Financial Statements"
 - 5) Amendment to IAS 36 "Impairment of Assets"
- c. Material impact on consolidated financial statements resulted from new and revised Standards, Amendments and Interpretations in issue but not yet effective

The Group is in the process of estimating the impact of the initial application of the Standards, Amendments and Interpretations on its financial position and results of operations. Disclosures will be provided until a detailed review of the impact has been completed and the consolidated financial statements have been approved and authorized for issuance.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On May 14, 2009, the FSC announced the "Framework for the Adoption of IFRSs by Companies in the ROC." In this framework, starting 2013, companies with shares listed on the Taiwan Stock Exchange or traded on the Taiwan GreTai Securities Market or Emerging Stock Market should prepare their consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards, International Accounting Standards and Interpretations approved by the FSC.

The date of transition to IFRSs was January 1, 2012. Refer to Note 30 for the impact of IFRS conversion on the consolidated financial statements.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in interim financial reports is less than disclosures required in a full set of annual financial reports.

Basis of Consolidation

The consolidated financial statements have been prepared on the same basis as the consolidated financial statements as of March 31, 2013. Refer to the Note 4 to the consolidated financial statements as of March 31, 2013 for details.

Subsidiaries included in the consolidated financial statements

The detailed information of the subsidiaries at the end of the reporting period was as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%)			
			September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
The Company	Global Electronics Terminal (Cayman) Co., Ltd. (Global (Cayman))	Note 1	100	100	100	100
	Genius Terminal Co., Ltd. (Genius Terminal)	Notes 1 and 2	100	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Terminal (Cayman))	Note 1	100	100	100	100
Global (Cayman)	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global (HK))	Note 2	100	100	100	100
Genius Terminal	Genius Terminal (HK) Ltd. (Genius (HK))	Note 2	100	100	100	100
GEM Terminal (Cayman)	Rui Zhan Hardware VN Co., Ltd. (Rui Zhan Hardware VN)	Note 3	100	100	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM (Suzhou))	Note 4	100	100	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM (Dongguan))	Note 5	100	100	100	100
	You Mao Terminal International Co., Ltd. (You Mao)	Note 2	100	100	100	100

Note 1: International investment.

Note 2: International trading.

Note 3: Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.

Note 4: Manufacture of new electronic components and devices (e.g., Opto-Electronic devices and new mechanical/electric components); design and manufacture of stamping molds with the precision that is equal to or greater than 0.02 mm, plastic molds with the precision that is equal to or greater than 0.05 mm, and standard molds; development and production of construction hardware, water heater parts, and general hardware; manufacture of heat-resistant thermal insulation (insulation class: F or H) and insulation molding parts; production of inorganic nonmetal materials and products (special ceramics); development and production of materials for the specific use in semiconductor components and devices; components, devices, and materials for new instrumentation plug-ins (inserts and functional parts of instrument); terminal crimping machines; and equipment for the specific use in electronics and electric appliances and electroplating of hardware accessories; and sale of the Company's own products ; and wholesale and export the similar kind of products as the Company owns and metal materials (excluding precious metals) but not involving state trading commodities, which involves quota and license management products follows relevant Government regulations.

Note 5: Production and sale of terminals, electric appliance plugs and plastic hardware, terminal crimping machines, molds, computer inserts, electroplating for hardware accessories, ceramic ferrules for optical fiber connection, and machine for hardware, electronics, plastics products manufacturing; wholesale and import / export terminals, electrical parts, computer plug, mold terminal crimping machine, electronic hardware plastic machinery, copper strips, copper (excluding state trading commodities, and which involves quota license management, special regulation management follow relevant regulations).

Other Significant Accounting Policies Instructions

The same accounting policies have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Refer to Note 4 to the consolidated financial statements as of March 31, 2013 for the details of summary of significant accounting policy.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Refer to the Note 5 to the consolidated financial statements as of March 31, 2013 for the details of critical accounting judgments and key sources of estimation uncertainty.

6. CASH AND CASH EQUIVALENTS

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Cash on hand	\$ 2,978	\$ 2,526	\$ 2,503	\$ 2,384
Demand deposits	891,546	960,742	1,176,616	1,068,413
Checking accounts	201	201	201	201
Cash equivalents				
Time deposits with original maturities less than three months	<u>960,716</u>	<u>1,540,531</u>	<u>1,598,740</u>	<u>451,015</u>
	<u>\$ 1,855,441</u>	<u>\$ 2,504,000</u>	<u>\$ 2,778,060</u>	<u>\$ 1,522,013</u>

Cash equivalents include time deposits that have a maturity of three months or less from the date of acquisition, are readily convertible to a known amount of cash, and are subject to an insignificant risk of change in value; these were held for the purpose of meeting short-term cash commitments.

The market interest rates of time deposits at the end of the reporting period have no significant changes compared to those as of March 31, 2013. Refer to Note 6 to the consolidated financial statements as of March 31, 2013 for other related information on cash and cash equivalents.

Time deposits with original maturities of more than three months were reclassified to debt investments with no active market (refer to Note 9).

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Financial assets held for trading	\$ 115	\$ 106,467	\$ 25,792	\$ 24,540
Financial assets designated as at FVTPL	<u>9,786</u>	<u>3,937</u>	<u>3,266</u>	<u>12,855</u>
	<u>\$ 9,901</u>	<u>\$ 110,404</u>	<u>\$ 29,058</u>	<u>\$ 37,395</u>
Financial liabilities held for trading	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 1,499</u>

a. Financial instruments classified as held for trading were as follows:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
<u>Financial assets held for trading</u>				
Derivative financial assets (not under hedge accounting)				
Foreign exchange forward contracts	\$ -	\$ -	\$ -	\$ 995
Copper futures contracts	59	-	-	-
Nickel futures contracts	56	-	-	-
Non-derivative financial assets				
Gold passbook	<u>-</u>	<u>106,467</u>	<u>25,792</u>	<u>23,545</u>
	<u>\$ 115</u>	<u>\$ 106,467</u>	<u>\$ 25,792</u>	<u>\$ 24,540</u>
<u>Financial liabilities held for trading</u>				
Derivative financial liabilities (not under hedge accounting)				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 1,499</u>

The Group used forward exchange contracts, copper futures and nickel futures contracts to manage exposures to adverse exchange rate, copper price and nickel price fluctuations. The financial risk management objective of the Group is to minimize risks due to changes in fair value or cash flows of the hedge items. These contracts did not meet the criteria for hedge accounting.

As of December 31, 2012, September 30, 2012 and January 1, 2012, there was no outstanding copper futures contract and nickel futures contract. Outstanding copper futures contracts and nickel futures contracts as of September 30, 2013 were as follows:

	Futures Month	Lots	Contract Amount (In Thousands)
<u>September 30, 2013</u>			
Copper futures contracts			
Refined copper	December, 2013	1	USD 81
Nickel futures contracts			
Nickel	December, 2013	4	USD 332

As of September 30, 2013, and December 31, 2012, there was no outstanding forward exchange contract. Outstanding forward exchange contracts as of September 30 and January 1, 2012 were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2012</u>			
Sell	USD/NTD	2012.10.22	USD500/NTD14,642
<u>January 1, 2012</u>			
Sell	HKD/RMB	2012.01.03	HKD5,000/RMB4,081
Sell	USD/NTD	2012.01.17	USD500/NTD14,707
Sell	USD/NTD	2012.01.17	USD500/NTD14,768
Sell	HKD/NTD	2012.01.17	HKD3,000/NTD11,340
Sell	USD/RMB	2012.01.30	USD500/RMB3,255
Sell	HKD/RMB	2012.02.01	HKD5,000/RMB4,080
Sell	USD/NTD	2012.02.17	USD500/NTD15,077
Sell	HKD/NTD	2012.02.17	HKD3,000/NTD11,641
Sell	USD/RMB	2012.03.01	USD500/RMB3,167
Sell	USD/NTD	2012.03.19	USD500/NTD14,997
Sell	HKD/NTD	2012.03.19	HKD3,000/NTD11,581
Sell	USD/RMB	2012.04.02	USD500/RMB3,165
Sell	USD/RMB	2012.05.04	USD500/RMB3,163

Net loss and net gain on financial assets and financial liabilities held for trading (classified under nonoperating income and expenses - other gains and losses) were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Net gain (loss)	<u>\$ 2,766</u>	<u>\$ 2,466</u>	<u>\$ (2,438)</u>	<u>\$ 4,332</u>

b. Financial instruments designated as at FVTPL were as follows:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 9,786</u>	<u>\$ 3,937</u>	<u>\$ 3,266</u>	<u>\$ 12,855</u>
Net loss and gain on financial assets designated as at FVTPL (classified under nonoperating revenue and expenses - other gains and losses) were as follows:				
	For the Three Months Ended September 30 2013	For the Three Months Ended September 30 2012	For the Nine Months Ended September 30 2013	For the Nine Months Ended September 30 2012
Net gain (loss)	<u>\$ (88)</u>	<u>\$ (38)</u>	<u>\$ (46)</u>	<u>\$ 3,045</u>

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Domestic quoted stocks	\$ 5,991	\$ 1,484	\$ -	\$ 18,752
Overseas quoted stocks	13,707	20,212	1,806	7,564
Domestic mutual funds	586	-	-	-
Overseas mutual funds	<u>2,285</u>	<u>6,316</u>	<u>-</u>	<u>1,304</u>
	<u>\$ 22,569</u>	<u>\$ 28,012</u>	<u>\$ 1,806</u>	<u>\$ 27,620</u>

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Time deposits with original maturities more than 3 months	\$ 216,696	\$ 117,054	\$ 198,753	\$ 23,356
Pledge time deposits	<u>137,639</u>	<u>102,035</u>	<u>-</u>	<u>-</u>
	<u>\$ 354,335</u>	<u>\$ 219,089</u>	<u>\$ 198,753</u>	<u>\$ 23,356</u>

Refer to Note 25 for information relating to debt investments with no active market pledged as security.

The market interest rates of debt investments with no active market at the end of the reporting period has no significant changes compared to those as of March 31, 2013. Refer to Note 9 to the consolidated financial statements as of March 31, 2013 for other information related to debt investments with no active market.

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
<u>Notes receivable</u>				
Notes receivable - operating	<u>\$ 209,535</u>	<u>\$ 171,259</u>	<u>\$ 183,575</u>	<u>\$ 146,019</u>
<u>Accounts receivable</u>				
Accounts receivable	\$ 1,056,305	\$ 1,051,426	\$ 1,026,601	\$ 1,266,127
Less: Allowance for impairment loss	<u>15,452</u>	<u>11,319</u>	<u>10,310</u>	<u>13,663</u>
	<u>\$ 1,040,853</u>	<u>\$ 1,040,107</u>	<u>\$ 1,016,291</u>	<u>\$ 1,252,464</u>

a. Accounts receivable

The average credit period of sales of goods was 30-120 days. The Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The Group recognized an allowance for impairment loss of 100% against all receivables over 360 days because historical experience had been that receivables that are past due beyond 360 days were not recoverable. Allowance for impairment loss is recognized against trade receivables between 0 days and 360 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

There were no accounts receivable that were past due and not impaired at the end of the reporting period.

Aging analysis of accounts receivable:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Neither past due nor impaired	\$ 936,664	\$ 916,221	\$ 917,355	\$ 1,087,187
Past due 1-30 days	92,970	47,840	93,638	63,438
Past due 31-60 days	11,782	67,706	10,567	104,003
Past due 61-90 days	7,724	17,550	3,428	9,998
Past due 91-180 days	4,442	1,178	447	53
Past due 181-360 days	1,779	-	-	-
Past due over 360 days	<u>944</u>	<u>931</u>	<u>1,166</u>	<u>1,448</u>
	<u>\$ 1,056,305</u>	<u>\$ 1,051,426</u>	<u>\$ 1,026,601</u>	<u>\$ 1,266,127</u>

The above aging schedule was based on the past due date.

Movements of the allowance for doubtful receivables:

	For the Nine Months Ended September 30			
	2013		2012	
	Accounts Receivable	Overdue Receivables	Accounts Receivable	Overdue Receivables
Balance, beginning of period	\$ 11,319	\$ 1,290	\$ 13,663	\$ 1,408
Allowance (reversal of allowance) for doubtful accounts	3,831	-	(2,964)	(64)
Foreign exchange translation loss(gain)	<u>302</u>	<u>23</u>	<u>(389)</u>	<u>(43)</u>
Balance, end of period	<u>\$ 15,452</u>	<u>\$ 1,313</u>	<u>\$ 10,310</u>	<u>\$ 1,301</u>

Overdue receivables were reclassified to other noncurrent assets and were fully covered by allowance for impairment loss on doubtful accounts.

b. Credit risk of notes and accounts receivable

The Group's receivables are significantly concentrated in certain individuals, most of which have similar business operations and economic features. Credit risk concentration occurs when the counterparties to financial instrument transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the balances of the notes and accounts receivable from customers with carrying amounts that were 5% or more of the account totals are shown below:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Group A	\$ 230,141	\$ 229,192	\$ 255,841	\$ 365,605
Group B	<u>72,259</u>	<u>75,877</u>	<u>69,566</u>	<u>82,397</u>
	<u>\$ 302,400</u>	<u>\$ 305,069</u>	<u>\$ 325,407</u>	<u>\$ 448,002</u>

Except for the above, there was no customer with balance of 5% or more of totals of notes and accounts receivable.

11. INVENTORIES

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Raw materials	\$ 383,888	\$ 159,321	\$ 101,589	\$ 205,800
Supplies	38,359	23,092	19,350	15,820
Work in process	191,342	87,978	142,562	110,816
Finished goods	<u>233,080</u>	<u>168,450</u>	<u>168,176</u>	<u>180,330</u>
	<u>\$ 846,669</u>	<u>\$ 438,841</u>	<u>\$ 431,677</u>	<u>\$ 512,766</u>

As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, the allowances for inventory devaluation were \$23,928 thousand, \$20,028 thousand, \$19,469 thousand and \$25,623 thousand, respectively, which were recorded as reduction of inventories.

The cost of inventories recognized as costs of goods sold for the three months ended September, 2013 and 2012 and for the nine months ended September 30, 2013 and 2012 were \$890,180 thousand, \$872,489 thousand, \$2,626,496 thousand and \$2,494,940 thousand, respectively, which included the following items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Unallocated fixed manufacturing cost	\$ 26,543	\$ 26,948	\$ 87,649	\$ 59,242
Write - down of inventories (reversal of write - down of inventories)	(44,404)	(7,296)	2,840	(5,486)
Others	<u>(15,678)</u>	<u>(1,004)</u>	<u>1,066</u>	<u>2,166</u>
	<u>\$ (33,539)</u>	<u>\$ 18,648</u>	<u>\$ 91,555</u>	<u>\$ 55,922</u>

12. PROPERTY, PLANT, AND EQUIPMENT

a. Carrying amount

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Land	\$ 144,581	\$ 137,388	\$ 137,388	\$ 137,388
Buildings	466,926	471,270	479,123	520,673
Machinery and equipment	782,459	741,745	731,342	738,884
Transportation equipment	18,685	18,831	20,230	21,640
Office equipment	10,431	11,329	11,974	14,240
Leasehold improvements	40	51	55	66
Miscellaneous equipment	192,779	159,721	151,065	142,517
Construction in progress	<u>22,877</u>	<u>21,426</u>	<u>13,674</u>	<u>57,744</u>
	<u>\$ 1,638,778</u>	<u>\$ 1,561,761</u>	<u>\$ 1,544,851</u>	<u>\$ 1,633,152</u>

In the second quarter of 2011, the Company purchased land for \$6,271 thousand. On this land, a resort will be constructed for the employees. However, a part of the land is agricultural land that cannot be transferred to the Company because of statutory limitations; thus, the Company registered the property rights in the name of an individual temporarily. The land is mortgaged to the Company and the agreement stipulated unconditional conveyance of the land to the Company.

b. Movements of cost and accumulated depreciation were as follows:

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>									
Balance on January 1, 2013	\$ 137,388	\$ 743,328	\$ 1,406,754	\$ 65,543	\$ 34,593	\$ 84	\$ 337,567	\$ 21,426	\$ 2,746,683
Additions	7,193	4,994	124,548	4,202	1,328	-	68,635	490	211,390
Disposal	-	-	(29,383)	(86)	(697)	-	(3,394)	-	(33,560)
Effect of foreign currency exchange differences	-	26,273	44,025	2,451	1,368	-	5,521	961	80,599
Balance on September 30, 2013	<u>\$ 144,581</u>	<u>\$ 774,595</u>	<u>\$ 1,545,944</u>	<u>\$ 72,110</u>	<u>\$ 36,592</u>	<u>\$ 84</u>	<u>\$ 408,329</u>	<u>\$ 22,877</u>	<u>\$ 3,005,112</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
Balance on January 1, 2012	\$ 137,388	\$ 763,598	\$ 1,345,831	\$ 64,152	\$ 36,148	\$ 84	\$ 306,176	\$ 57,744	\$ 2,711,121
Additions	-	2,617	120,468	4,881	1,451	-	47,683	(34,510)	142,590
Disposal	-	(605)	(9,200)	(1,478)	(1,514)	-	(4,797)	-	(17,594)
Effect of foreign currency exchange differences	-	(23,274)	(86,120)	(2,101)	(1,215)	-	(17,795)	(9,560)	(140,065)
Balance on September 30, 2012	<u>\$ 137,388</u>	<u>\$ 742,336</u>	<u>\$ 1,370,979</u>	<u>\$ 65,454</u>	<u>\$ 34,870</u>	<u>\$ 84</u>	<u>\$ 331,267</u>	<u>\$ 13,674</u>	<u>\$ 2,696,052</u>
Accumulated depreciation									
Balance on January 1, 2013	\$ -	\$ (272,058)	\$ (665,009)	\$ (46,712)	\$ (23,264)	\$ (33)	\$ (177,846)	\$ -	\$ (1,184,922)
Additions	-	-	26,061	41	477	-	2,977	-	29,556
Disposal	-	(28,033)	(92,532)	(5,027)	(2,339)	(12)	(34,077)	-	(162,020)
Effect of foreign currency exchange differences	-	(7,578)	(32,005)	(1,727)	(1,035)	1	(6,604)	-	(48,948)
Balance on September 30, 2013	<u>\$ -</u>	<u>\$ (307,669)</u>	<u>\$ (763,485)</u>	<u>\$ (53,425)</u>	<u>\$ (26,161)</u>	<u>\$ (44)</u>	<u>\$ (215,550)</u>	<u>\$ -</u>	<u>\$ (1,366,334)</u>
Balance on January 1, 2012	\$ -	\$ (242,925)	\$ (606,947)	\$ (42,512)	\$ (21,908)	\$ (18)	\$ (163,659)	\$ -	\$ (1,077,969)
Additions	-	504	7,507	1,330	1,326	-	4,370	-	15,037
Disposal	-	(23,526)	(89,087)	(5,417)	(3,169)	(12)	(27,863)	-	(149,074)
Effect of foreign currency exchange differences	-	2,734	48,890	1,375	855	1	6,950	-	60,805
Balance on September 30, 2012	<u>\$ -</u>	<u>\$ (263,213)</u>	<u>\$ (639,637)</u>	<u>\$ (45,224)</u>	<u>\$ (22,896)</u>	<u>\$ (29)</u>	<u>\$ (180,202)</u>	<u>\$ -</u>	<u>\$ (1,151,201)</u>

(Concluded)

c. Estimated useful lives

Depreciation is provided on a straight-line basis over estimated useful lives as follows:

Buildings	
Factory	10-20 years
Main building	5-20 years
The major component part of the factory	19-20 years
The major component part of the office	10-55 years
Machinery and equipment	3-15 years
Transportation equipment	3-12 years
Office equipment	3-10 years
Leasehold improvements	5.75 years
Miscellaneous equipment	2-20 years

- d. Refer to note 25 for the carrying amount of property, plant and equipment that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group.

13. PREPAYMENTS FOR LEASE

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Current (included in other current assets)	\$ 1,627	\$ 1,572	\$ 1,717	\$ 1,575
Noncurrent (included in long-term prepaid rent)	<u>68,170</u>	<u>67,034</u>	<u>74,362</u>	<u>78,627</u>
	<u>\$ 69,797</u>	<u>\$ 68,606</u>	<u>\$ 76,079</u>	<u>\$ 80,202</u>

Movements of prepayments for lease were as follows :

	Nine Months Ended September 30	
	2013	2012
Balance, beginning of period	\$ 68,606	\$ 80,202
Less: Amortization	1,220	1,277
Effect of foreign currency exchange difference	<u>2,411</u>	<u>(2,846)</u>
Balance, end of period	<u>\$ 69,797</u>	<u>\$ 76,079</u>

As of September 30, 2013, December 31, 2012, September 30, 2012 and January 1, 2012, prepaid lease payments are for properties located in mainland China and Vietnam. Land use right with carrying amount of RMB 1,200 thousand is in the process of obtaining the land use right certificate. GEM (Suzhou) had overpaid the price of its land use right to the local government and the overpayment of \$6,930 thousand (RMB 1,500 thousand) was refunded and accounted for as a deduction of land use right in November, 2012.

Refer to note 25 for the carrying amount of prepayments for lease that had been pledged by the Group to secure borrowings/general banking facilities granted to the Group.

14. BORROWINGS

a. Short-term loans

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Unsecured loans	\$ 524,441 (including RMB 28,000 thousand, HK\$55,500 thousand and US\$6,000 thousand)	\$ 887,060 (including RMB28,000 thousand, HK\$70,500 thousand and US\$17,000 thousand)	\$ 893,840 (including RMB\$28,000 thousand, HK\$70,500 thousand and US\$17,000 thousand)	\$ 670,289 (including RMB6,000 thousand, HK\$48,000 thousand and US\$15,000 thousand)
Secured loans	521,945 (RMB 108,000 thousand)	499,084 (RMB 108,000 thousand)	499,194 (RMB 108,000 thousand)	1,949 500 thousand)
Purchase loans	-	-	-	37,031 (HK\$ 9,500 thousand)
	<u>\$ 1,046,386</u>	<u>\$ 1,386,144</u>	<u>\$ 1,393,034</u>	<u>\$ 709,269</u>

Interest rates P.A. on short-term loans were as follows:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Unsecured loans (%)	1.30-6.00	1.35-6.31	1.35-6.31	1.30-6.56
Secured loans (%)	5.40-6.00	6.00-6.56	6.00-6.56	2.33
Purchase loans (%)	-	-	-	1.74

b. Short-term bills payable - only September 30, 2012

Guaranty Bank / Duration	Interest Rate P.A. (%)	Amount
Mega Bills Finance Corporation 2012.9.6-2012.10.5	1.10	\$ 20,000
Less: Unamortized discount		<u>2</u>
		<u>\$ 19,998</u>

Foregoing short-term bills payable were secured by Taiwan Depository & Clearing Corporation (TDCC). The Company's chairman - Su, Chung-Hong and supervisor - Su Tun-Li jointly provided the guarantee for the short-term bills payable.

c. Long-term debts

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Unsecured debts	<u>\$ 1,455,833</u>	<u>\$ 1,277,500</u>	<u>\$ 1,382,500</u>	<u>\$ 917,574</u>
Commercial paper payable	200,000	150,000	150,000	150,000
Less: Unamortized discount	<u>474</u>	<u>177</u>	<u>769</u>	<u>35</u>
	<u>199,526</u>	<u>149,823</u>	<u>149,231</u>	<u>149,965</u>
	1,655,359	1,427,323	1,531,731	1,067,539
Less: Current portion	<u>658,333</u>	<u>706,490</u>	<u>610,898</u>	<u>365,074</u>
	<u>\$ 997,026</u>	<u>\$ 720,833</u>	<u>\$ 920,833</u>	<u>\$ 702,465</u>

Unsecured debts

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Borrowings	\$ 1,455,883	\$ 1,277,500	\$ 1,382,500	\$ 917,574
Less: Current portion	<u>658,333</u>	<u>556,667</u>	<u>461,667</u>	<u>365,074</u>
Long-term debts	<u>\$ 797,500</u>	<u>\$ 720,833</u>	<u>\$ 920,833</u>	<u>\$ 552,500</u>
Interest rate P.A. (%)	1.66-2.20	1.66-2.20	1.63-2.20	1.60-2.30

Under the loan agreements with China Development Industrial Bank, Taishin Bank, Bangkok Bank and Taipei Fubon Bank, the Company should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. As of September 30, 2013, the Company was in compliance with the financial ratio requirements of the banks mentioned previously.

Commercial paper payable

Acceptance Bank	Interest Rate P.A. (%)	Credit Line	Maturity	Amount
<hr/> <u>September 30, 2013</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.20	\$ 200,000	February 2016	\$ 200,000
Less: Unamortized discounts				<u>474</u>
				199,526
Less: Current portion				<u>-</u>
				<u>\$ 199,526</u>
<hr/> <u>December 31, 2012</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.55	150,000	January 2013	\$ 150,000
Less: Unamortized discounts				<u>177</u>
				149,823
Less: Current portion				<u>149,823</u>
				<u>\$ -</u>
<hr/> <u>September 30, 2012</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.55	\$ 150,000	January 2013	\$ 150,000
Less: Unamortized discounts				<u>769</u>
				149,231
Less: Current portion				<u>149,231</u>
				<u>\$ -</u>
<hr/> <u>January 1, 2012</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.55	150,000	January 2013	\$ 150,000
Less: Unamortized discounts				<u>35</u>
				149,965
Less: Current portion				<u>-</u>
				<u>\$ 149,965</u>

(Concluded)

Under the loan agreements with TC Bank, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. As of December 31, 2012, the Group was not in compliance with TC Bank's debts ratio requirement; however, the loan was repaid on January 21, 2013. Except for the above, the Group was in compliance with TC Bank's financial ratio on

September 30, 2013, September 30, 2012, and January 1, 2012.

The Group committed to International Bills Finance Corporation to use from February 2013 to February 2016, the full amount of the credit lines granted by the bank; otherwise, the Group will be charged commitment fees at 1.20%, of the credit amounts. The financial ratio of the Group as of September 30, 2013 was in compliance with the requirements stated in the loan agreements with the bank.

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

The Group's notes payable and accounts payable thus were from operating activities, and they were not secured by collaterals.

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

16. OTHER PAYABLES

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Payable for purchase of equipment	\$ 50,633	\$ 20,648	\$ 36,424	\$ 24,367
Salaries or bonus	38,862	45,485	42,468	47,001
Payable for utilities expense	10,379	8,000	8,691	7,686
Payable for bonus to employees and remuneration to directors and supervisors	-	6,100	3,075	10,100
Payable for professional service fees	4,283	4,223	4,195	7,633
Payable for annual leave	2,892	3,743	2,631	2,963
Others	<u>80,057</u>	<u>87,750</u>	<u>75,991</u>	<u>117,583</u>
	<u>\$ 187,106</u>	<u>\$ 175,949</u>	<u>\$ 173,475</u>	<u>\$ 217,333</u>

Other payables - others were payables for welfare and unpaid VAT and purchase of raw materials and parts.

17. RETIREMENT BENEFIT PLANS

The Group's retirement benefit plans include defined contribution and defined benefit plans. For defined benefit plans, employee benefit expenses were calculated using the actuarially determined pension cost discount rate as of December 31, 2012 and January 1, 2012, and recognized in their respective periods. Refer to Note 17 to the consolidated financial statements as of March 31, 2013 for information on the Group's retirement benefit plans.

Employee benefit expenses were included in the following line items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Operating cost	\$ 145	\$ 191	\$ 441	\$ 682
Marketing expenses	54	64	158	201

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Administration expenses	\$ 209	\$ 267	\$ 622	\$ 745
Research and development expenses	<u>100</u>	<u>127</u>	<u>304</u>	<u>319</u>
	<u>\$ 508</u>	<u>\$ 649</u>	<u>\$ 1,525</u>	<u>\$ 1,947</u> (Concluded)

18. EQUITY

Capital Stock

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Number of shares authorized (in thousands)	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>
Shares authorized	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>
Number of shares issued and fully paid (in thousands)	<u>171,598</u>	<u>171,598</u>	<u>171,598</u>	<u>171,598</u>
Shares issued	<u>\$ 1,715,980</u>	<u>\$ 1,715,980</u>	<u>\$ 1,715,980</u>	<u>\$ 1,715,980</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

Capital Surplus

The capital surplus arising from shares issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds and treasury stock transactions) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Appropriation of Earnings and Dividend Policy

Under the Company's Articles of Incorporation, the Company should make appropriations from its net income (less any deficit) in the following order:

- a. 10% as legal reserve, until its balance equals the Company's paid-in capital;
- b. Special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge;
- c. The balance of remaining balance should be allocated or retained be board of directors in accordance with the Company's operation. Dividends, bonus to employees, and remuneration to directors and supervisors (bonus to employees should be at least 3%; all of these appropriations should be submitted to the stockholders' meeting for approval).

- d. If bonus to employees is in the form of stock, affiliates' employees who meet certain requirements may also receive the stock bonus. The stock bonus distribution plan should be approved in a board of directors' meeting.

The Company's dividend policy is in line with the Company's operating scale and research and development needs as well as the status of the economy and industry in order to maintain sound management and promote stockholders' long-term interests. Thus, the Company adopted Residual dividend policy as its Shareholder dividends' policy. Company's profits may be distributed in the form of cash and/or stock. However, distribution of profits should preferably be in the form of cash dividend. Cash dividends should be at least 10% of total dividends. But if a cash dividend is less than NT\$0.2, the Company may choose to appropriate stock dividends instead.

The Company had incurred net loss for the nine months ended September 30, 2013, so no bonus to employees and remuneration to directors and supervisors were accrued for the period. For the nine months ended September 30, 2012, the bonus to employees and the remuneration to directors and supervisors were estimated at \$1,500 thousand and \$1,575 thousand, respectively. The bonus to employees and remuneration to directors and supervisors were 1.98% and 2.08% for the nine months ended September 30, 2012, respectively. Material differences between such estimated amounts and the amounts proposed by the board of directors in the following year are adjusted in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, certain amounts shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a Company should appropriate and reverse special reserve.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and when the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident stockholders, all stockholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings of 2012 and 2011 had been approved in the stockholders' meetings on June 14, 2013 and June 15, 2012, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2012	For Fiscal Year 2011	For Fiscal Year 2012	For Fiscal Year 2011
Legal reserve	\$ 8,494	\$ 18,530		
Cash dividends to stockholders	<u>39,468</u>	<u>137,278</u>	\$0.23	\$0.80
	<u>\$ 47,962</u>	<u>\$ 155,808</u>		

The dividend date of the earning for 2012 had been decided by Board of Directors on September 2, 2013, and it was paid in full on September 24, 2013.

The bonus to employees and the remuneration to directors and supervisors for 2012 and 2011 approved in the stockholders' meeting on June 14, 2013 and June 15, 2012, respectively, were as follows:

	2012	2011
Employee bonus	\$ 4,000	\$ 8,000
Remuneration to directors and supervisors	2,100	2,100

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards.

	Employee bonus		Remuneration to directors and supervisors	
	For Fiscal Year 2012	For Fiscal Year 2011	For Fiscal Year 2012	For Fiscal Year 2011
Amounts approved in stockholders' meetings	\$ 4,000	\$ 8,000	\$ 2,100	\$ 2,100
Amounts recognized in respective financial statements	<u>4,000</u>	<u>8,000</u>	<u>2,100</u>	<u>2,100</u>
Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The approved bonus to employees and the remuneration to directors and supervisors were distributed in cash and were not different from amounts recognized in the financial statements for 2012 and 2011.

Information about the bonus to employees, directors and supervisors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Special Reserves Appropriated Following First-time Adoption of IFRSs

The Company had a decrease in retained earnings that resulted from all IFRSs adjustments; therefore, no special reserve was appropriated.

Other Equity Items

a. Foreign currency translation reserve

	2013	2012
Balance at January 1	\$ 93,979	\$ 202,905
Exchange differences arising on translating the foreign operations	<u>126,325</u>	<u>(106,500)</u>
Balance at September 30	<u>\$ 220,304</u>	<u>\$ 96,405</u>

b. Unrealized gain (loss) from available-for-sale financial assets

	2013	2012
Balance at January 1	\$ 2,321	\$ (1,996)
Unrealized gain arising on revaluation of available-for-sale financial assets	(420)	(185)
Income tax relating to unrealized loss arising on revaluation of available-for-sale financial assets	83	31
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(2,790)	2,176
Income tax relating to the amounts reclassified to profit or loss on disposal of available-for-sale financial assets	<u>469</u>	<u>(180)</u>
Balance at September 30	<u>\$ (337)</u>	<u>\$ (154)</u>

19. CONSOLIDATED INCOME (LOSS) BEFORE INCOME TAX

Consolidated income (loss) before income tax was as follows:

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Interest income	\$ 6,469	\$ 5,851	\$ 27,223	\$ 15,482
Dividend income	1,251	-	1,357	138
Others	<u>(710)</u>	<u>(113)</u>	<u>1,218</u>	<u>5,095</u>
	<u>\$ 7,010</u>	<u>\$ 5,738</u>	<u>\$ 29,798</u>	<u>\$ 20,715</u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Gain (loss) on disposal of investments, net	\$ 7,590	\$ -	\$ 13,096	\$ (1,467)
Foreign exchange gains (losses), net	(3,512)	1,770	(17,524)	(694)
Loss on disposal of property, plant and equipment, net	(1,411)	(412)	(3,514)	(1,584)
Valuation gain (loss) on financial instruments at fair value through profit or loss, net	2,678	2,428	(2,484)	7,377
Others	<u>(379)</u>	<u>(113)</u>	<u>(1,734)</u>	<u>(982)</u>
	<u>\$ 4,966</u>	<u>\$ 3,673</u>	<u>\$ (12,160)</u>	<u>\$ 2,650</u>

c. Financial costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Interest expense of loans	\$ 16,627	\$ 17,555	\$ 54,286	\$ 36,236
Less: Amounts included in the cost of qualifying assets	<u>1,368</u>	<u>269</u>	<u>3,824</u>	<u>575</u>
	<u>\$ 15,259</u>	<u>\$ 17,286</u>	<u>\$ 50,462</u>	<u>\$ 35,661</u>

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 1,368	\$ 269	\$ 3,824	\$ 575
Capitalization rate	1.74%-5.45%	1.85%-5.57%	1.55%-7.26%	1.85%-5.86%

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Property, plant and equipment	\$ 54,996	\$ 50,350	\$ 162,020	\$ 149,074
Prepayments for lease (current/noncurrent)	410	438	1,220	1,277
Other assets	<u>901</u>	<u>780</u>	<u>2,623</u>	<u>2,314</u>
	<u>\$ 56,307</u>	<u>\$ 51,568</u>	<u>\$ 165,863</u>	<u>\$ 152,665</u>

Other assets were long-term prepayments for computer software and telephone extension usage fee, etc.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Analysis of depreciation by function				
Operating costs	\$ 43,147	\$ 39,014	\$ 126,159	\$ 116,658
Operating expenses	<u>11,849</u>	<u>11,336</u>	<u>35,861</u>	<u>32,416</u>
	<u>\$ 54,996</u>	<u>\$ 50,350</u>	<u>\$ 162,020</u>	<u>\$ 149,074</u>
Analysis of amortization by function				
Operating costs	\$ 66	\$ 36	\$ 196	\$ 78
Operating expenses	<u>1,245</u>	<u>1,182</u>	<u>3,647</u>	<u>3,513</u>
	<u>\$ 1,311</u>	<u>\$ 1,218</u>	<u>\$ 3,843</u>	<u>\$ 3,591</u>

e. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Short-term employee benefits				
Salary	\$ 139,424	\$ 153,002	\$ 389,387	\$ 375,020
Labor and health insurance	2,176	2,109	6,688	6,396
Other	<u>2,841</u>	<u>4,836</u>	<u>8,789</u>	<u>10,384</u>
	<u>144,441</u>	<u>159,947</u>	<u>404,864</u>	<u>391,800</u>
Post-employment benefits (Note 17)				
Defined contribution plans	8,073	6,159	21,393	18,056
Defined benefit plans	<u>508</u>	<u>649</u>	<u>1,525</u>	<u>1,947</u>
	<u>8,581</u>	<u>6,808</u>	<u>22,918</u>	<u>20,003</u>
	<u>\$ 153,022</u>	<u>\$ 166,755</u>	<u>\$ 427,782</u>	<u>\$ 411,803</u>
Analysis of employee benefits expense by function				
Operating costs	\$ 106,496	\$ 126,328	\$ 296,528	\$ 290,184
Operating expenses	<u>46,526</u>	<u>40,427</u>	<u>131,254</u>	<u>121,619</u>
	<u>\$ 153,022</u>	<u>\$ 166,755</u>	<u>\$ 427,782</u>	<u>\$ 411,803</u>

f. Gain or loss on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Foreign exchange gains	\$ 4,711	\$ 9,770	\$ 30,458	\$ 25,120
Foreign exchange losses	<u>(8,223)</u>	<u>(8,000)</u>	<u>(47,982)</u>	<u>(25,814)</u>
	<u>\$ (3,512)</u>	<u>\$ 1,770</u>	<u>\$ (17,524)</u>	<u>\$ (694)</u>

20. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

The major components of income tax expense (income) were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Current tax				
In respect of the current period	\$ (1,091)	\$ 7,370	\$ 1,022	\$ 39,817
Income tax expense of unappropriated earnings	3,698	-	3,698	2,949

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
In respect of prior period	\$ 1,181	\$ -	\$ 2,532	\$ 4,304
	<u>3,788</u>	<u>7,370</u>	<u>7,252</u>	<u>47,070</u>
Deferred tax				
In respect of the current period	17,038	1,076	(8,632)	4,860
Investment tax credits	(313)	-	(313)	-
Exchange rate influence	<u>633</u>	<u>939</u>	<u>(560)</u>	<u>1,283</u>
	<u>17,358</u>	<u>2,015</u>	<u>(9,505)</u>	<u>6,143</u>
Income tax expense (income) recognized in profit or loss	<u>\$ 21,146</u>	<u>\$ 9,385</u>	<u>\$ (2,253)</u>	<u>\$ 53,213</u> (Concluded)

Adjustment of accounting income and income tax expense (income) were as follows:

	For the Nine Months Ended September 30	
	2013	2012
Profit (loss) before income tax from continuing operations	<u>\$ (4,430)</u>	<u>\$ 137,456</u>
Income tax expense (income) at statutory rates	\$ (4,290)	\$ 37,467
Tax effect of adjustment items		
Permanent differences		
Tax-exempt income	(3,039)	-
Non-taxable expenses and losses (revenues and gains)	(1,227)	26
Nondeductible expenses in determining taxable income	316	81
Temporary differences	9,262	2,243
Additional income tax on unappropriated earnings	<u>3,698</u>	<u>2,949</u>
In respect of the current period	4,720	42,766
Deferred income tax expense		
Temporary difference	(8,676)	4,745
Investment credits	(313)	-
Withholding tax on overseas investment income	44	115
In respect of the prior period	2,532	4,304
Exchange rate influence	<u>(560)</u>	<u>1,283</u>
Income tax expense (income)	<u>\$ (2,253)</u>	<u>\$ 53,213</u>

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC, while the applicable tax rate used by subsidiaries in China is 25%. Under the laws of the British Virgin Islands, the income of Genius, Global (Cayman) and GEM (Cayman) is exempt from income tax. Under the laws of Hong Kong, because the subsidiaries in Hong Kong - Genius (HK), Vibo Global (HK), and You Mao have no operations, these subsidiaries are also exempt from income tax. If these subsidiaries have any separate tax on interest income or withholding tax on dividends, the amount of this tax is recorded as the current year's tax provision.

b. Income tax recognized in other comprehensive income (loss)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Deferred tax				
Income tax recognized in other comprehensive income (loss)	<u>\$ (576)</u>	<u>\$ 31</u>	<u>\$ 552</u>	<u>\$ (149)</u>

c. Integrated income tax

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Unappropriated earnings				
Unappropriated earnings generated before January 1, 1998	\$ 6,684	\$ 6,684	\$ 6,684	\$ 6,684
Unappropriated earnings generated on and after January 1, 1998	<u>321,349</u>	<u>371,488</u>	<u>368,878</u>	<u>440,443</u>
	<u>\$ 328,033</u>	<u>\$ 378,172</u>	<u>\$ 375,562</u>	<u>\$ 447,127</u>
Imputation credits accounts	<u>\$ 21,854</u>	<u>\$ 25,262</u>	<u>\$ 25,261</u>	<u>\$ 20,911</u>

The creditable ratios for the distribution of earnings of 2012 and 2011 were 6.79% (estimate) and 7.25% (actual), respectively.

Under the Income Tax Law, for distribution of earnings generated after January 1, 1998, the imputation credits allocated to ROC resident stockholders of the Company was calculated based on the creditable ratio as of the date of dividend distribution.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating imputation credits in the year of first-time adoption of IFRSs, the cumulative retained earnings include the net increase or net decrease in retained earnings arising from first-time adoption of IFRSs

d. Income tax assessments

The tax returns of the Company through 2009 and 2011 have been assessed by the tax authorities.

e. GEM (Dongguan) and GEM (Suzhou) had completed the filing of their income tax returns through 2012 with the tax authorities.

21. EARNINGS (LOSS) PER SHARE (EPS)

The numerators and denominators used in calculating basic and diluted EPS were as follows:

Net profit (loss) for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Profit (loss) for the period attributable to owners of the Company	<u>\$ 48,889</u>	<u>\$ 16,681</u>	<u>\$ (2,177)</u>	<u>\$ 84,243</u>

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Weighted average number of ordinary shares in computation of basic earnings per share	171,598	171,598	171,598	171,598
Effect of dilutive potential ordinary shares				
Bonus issue to employee	<u>-</u>	<u>135</u>	<u>215</u>	<u>505</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>171,598</u>	<u>171,733</u>	<u>171,813</u>	<u>172,103</u>

If the Company is allowed to settle bonus to employees by cash and/or shares, the Company presumes that the entire amount of the bonus would be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the shares have a dilutive effect. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

22. CAPITAL MANAGEMENT

Management followed the same objectives, policies and process for managing capital, and capital structures of consolidated financial statements in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the three months ended March 31, 2013. Refer to Note 22 to the consolidated financial statements as of March 31, 2013 for details.

23. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

1) Fair value of financial instruments not carried at fair value

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial

statements approximate their fair values.

	September 30, 2013		December 31, 2012		September 30, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities measured at amortized cost								
Long-term debts (including current portion)	\$ 1,655,359	\$ 1,624,830	\$ 1,427,323	\$ 1,398,135	\$ 1,531,731	\$ 1,374,927	\$ 1,067,539	\$ 1,055,298

2) Fair value measurements recognized in the consolidated balance sheets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

September 30, 2013

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 9,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,786</u>
Financial assets held for trading				
Copper futures contracts	\$ 59	\$ -	\$ -	\$ 59
Nickel futures contracts	<u>56</u>	<u>-</u>	<u>-</u>	<u>56</u>
	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115</u>
Available for sale financial assets				
Domestic quoted stocks	\$ 5,991	\$ -	\$ -	\$ 5,991
Overseas quoted stocks	13,707	-	-	13,707
Domestic mutual funds	586	-	-	586
Overseas mutual funds	<u>2,285</u>	<u>-</u>	<u>-</u>	<u>2,285</u>
	<u>\$ 22,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,569</u>

December 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 3,937</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,937</u>
Financial assets held for trading				
Gold passbook	<u>\$ 106,467</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 106,467</u>
Available for sale financial assets				
Domestic quoted stocks	\$ 1,484	\$ -	\$ -	\$ 1,484
Overseas quoted stocks	20,212	-	-	20,212
Overseas mutual funds	<u>6,316</u>	<u>-</u>	<u>-</u>	<u>6,316</u>
	<u>\$ 28,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,012</u>

September 30, 2012

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 3,266</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,266</u>
Financial assets held for trading				
Gold passbook	<u>\$ 25,792</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,792</u>
Financial liabilities held for trading				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ 29</u>
Available for sale financial assets				
Overseas quoted stocks	<u>\$ 1,806</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,806</u>

January 1, 2012

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 12,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,855</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets held for trading				
Gold passbook	\$ 23,545	\$ -	\$ -	\$ 23,545
Forward exchange contracts	<u>-</u>	<u>995</u>	<u>-</u>	<u>995</u>
	<u>\$ 23,545</u>	<u>\$ 995</u>	<u>\$ -</u>	<u>\$ 24,540</u>
Financial liabilities held for trading				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 1,499</u>	<u>\$ -</u>	<u>\$ 1,499</u>
Available for sale financial assets				
Domestic quoted stocks	\$ 18,752	\$ -	\$ -	\$ 18,752
Overseas quoted stocks	7,564	-	-	7,564
Overseas mutual funds	<u>1,304</u>	<u>-</u>	<u>-</u>	<u>1,304</u>
	<u>\$ 27,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,620</u>

(Concluded)

There were no transfers between Level 1 and Level 2 in the current and prior period.

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices. Where such prices were not available, valuation techniques were applied. The estimates and assumptions used by the Group are consistent with those that market participants would use in setting a price for the financial instrument.

The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
<u>Financial assets</u>				
Fair value through profit or loss				
Designated as at FVTPL	\$ 9,786	\$ 3,937	\$ 3,266	\$ 12,855
Held for trading	115	106,467	25,792	24,540
Loans and receivables (Note 1)	3,500,261	3,960,190	4,197,247	2,999,808
Available for sale financial assets	22,569	28,012	1,806	27,620

(Continued)

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
<u>Financial liabilities</u>				
Fair value through profit or loss				
Held for trading	\$ -	\$ -	\$ 29	\$ 1,499
Amortized cost (Note 2)	3,399,569	3,442,657	3,589,014	2,360,392 (Concluded)

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, debt investments with no active market, notes and accounts receivable, other financial assets-current, other receivables and refundable deposits-noncurrent.

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable notes and accounts payable, other payables, and long-term loans (including current portion).

c. Financial risk management objectives and policies

The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Corporate Treasury function reports monthly to the Group's risk management committee.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

a) Foreign currency risk

The Group was exposed to foreign currency risk due to its foreign currency denominated assets and liabilities. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts. Approximately 34% of sales were denominated in the Group's functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period were as follows.

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Assets				
USD	\$ 578,741	\$ 964,823	\$ 1,155,406	\$ 717,745
HKD	177,870	173,147	382,534	430,217
JPY	25,022	-	10,900	30,512
CAD	826	75,197	76,908	29,839
GBP	830	133,227	135,253	57,626
Liabilities				
USD	346,811	628,634	608,606	802,320
HKD	196,933	133,340	154,555	155,921

The carrying amounts of the Group's derivatives exposed to foreign currency risk at the end of the reporting period were as follows:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Assets				
USD	\$ 115	\$ -	\$ -	\$ 995
Liabilities				
USD	-	-	29	1,499

Sensitivity analysis

The Group was mainly exposed to the USD, HKD, JPY, CAD and GBP.

The following table details the sensitivity to a 1% increase and decrease in the functional currency rate against the relevant foreign currencies of the Group's outstanding foreign currency denominated monetary items at the end of the reporting period. A positive (negative) number below indicates an increase (decrease) in pre-tax profit and other equity associated with the functional currency.

	<u>USD impact</u>		<u>HKD impact</u>		<u>JPY impact</u>		<u>CAD impact</u>		<u>GBP impact</u>	
	<u>Nine Months Ended September 30</u>	<u>Nine Months Ended September 30</u>	<u>Nine Months Ended September 30</u>	<u>Nine Months Ended September 30</u>	<u>Nine Months Ended September 30</u>	<u>Nine Months Ended September 30</u>	<u>Nine Months Ended September 30</u>	<u>Nine Months Ended September 30</u>	<u>Nine Months Ended September 30</u>	<u>Nine Months Ended September 30</u>
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Profit or loss	\$ 2,319	\$ 5,468	\$ (191)	\$ 2,280	\$ 250	\$ 109	\$ 8	\$ 769	\$ 8	\$ 1,353

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings, and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Fair value interest rate risk				
Financial assets	\$ 1,315,051	\$ 1,759,620	\$ 1,647,493	\$ 474,371
Financial liabilities	2,404,754	2,730,287	2,811,564	988,814
Cash flow interest rate risk				
Financial assets	891,546	960,742	1,326,616	1,068,413
Financial liabilities	296,991	83,180	133,199	787,994

Sensitivity analysis

The sensitivity analysis below were based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2013 and 2012 would have been higher/lower by \$4,459 thousand and \$8,951 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed gold passbook, futures, mutual funds and equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on gold, futures, stocks and funds of industries operating in Taiwan, Hong Kong and America; the price used is according to the monthly closing price and net asset value of the gold passbook, futures contracts, stock or fund.

Sensitivity analysis

The sensitivity analysis below were based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the nine months ended September 30, 2013 would have been higher/lower by \$99 thousand as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the nine months ended September 30, 2013 would have been higher/lower by \$226 thousand as a result of the changes in fair value of available-for-sale shares.

If equity prices had been 1% higher/lower, pre-tax profit for the nine months ended September 30, 2012 would have been higher/lower by \$291 thousand as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the nine months ended September 30, 2012 would have been higher/lower by \$18 thousand as a result of the changes in fair value of available-for-sale shares

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the counterparties' failure to

discharge an obligation and because of financial guarantees provided by the Group is the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's receivables are significantly concentrated in certain individuals, most of which have similar business operations and economic features. Credit risk concentration occurs when the counterparties to financial instrument transactions are individuals or groups engaged in similar activities or activities in the same region, which would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Accounts receivable from customers with carrying amounts that were 5% or more of the account total are disclosed in Note 10.

3) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements.

Liquidity and interest risk rate tables

The following table details contractual maturity of the Group's remaining non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities starting from the earliest date the Group can be required to pay. The tables included both interest and principal cash flows.

The maturity dates for non-derivative financial liabilities based on the agreed repayment dates were as follows:

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<hr/> September 30, 2013 <hr/>					
Fixed interest rate liabilities	1.30-6.00	\$ 226,521	\$ 288,519	\$ 1,091,831	\$ 850,134
Variable interest rate liabilities	2.00-2.20	583	1,788	141,974	163,726
Non-interest bearing		265,849	243,506	52,772	120
<hr/> December 31, 2012 <hr/>					
Fixed interest rate liabilities	1.35-6.56	308,877	962,540	773,207	731,528
Variable interest rate liabilities	4.89	1,039	-	84,952	-
Non-interest bearing		273,516	183,902	18,820	23
<hr/> September 30, 2012 <hr/>					
Fixed interest rate liabilities	1.10-6.56	381,544	465,382	1,007,460	1,010,658
Variable interest rate liabilities	1.60	510,049	-	86,010	-
Non-interest bearing		296,457	192,828	18,862	-
<hr/> January 1, 2012 <hr/>					
Fixed interest rate liabilities	1.30-6.56	27,163	23,013	251,523	710,486
Variable interest rate liabilities	1.60-2.16	254,114	191,172	348,314	-
Non-interest bearing		203,922	154,400	33,013	438

Taking into account the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid in one year after the end of reporting

period in accordance with the scheduled repayment dates set out in the loan agreements.

The amounts included above for variable interest rate non-derivative financial assets and liabilities will change if changes in variable interest rates differ from those estimates of interest rates at the end of the reporting period.

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

September 30, 2013

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<hr/> Net settled <hr/>					
Futures					
Inflows	\$ -	\$ 115	\$ -	\$ -	\$ -

September 30, 2012

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<hr/> Gross settled <hr/>					
Foreign exchange forward contracts					
Inflows	\$ 14,641	\$ -	\$ -	\$ -	\$ -
Outflows	(14,670)	-	-	-	-
	<u>\$ (29)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

January 1, 2012

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<hr/> Gross settled <hr/>					
Foreign exchange forward contracts					
Inflows	\$ 76,088	\$ 88,144	\$ 30,423	\$ -	\$ -
Outflows	(76,583)	(88,235)	(30,341)	-	-
	<u>\$ (495)</u>	<u>\$ (91)</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ -</u>

The Group's futures contracts are traded on margin and paid security deposits before trading. Daily evaluating to the Group established parts of outstanding futures contracts. If it must to be adding security deposits in the future, the Group's capital is sufficient. So the Group is no funding risk, and it is remote of its cash flow risk occurring.

24. TRANSACTIONS WITH RELATED PARTIES

All transactions, balances, and revenues and expenses between the Company and its subsidiaries are eliminated on consolidation, so the information is not disclosed in this note. Transactions of the consolidated companies and other related parties were as follows:

a. Compensation of key management personnel

The amounts of the remuneration of directors and other members of key management personnel for the reporting period were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2013	2012	2013	2012
Short-term benefits (including salary, bonuses and allowances)	\$ 2,120	\$ 3,441	\$ 8,829	\$ 11,957
Post-employment benefits	<u>79</u>	<u>79</u>	<u>237</u>	<u>237</u>
	<u>\$ 2,199</u>	<u>\$ 3,520</u>	<u>\$ 9,066</u>	<u>\$ 12,194</u>

The remuneration of directors, supervisors and other key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

b. Property lease

The Company leased its Taipei office, factories and storehouse from Su, Tun-Jen and Su, Tun-Li under one-year operating lease contracts. The rentals for the three months ended September 30, 2013 and 2012 were both \$457 thousand; for the nine months ended September 30, 2013 and 2012 were both \$1,370 thousand and were recorded as operating expenses and manufacturing cost on the basis of the size of the areas actually used.

The Company leased employment quarters from director Yu Feng Investment Company under one-year operating lease contracts. The rentals for the three months ended September 30, 2013 was \$36 thousand; for the nine months ended September 30, 2013 was \$108 thousand, and were recorded as operating expenses on the basis of the size of the areas actually used.

The rental terms were determined by negotiation. The rental rates were similar to the local market rate and the payment terms were at arm's length.

c. Guarantees

Su, Chung-Hong and Su, Tun-Li jointly provided the guarantee for the loans of GEM, Global (HK) and GEM (Suzhon). Su, Chung-Hong and Su, Tun-Jen jointly provided the guarantee for the loans of Genius (HK); Su, Tun-Jen provided the guarantee for Genius (HK)'s loans from Shing Kong Bank, Su Chung-Hong and Su, Tun-Jen jointly provided the guarantee for the other loans of Genius (HK).

25. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

The Group provided the following assets as collateral for the loans:

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Property, plant and equipment - buildings	\$ 395,984	\$ 397,602	\$ 403,949	\$ 237,217
Deposit account (under bond investment without market price - current)	137,639	102,035	-	-

(Continued)

	September 30, 2013	December 31, 2012	September 30, 2012	January 1, 2012
Prepaid rent (under other current asset)	<u>\$ 29,873</u>	<u>\$ 40,275</u>	<u>\$ 47,391</u>	<u>\$ 20,726</u>
	<u>\$ 563,496</u>	<u>\$ 539,912</u>	<u>\$ 451,340</u>	<u>\$ 257,943</u> (Concluded)

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 14, significant commitments and contingencies of the Group as of September 30, 2013 were as follows:

- a. Unused letters of credit for purchasing equipment amounted to JPY 48,200 thousand.
- b. The amounts of contracts for the Group's purchases of properties and materials were \$183,655 thousand, of which \$102,482 thousand had not been paid.

27. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

Information on the Group's significant financial assets, financial liabilities and derivative contracts denominated in foreign currencies was as follows (in thousands of foreign currency, except exchange rate):

	Original Currency	Exchange Rate	New Taiwan Dollars
<u>September 30, 2013</u>			
Financial assets			
Monetary items			
USD	\$ 19,575	29.565	\$ 578,741
HKD	46,624	3.815	177,870
GBP	17	47.702	830
JPY	82,854	0.302	25,022
CAD	29	28.668	826
Nonmonetary items			
USD	515	29.565	15,213
HKD	2,860	3.815	10,911
Financial liabilities			
Monetary items			
USD	11,730	29.565	346,811
HKD	51,621	3.815	196,933
<u>December 31, 2012</u>			
Financial assets			
Monetary items			
USD	33,233	29.032	964,823
HKD	46,210	3.747	173,147
GBP	2,847	46.802	133,227

(Continued)

	Original Currency	Exchange Rate	New Taiwan Dollars
CAD	\$ 2,576	29.194	\$ 75,197
Nonmonetary items			
USD	701	29.032	20,359
HKD	2,697	3.747	10,106
Financial liabilities			
Monetary items			
USD	21,653	29.032	628,634
HKD	35,586	3.747	133,340

September 30, 2012

Financial assets			
Monetary items			
USD	39,947	29.290	1,170,047
HKD	101,199	3.780	382,534
GBP	2,844	47.561	135,253
JPY	28,867	0.3776	10,900
CAD	2,570	29.920	76,908
Nonmonetary items			
USD	150	29.290	4,397
HKD	178	3.780	675
Financial liabilities			
Monetary items			
USD	20,779	29.290	608,606
HKD	40,888	3.780	154,555
Derivative contract			
Forward exchange contract			
USD	500	29.284	14,641

January 1, 2012

Financial assets			
Monetary items			
USD	27,704	30.270	838,598
HKD	129,302	3.898	504,019
GBP	1,234	46.711	57,626
JPY	78,135	0.3905	30,512
CAD	1,006	29.661	29,839
Nonmonetary items			
USD	551	30.270	16,676
HKD	1,295	3.898	5,048
Financial liabilities			
Monetary items			
USD	26,505	30.270	802,320
HKD	40,000	3.898	155,921

(Continued)

	Original Currency	Exchange Rate	New Taiwan Dollars
Derivative contract			
Forward exchange contract			
USD	\$ 4,000	29.413-31.305	\$ 120,853
HKD	19,000	3.780-3.924	73,802
			(Concluded)

28. ADDITIONAL DISCLOSURES

The following are additional disclosures for the nine months ended September 30, 2013:

a. Information on significant transactions and information on investees:

- 1) Financing provided: Table 1 (attached).
- 2) Endorsement/guarantee provided: None.
- 3) Marketable securities held: Table 2 (attached).
- 4) Marketable securities acquired or disposed of at cost or price of at least NT\$100 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at cost of at least NT\$100 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate with cost of at least NT\$100 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached).
- 9) Information about the derivative instruments transaction: Please see Note 7.
- 10) Information on investees: Table 5 (attached).

b. Investments in Mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: (Table 6 (attached)).

Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

- 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 3 (attached).

- 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3 (attached).
 - 3) The amount of property transactions and the amount of the resultant gains or losses: Table 7 (attached).
 - 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
 - 5) The highest balance, the end of period balance, the interest rates range, and total current period interest with respect to financing of funds: Table 1 (attached).
 - 6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Table 7 (attached).
- c. Intercompany business relationships and significant transactions for the nine months ended September 30, 2013 and 2012: Table 7 (attached).

29. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on type of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- a. GEM Terminal, GEM (Dongguan) and Genius (HK) consolidated information
- b. GEM (Suzhou)
- c. Others

Segment revenues and results, segment assets and liabilities

The following is an analysis of the Group's revenue and results from operations by reportable segment:

	GEM Terminal, GEM (Dongguan)& Genius (HK)	GEM (Suzhou)	Others	Adjustment and Elimination	Consolidated Amount
<u>Nine months ended September 30, 2013</u>					
Revenue generated from third parties	\$ 1,618,837	\$ 1,118,215	\$ 196,123	\$ 21,331	\$ 2,954,506
Revenue generated from the Company and subsidiaries	<u>65,059</u>	<u>324,699</u>	<u>72,604</u>	<u>(462,362)</u>	<u>-</u>
Segment revenues	<u>\$ 1,683,896</u>	<u>\$ 1,442,914</u>	<u>\$ 268,727</u>	<u>\$ (441,031)</u>	<u>\$ 2,954,506</u>
Total segment income (loss)	<u>\$ (24,339)</u>	<u>\$ 6,687</u>	<u>\$ 734</u>	<u>\$ 45,312</u>	\$ 28,394
Other income					29,798
Other gains and losses					(12,160)
Financial costs					<u>(50,462)</u>
Net loss of operating units (pretax)					(4,430)
Income tax					<u>(2,253)</u>
Consolidated net loss					<u>\$ (2,177)</u>

(Continued)

	GEM Terminal, GEM (Dongguan)& Genius (HK)	GEM (Suzhou)	Others	Adjustment and Elimination	Consolidated Amount
Total segment assets before investments	\$ 4,860,125	\$ 2,709,239	\$ 3,252,396	\$ (4,392,401)	\$ 6,429,359
Investments accounted for using equity method	<u>1,999,785</u>	<u>-</u>	<u>-</u>	<u>(1,999,785)</u>	<u>-</u>
Total segment assets	<u>\$ 6,859,910</u>	<u>\$ 2,709,239</u>	<u>\$ 3,252,396</u>	<u>\$ (6,392,186)</u>	<u>\$ 6,429,359</u>
Total segment liabilities	<u>\$ 2,931,593</u>	<u>\$ 742,037</u>	<u>\$ 202,108</u>	<u>\$ (308,952)</u>	<u>\$ 3,566,786</u>
<u>Nine months ended September 30, 2012</u>					
Revenue generated from third parties	\$ 1,394,639	\$ 1,247,936	\$ 294,474	\$ 776	\$ 2,937,825
Revenue generated from the Company and subsidiaries	<u>50,576</u>	<u>387,423</u>	<u>81,014</u>	<u>(519,013)</u>	<u>-</u>
Segment revenues	<u>\$ 1,445,215</u>	<u>\$ 1,635,359</u>	<u>\$ 375,488</u>	<u>\$ (518,237)</u>	<u>\$ 2,937,825</u>
Total segment income (loss)	<u>\$ 16,876</u>	<u>\$ 110,212</u>	<u>\$ (501)</u>	<u>\$ 23,165</u>	\$ 149,752
Other income					20,715
Other gains and losses					2,650
Financial costs					<u>(35,661)</u>
Net income of operating units (pretax)					137,456
Income tax					<u>53,213</u>
Consolidated net income					<u>\$ 84,243</u>
Total segment assets before investments	\$ 4,647,377	\$ 2,499,003	\$ 2,812,016	\$ (3,429,091)	\$ 6,529,305
Investments accounted for using equity method	<u>1,853,081</u>	<u>-</u>	<u>-</u>	<u>(1,853,081)</u>	<u>-</u>
Total segment assets	<u>\$ 6,500,458</u>	<u>\$ 2,499,003</u>	<u>\$ 2,812,016</u>	<u>\$ (5,282,172)</u>	<u>\$ 6,529,305</u>
Total segment liabilities	<u>\$ 2,254,984</u>	<u>\$ 757,176</u>	<u>\$ 381,789</u>	<u>\$ 357,464</u>	<u>\$ 3,751,413</u>

(Concluded)

30. FIRST-TIME ADOPTION OF IFRSs

Basis of the preparation for financial information under IFRSs

The Group's consolidated financial statements for the nine months ended September 30, 2013 not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis for the preparation.

Effects of transition to IFRSs

Except for the following additional information on the impact on the transition to IFRSs, refer to Note 30 to the consolidated financial statements as of March 31, 2013 for the impact on the Group's consolidated balance sheets and consolidated statements of comprehensive income after transition to IFRSs.

- a. Reconciliation of consolidated balance sheet as of September 30, 2012: Table 8 (attached).
- b. Reconciliation of consolidated statement of comprehensive income for the nine months ended September 30, 2012: Table 9 (attached).
- c. Reconciliation of consolidated statement of comprehensive income for the three months ended September 30, 2012: Table 10 (attached).

d. Exemptions from IFRS 1

The exemptions adopted by the Group on January 1, 2012 were the same as those indicated in the consolidated financial statements as of March 31, 2013. Refer to the Note 30 to the consolidated financial statements as of March 31, 2013 for detail information.

e. The effects of the transition from ROC GAAP to IFRSs

The material differences between the Group's consolidated financial statements prepared on the basis of the ROC GAAP and IFRSs are stated as follows:

1) Time deposits with maturity of more than 3 months from the date of acquisition

Under ROC GAAP, the term "cash and cash equivalents" used in the financial statements includes time deposits that are cancellable but without any loss of principal.

However, under IFRSs, time deposits with maturity of more than 3 months from the date of acquisition, with fixed or determinable payments and with no quoted prices in an active market, are not included in the term "cash and cash equivalents" and should be reclassified as bond investments with no active market - current.

As of September 30, 2012, the Group's time deposits with maturity of more than 3 months from the date of acquisition were reclassified under IFRSs; the reclassification adjustment resulted in a decrease of cash and cash equivalents by \$198,753 thousand.

2) Offset of deferred tax liabilities and assets

Under the requirements of ROC GAAP, the current and noncurrent deferred tax liabilities and assets of the same taxable entity should be offset against each other and presented as a net amount. However under the requirements of IAS 12, an entity shall offset current tax assets and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts; and an entity shall offset deferred tax assets and deferred tax liabilities if the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

3) Reclassification of deferred income tax assets and liabilities

Under ROC GAAP, a deferred income tax asset or liability is classified as current or noncurrent in accordance with the classification of the related asset or liability for financial reporting. However, if a deferred income tax asset or liability does not relate to an asset or liability, then it is classified as either current or noncurrent on the basis of the expected length of time before it is realized or settled.

Under IFRSs, a deferred income tax asset or liability should be classified as noncurrent.

Accordingly, as of September 30, 2012, the reclassification adjustment resulted in an increase of noncurrent deferred income tax assets by \$8,383 thousand. Under IFRSs, the Group's deferred tax assets and liabilities cannot be offset against each other, thus, deferred tax assets and liabilities both increased by \$915 thousand at September 30, 2012.

4) Reclassification of reserve for land value increment tax

Under the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, reserve for land value increment tax recognized due to land revaluation is classified as noncurrent liabilities.

Under IFRSs, if the company chose to use revalued carrying amounts of land as its deemed costs, the related reserve for land value increment tax should be reclassified as deferred income tax liabilities.

Accordingly, as of September 30, 2012, the reclassification adjustment resulted in an increase of deferred income tax liabilities by \$7,398 thousand.

5) Reclassification of prepayments for equipment

Under ROC GAAP, prepayments for equipment are classified as construction in progress and prepayments for equipment under property, plant and equipment.

Under IFRSs, prepayments for equipment should be classified as other noncurrent assets - prepayments for equipment.

Accordingly, as of September 30, 2012, the reclassification adjustment resulted in an increase of noncurrent other assets - prepayments for equipment by \$79,050 thousand.

6) Reclassification of land use rights

Under ROC GAAP, land use rights are classified as intangible assets.

Under IFRSs (IAS 17 - "Leases"), land use rights should be separately accounted for as prepaid rent, and classified as either current or noncurrent based on the expected length of time of amortization.

Accordingly, as of September 30, 2012, the reclassification adjustment resulted in an increase of prepaid rent (under other current assets) by \$1,717 thousand, an increase of long-term prepaid rent by \$74,362 thousand.

7) Measurement of property, plant and equipment

Under ROC GAAP, property, plant and equipment held by the Group can be revalued in accordance with laws and regulations. Land can be revalued and adjusted to government announced current land value. The increase in the value of land is recognized as revaluation increment less the estimated reserve for land value increment tax.

Under IFRSs, the Group elected cost model as its accounting policy for subsequent recognition of its property, plant and equipment, and no land value increment is allowed to be recognized accordingly.

Accordingly, as of September 30, 2012, the reclassification adjustment resulted in an increase of retained earnings by \$25,785 thousand.

8) Reclassification of deferred charges

Under ROC GAAP, deferred charges are classified as other assets.

Under IFRSs, deferred charges should be classified as property, plant and equipment, prepaid expenses and long-term prepaid expenses by their nature.

Accordingly, as of September 30, 2012, the reclassification adjustment resulted in an increase of long-term prepaid expenses (under noncurrent other assets) by \$6,570 thousand.

9) Employee benefit - short-term employee benefit

Accumulated compensated absences are not addressed in existing ROC GAAP, and the cost of compensated absences is usually recognized in the year of disbursement.

Under IFRSs, the expected cost of short-term vacation leave credit should be recognized as the employees render service that increases their entitlement or, in the case of noncumulative vacation leave credits, when the vacation leaves are taken.

Accordingly, as of September 30, 2012, the adjustment resulted in an increase of payroll payable (under accrued expenses) by \$2,628 thousand; an increase of deferred income tax assets by \$496 thousand; a decrease of cumulative translation adjustments by \$18 thousand. For the three months ended September 30, 2012, and the nine months ended September 30, 2012, the adjustment resulted in an increase of consolidated income by \$145 thousand (net of \$50 thousand tax effect), and in an increase by \$218 thousand (net of \$83 thousand tax effect), respectively.

10) Actuarial pension gain or loss under the defined benefit plan

Under ROC GAAP, actuarial pension gain or loss shall be amortized using the corridor method and the amortization shall be included in net pension costs. The minimum amount of amortization shall be that excess divided by the average remaining service period of those employees who are still in service and expected to receive pension benefits.

Accordingly, as of September 30, 2012, the Group elected to recognize all cumulative actuarial losses relating to employee benefits of \$25,420 thousand in retained earnings at the date of transition to IFRSs, and recognized pension costs of \$3,435 thousand in accordance with the actuarial report. As of September 30, 2012, foregoing adjustment also resulted in an increase of accrued pension costs by \$27,250 thousand; an increase of deferred income tax assets by \$4,632 thousand; a decrease of retained earnings by \$2,852 thousand (net of \$583 thousand tax effect). For the three months ended September 30, 2012, and the nine months ended September 30, 2012, the adjustment resulted in an increase of consolidated income by \$445 thousand (net of \$90 thousand tax effect) and \$1,333 thousand (net of \$272 thousand tax effect).

11) Minimum pension liability

Minimum pension liability is the minimum amount of pension liability that is required to be recognized on the balance sheet. If the accrued pension liability recorded on the books is less than the minimum amount, the difference shall be recognized by crediting accrued pension costs.

However, minimum pension liability is not addressed in IFRSs.

Accordingly, as of September 30, 2012, the adjustment resulted in a decrease of accrued pension costs and net loss not yet recognized as pension costs by \$18,205 thousand.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED

SEPTEMBER 30, 2013

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Financing Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period	Ending Balance (Notes 2 and 5)	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
											Item	Value		
0	GEM Terminal Ind. Co., Ltd. (the "Company")	Global (Cayman)	Other receivables - related parties	\$ 148,300 (US\$ 5,000 thousand)	\$ -	2.80	Short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ -	\$ 572,515 (Note 1)	\$ 1,145,029 (Note 1)
		Vibo	Other receivables - related parties	149,900 (US\$ 5,000 thousand)	147,825 (US\$ 5,000 thousand) (Note 3)	2.80	Short-term financing	-	Operating capital	-	-	-	572,515 (Note 1)	1,145,029 (Note 1)
1	Vibo	GEM (Suzhou)	Other receivables - related parties	29,820 (US\$ 1,000 thousand)	-	2.80	Short-term financing	-	Operating capital	-	-	-	582,857 (Note 1)	1,165,714 (Note 1)
		GEM (Dongguan)	Other receivables - related parties	149,900 (US\$ 5,000 thousand)	147,825 (US\$ 5,000 thousand) (Note 4)	2.80	Short-term financing	-	Operating capital	-	-	-	582,857 (Note 1)	1,165,714 (Note 1)
2	Global (Cayman)	Global (HK)	Other receivables - related parties	11,992 (US\$ 400 thousand)	11,826 (US\$ 400 thousand) (Note 5)	2.00	Short-term financing	-	Operating capital	-	-	-	587,041 (Note 1)	1,174,083 (Note 1)
		GEM (Dongguan)	Other receivables - related parties	97,380 (RMB20,000 thousand)	-	4.50	Short-term financing	-	Operating capital	-	-	-	587,041 (Note 1)	1,174,083 (Note 1)
		GEM Terminal	Other receivables - related parties	74,950 (US\$ 2,500 thousand)	-	2.80	Short-term financing	-	Operating capital	-	-	-	587,041 (Note 1)	1,174,083 (Note 1)

Note 1: Under the Company's and the subsidiaries' "Operational Procedures for Loaning Funds to Others," if short-term financing is needed, total amounts of these financings should not exceed 40 percent of the Company's and the subsidiaries' stockholders' equity, and individual financing should not exceed 20 percent of the Company's and the subsidiaries' stockholders' equity.

Note 2: The conversion rates on September 30, 2013 were US\$1.0000: NT\$29.565.

Note 3: The amount that had been used as of September 30, 2013 was \$29,565 thousand (US\$1,000 thousand).

Note 4: The amount that had been used as of September 30, 2013 was \$59,130 thousand (US\$2,000 thousand).

Note 5: The amount that had been used as of September 30, 2013 was \$11,826 thousand (US\$400 thousand).

Note 6: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

SEPTEMBER 30, 2013

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	September 30, 2013				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
GEM Terminal Ind. Co., Ltd. (the "Company")	<u>Callable preferred stock with interest</u> USD Standard Chart Reg S 9.5% Perpetual		Financial assets designated as at fair value through profit or loss - current	1,000	\$ 3,192	-	\$ 3,192	
	Goldman Sachs Gp \$25 Par Seuior Notes 6.5% Due 11/1/2061		Financial assets designated as at fair value through profit or loss - current	6,000	4,511	-	4,511	
	Roy Bk Scotland Grp Plc Ser T 07.25% perpetual		Financial assets designated as at fair value through profit or loss - current	3,000	2,083	-	2,083	
					<u>\$ 9,786</u>		<u>\$ 9,786</u>	
	<u>Stock</u>							
	Mega Financial Holding Company Ltd.		Available-for-sale financial assets - current	40,000	\$ 970	-	\$ 970	
	Chinatrust Financial Holding Company Ltd.		Available-for-sale financial assets - current	10,000	193	-	193	
	Cathay Financial Holding Co., Ltd.		Available-for-sale financial assets - current	4,000	168	-	168	
	Fubon Financial Holding Co., Ltd.		Available-for-sale financial assets - current	20,000	818	-	818	
	First Financial Holding Co., Ltd.		Available-for-sale financial assets - current	3,000	53	-	53	
	Taiwan Cooperative Financial Holding Co., Ltd.		Available-for-sale financial assets - current	10,000	163	-	163	
	Taishin Financial Holding Co., Ltd.		Available-for-sale financial assets - current	12,672	173	-	173	
	Sing Kong Financial Holding Co., Ltd.		Available-for-sale financial assets - current	15,248	152	-	152	
	Cheng Shin Rubber Ind. Co., Ltd.		Available-for-sale financial assets - current	20,000	1,548	-	1,548	
	Wistron Corporation		Available-for-sale financial assets - current	5,000	143	-	143	
	Yungshin Construction & Development Co., Ltd.		Available-for-sale financial assets - current	15,000	1,029	-	1,029	
	Chang Hwa Bank		Available-for-sale financial assets - current	700	12	-	12	
	Hua Eng Wrie & Cable Co., Ltd.		Available-for-sale financial assets - current	55,000	569	-	569	
	Glencore International Plc		Available-for-sale financial assets - current	4,400	703	-	703	
	China National Petroleum Corporation		Available-for-sale financial assets - current	130,000	4,245	-	4,245	
	Lenovo Group		Available-for-sale financial assets - current	18,000	557	-	557	
	Geely Holding Group		Available-for-sale financial assets - current	5,000	76	-	76	
	China Construction Bank		Available-for-sale financial assets - current	16,000	364	-	364	
	Agricultural Bank of China		Available-for-sale financial assets - current	20,000	273	-	273	
	Industrial & Commercial Bank of China		Available-for-sale financial assets - current	15,000	310	-	310	
	Uni-President China Holdings		Available-for-sale financial assets - current	86,000	2,536	-	2,536	
	Bank of America Corporation		Available-for-sale financial assets - current	3,000	1,224	-	1,224	
	Citigroup Inc Com New		Available-for-sale financial assets - current	220	316	-	316	
	Hewlett Packard Corporation		Available-for-sale financial assets - current	5,000	3,103	-	3,103	
					<u>\$ 19,698</u>		<u>\$ 19,698</u>	

(Continued)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	September 30, 2013				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	<u>Beneficial certificate</u> Boci Prudential AM WISE - CSI 300 China Morgan Stanley China A Sh Fd Inc Equity 100% Prudential AM WISE-CSI 300 China Ishares Asia Trust ETF UNITS Hang Seng H-Share Index Etf		Available-for-sale financial assets - current Available-for-sale financial assets - current Available-for-sale financial assets - current Available-for-sale financial assets - current Available-for-sale financial assets - current	45,000 1,000 9,200 17,200 200	\$ 586 654 907 644 80	- - - - -	\$ 586 654 907 644 80	
					<u>\$ 2,871</u>		<u>\$ 2,871</u>	
	<u>Rights certificate</u> Global Electronics Terminal (Cayman) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	40,137,184	\$ 2,935,206	100	\$ 2,935,206	Note 2
	Genius Terminal Co., Ltd.	Subsidiary	Investments accounted for using the equity method	750,000	104,245	100	104,245	Note 2
	GEM Terminal (Cayman) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	1,000,000	26,402	100	26,402	Note 2
					<u>\$ 3,065,853</u>		<u>\$ 3,065,853</u>	
Genius Terminal Co., Ltd.	<u>Certificate of incorporation</u> Genius (HK)	Subsidiary	Investments accounted for using the equity method	21,999,998	\$ 91,906	100	\$ 91,906	Note 2
Global Electronics (Cayman) Co., Ltd.	<u>Certificate of incorporation</u> Vibo	Subsidiary	Investments accounted for using the equity method	359,972,616	\$ 2,914,285	100	\$ 2,914,285	Note 2
	Global (HK)	Subsidiary	Investments accounted for using the equity method	1,000,000	6,463	100	6,463	Note 2
					<u>\$ 2,920,748</u>		<u>\$ 2,920,748</u>	
GEM Terminal (Cayman) Co., Ltd.	<u>Rights certificate</u> Ru Zhan Hardware Vn	Subsidiary	Investments accounted for using the equity method	-	\$ 26,216	100	\$ 26,216	Note 2
Vibo	<u>Rights certificate</u> GEM (Suzhou)	Subsidiary	Investments accounted for using the equity method	-	\$ 1,967,202	100	\$ 1,967,202	Note 2
	GEM (Dongguan)	Subsidiary	Investments accounted for using the equity method	-	974,162	100	974,162	Note 2
	You Mao	Subsidiary	Investments accounted for using the equity method	-	-	100	-	Notes 1 and 2
					<u>\$ 2,941,364</u>		<u>\$ 2,941,364</u>	

(Concluded)

Note 1: The Company has not yet remitted the investment to You Mao.

Note 2: It was eliminated in the consolidated financial statements.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
NINE MONTHS ENDED SEPTEMBER 30, 2013

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Detail				Non-arm's Length Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
Genius (HK)	GEM Terminal Ind. Co., Ltd. (the "Company")	Parent	Sales	\$ 420,147 (HK\$109,584 thousand) (Note 1)	37	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	\$ 171,959 (HK\$45,075 thousand) (Note 2)	38	Note 3
GEM Terminal Ind. Co., Ltd. (the "Company")	Genius (HK)	Subsidiary	Purchases	(420,147) (HK\$(109,584) thousand) (Note 1)	(71)	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	(171,959) (HK\$(45,075) thousand) (Note 2)	(77)	Note 3
GEM (Dongguan)	Genius (HK)	Affiliate	Sales	1,061,176 (HK\$234,660 thousand and US\$5,134 thousand) (Note 1)	76	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	79,512 (HK\$16,524 thousand and US\$545 thousand) (Note 2)	36	Note 3
Genius (HK)	GEM (Dongguan)	Affiliate	Purchases	(1,061,176) (HK\$(234,660) thousand and US\$(5,134) thousand) (Note 1)	(97)	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	(79,512) (HK\$(16,524) thousand and US\$(545) thousand) (Note 2)	(93)	Note 3
GEM (Suzhou)	Global (HK)	Affiliate	Sales	259,570 (HK\$6,948 thousand and US\$7,769 thousand) (Note 1)	18	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	31,186 (HK\$1,308 thousand and US\$881 thousand) (Note 2)	6	Note 3
Global (HK)	GEM (Suzhou)	Affiliate	Purchases	(259,570) (HK\$(6,948) thousand and US\$(7,769) thousand) (Note 1)	(98)	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	(31,186) (HK\$(1,308) thousand and US\$(881) thousand) (Note 2)	(100)	Note 3

Note 1: The average conversion rates for the nine months ended September 30, 2013 were HK\$1.0000: NT\$3.834 and US\$1.0000: NT\$29.725.

Note 2: The conversion rates on September 30, 2013 were HK\$1.0000: NT\$3.815; and US\$1.0000: NT\$29.565.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

SEPTEMBER 30, 2013

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Year	Allowance for Bad Debt
					Amount	Action Taken		
Genius (HK)	GEM Terminal Ind. Co., Ltd. (the "Company")	Subsidiary	\$ 171,959 (Note)	3.72	\$ -	-	\$ 73,726	\$ -

Note: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2013			Ownership % × Net Worth of Investees	Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Earnings Appropriation		Note
				December 31, 2012 (Foreign Currencies in Thousands)	September 30, 2013 (Foreign Currencies in Thousands)	Shares/Units	Percentage of Ownership	Carrying Amount				Stock	Cash	
GEM Terminal Ind. Co., Ltd. (the "company")	Global (Cayman)	Grand Cayman, Cayman Islands	International investment	\$ 1,142,950 (US\$ 35,037)	\$ 1,295,208 (US\$ 40,137)	40,137,184	100	\$ 2,935,206	\$ 2,935,206	\$ (20,381)	\$ (20,381)	\$ -	\$ -	Note 2
	Genius Terminal	British Virgin Islands	International investment and trading, etc.	23,282 (US\$ 750)	23,282 (US\$ 750)	750,000	100	104,245	104,245	11,372	11,372	-	-	Note 2
	GEM Terminal (Cayman)	Grand Cayman, Cayman Islands	International investment	30,254 (US\$ 1,000)	30,254 (US\$ 1,000)	1,000,000	100	26,402	26,402	(559)	(559)	-	-	Note 2
								<u>\$ 3,065,853</u>	<u>\$ 3,065,853</u>	<u>\$ (9,568)</u>	<u>\$ (9,568)</u>			
Genius Terminal	Genius (HK)	Hong Kong	International trading	90,134 (HK\$ 22,000)	90,134 (HK\$ 22,000)	21,999,998	100	\$ 91,906	\$ 91,906	\$ 11,410	\$ 11,410	-	-	Note 2
Global (Cayman)	Vibo	Hong Kong	Investment and trading	1,388,805 (HK\$ 320,427)	1,541,063 (HK\$ 359,973)	359,972,616	100	\$ 2,914,285	\$ 2,914,285	\$ (18,890)	\$ (18,890)	-	-	Note 2
	Global (HK)	Hong Kong	International trading	3,747 (HK\$ 1,000)	3,747 (HK\$ 1,000)	1,000,000	100	6,463	6,463	(1,447)	(1,447)	-	-	Note 2
								<u>\$ 2,920,748</u>	<u>\$ 2,920,748</u>	<u>\$ (20,337)</u>	<u>\$ (20,337)</u>			
GEM Terminal (Cayman)	Rui Zhan Hardware VN	Vietnam	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production;	27,136 (US\$ 910)	27,136 (US\$ 910)	-	100	\$ 26,216	\$ 26,216	\$ (413)	\$ (413)	-	-	Note 2
Vibo	GEM (Suzhou)	Mainland China	Manufacture of new electronic components and devices (e.g., Opto-Electronic devices and new mechanical/electric components); design and manufacture of stamping molds with the precision that is equal to or greater than 0.02 mm, plastic molds with the precision that is equal to or greater than 0.05 mm, and standard molds; development and production of construction hardware, water heater parts, and general hardware; manufacture of heat-resistant thermal insulation (insulation class: F or H) and insulation molding parts; production of inorganic nonmetal materials and products (special ceramics); development and production of materials for the specific use in semiconductor components and devices; components, devices, and materials for new instrumentation plug-ins (inserts and functional parts of instrument); terminal crimping machines; and equipment for the specific use in electronics and electric appliances and electroplating of hardware accessories; and sale of the Company's own products; and wholesale and export the similar kind of products as the Company owns and metal materials (excluding precious metals) but not involving state trading commodities, which involves quota and license management products follows relevant Government regulations.	696,860 (US\$ 21,500)	741,320 (US\$ 23,000)	-	100	\$ 1,967,202	\$ 1,967,202	\$ (882)	\$ (882)	-	-	Note 2

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2013			Ownership % × Net Worth of Investees	Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Earnings Appropriation		Note
				December 31, 2012 (Foreign Currencies in Thousands)	September 30, 2013 (Foreign Currencies in Thousands)	Shares/Units	Percentage of Ownership	Carrying Amount				Stock	Cash	
	GEM (Dongguan)	Mainland China	Production and sale of terminals, electric appliance plugs and plastic hardware, terminal crimping machines, molds, computer inserts, electroplating for hardware accessories, ceramic ferrules for optical fiber connection, and machine for hardware, electronics, plastics products manufacturing; wholesale and import / export terminals, electrical parts, computer plug, mold terminal crimping machine, electronic hardware plastic machinery, copper strips, copper (excluding state trading commodities, and which involves quota license management, special regulation management follow relevant regulations).	\$ 344,332 (US\$ 10,559)	\$ 452,130 (US\$ 14,159)	-	100	\$ 974,162	\$ 974,162	\$ (17,885)	\$ (17,885)	\$ -	\$ -	Note 2
	You Mao	Hong Kong	International trading	Note 1	Note 1	-	100	- <u>\$ 2,941,364</u>	- <u>\$ 2,941,364</u>	- <u>\$ (18,767)</u>	- <u>\$ (18,767)</u>	-	-	Note 2

(Concluded)

Note 1: The Company has not yet remitted the investment to You Mao.

Note 2: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands) (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2013	Percentage of Ownership	Investment Loss Recognized (Note 2)	Carrying Amount as of September 30, 2013 (Notes 1 and 2)	Accumulated Inward Remittance of Earnings as of September 30, 2013
					Outflow	Inflow					
GEM (Dongguan)	Production and sale of terminals, electric appliance plugs and plastic hardware, terminal crimping machines, molds, computer inserts, electroplating for hardware accessories, ceramic ferrules for optical fiber connection, and machine for hardware, electronics, plastics products manufacturing. Wholesale and import / export terminals, electrical parts, computer plug, mold terminal crimping machine, electronic hardware plastic machinery, copper strips, copper (excluding state trading commodities, and which involves quota license management, special regulation management follow relevant regulations).	\$ 819,034 (RMB 169,467)	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	\$ 344,332 (US\$ 10,559 thousand)	\$ 107,798 (US\$ 3,600 thousand)	\$ -	\$ 452,130 (US\$ 14,159 thousand)	100	\$ (17,885) (US\$ 602 thousand)	\$ 974,162 (US\$ 32,950 thousand)	\$ -
GEM (Suzhou)	Manufacture of new electronic components and devices (e.g., Opto-Electronic devices and new mechanical/electric components); design and manufacture of stamping molds with the precision that is equal to or greater than 0.02 mm, plastic molds with the precision that is equal to or greater than 0.05 mm, and standard molds; development and production of construction hardware, water heater parts, and general hardware; manufacture of heat-resistant thermal insulation (insulation class: F or H) and insulation molding parts; production of inorganic nonmetal materials and products (special ceramics); development and production of materials for the specific use in semiconductor components and devices; components, devices, and materials for new instrumentation plug-ins (inserts and functional parts of instrument); terminal crimping machines; and equipment for the specific use in electronics and electric appliances and electroplating of hardware accessories; and sale of the Company's own products; and wholesale and export the similar kind of products as the Company owns and metal materials (excluding precious metals) but not involving state trading commodities, which involves quota and license management products follows relevant Government regulations.	1,211,532 (RMB 250,679)	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	696,860 (US\$ 21,500 thousand)	44,460 (US\$ 1,500 thousand)	-	741,320 (US\$ 23,000 thousand)	100	(882) (US\$ 28 thousand)	1,967,202 (US\$ 66,538 thousand)	-
							\$ 1,193,450 (US\$ 37,159 thousand)				

Accumulated Investment in Mainland China as of September 30, 2013	Investment Amount Authorized by the Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 3)
\$1,193,450 (US\$37,159 thousand)	\$1,765,031 (US\$59,700 thousand)	\$1,717,544

Note 1: The conversion rates on September 30, 2013 were RMB1.0000: NT\$4.833 and US\$1.0000: NT\$29.565

Note 2: Amount was recognized based on the reviewed financial statement.

Note 3 Under the "Principles Governing the Review of Investments or Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, the maximum amount that can be invested in companies located in mainland China is 60% of the Company's net value.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2013 AND 2012
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

For the NINE MONTHS ENDED September 30, 2013

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms		
0	GEM Terminal	Genius (HK)	1	Sales	\$ 32,596	Payment terms are four months, no comparable transactions	1	Note 1
		Genius (HK)	1	Accounts receivable	5,274	Payment terms are four months, no comparable transactions	-	Note 1
		Genius (HK)	1	Property, plant and equipment for sale - current	36,383	Payment terms are four months, no comparable transactions	1	Note 1
		Genius (HK)	1	Other receivable	689	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Sales	57,294	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Suzhou)	1	Property, plant and equipment for sale - current	39,426	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	1	Expense of patent right	696	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Other receivable	3,513	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	1	Property, plant and equipment for sale - current	14,738	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	1	Other receivable	1,570	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	1	Sales	4,911	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	1	Property, plant and equipment for sale - current	26,721	Payment terms are four months, no comparable transactions	1	Note 1
		Global (HK)	1	Other receivable	11,572	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	1	Accounts receivable	1,226	Payment terms are four months, no comparable transactions	-	Note 1
1	GEM (Dongguan)	Genius (HK)	3	Sales	1,061,176	Payment terms are four months, no comparable transactions	36	Note 1
		Genius (HK)	3	Accounts receivable	79,512	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	3	Sales	2,854	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Accounts receivable	3,986	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Property, plant and equipment	4,898	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Sales	62	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Accounts receivable	16	Payment terms are four months, no comparable transactions	-	Note 1
2	Genius (HK)	GEM Terminal	2	Sales	420,147	Payment terms are four months, no comparable transactions	14	Note 1
		GEM Terminal	2	Accounts receivable	171,959	Payment terms are four months, no comparable transactions	3	Note 1
		GEM Terminal	2	Other receivable	18,069	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Sales	70,739	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Dongguan)	3	Accounts receivable	5,317	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Other receivable	403	Payment terms are four months, no comparable transactions	-	Note 1
3	Global (HK)	GEM Terminal	2	Sales	40,133	Payment terms are four months, no comparable transactions	1	Note 1
		GEM Terminal	2	Accounts receivable	2,822	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Sales	32,471	Payment terms are four months, no comparable transactions	1	Note 1

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms		
		GEM (Suzhou)	3	Accounts receivable	\$ 1,226	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Other receivable	3,308	Payment terms are four months, no comparable transactions	-	Note 1
4	GEM (Suzhou)	GEM Terminal	2	Sales	20,267	Payment terms are four months, no comparable transactions	1	Note 1
		GEM Terminal	2	Accounts receivable	1,009	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	3	Sales	259,570	Payment terms are four months, no comparable transactions	9	Note 1
		Global (HK)	3	Accounts receivable	31,186	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Sales	44,862	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Dongguan)	3	Accounts receivable	29,156	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Property, plant and equipment	6,715	Payment terms are four months, no comparable transactions	-	Note 1

(Concluded)

For the nine months ended September 30, 2012

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms		
0	GEM Terminal	Global (HK)	1	Sales	\$ 41,109	Payment terms are four months, no comparable transactions	1	Note1
		Global (HK)	1	Accounts Receivable	5,273	Payment terms are four months, no comparable transactions	-	Note1
		Genius (HK)	1	Sales	57,806	Payment terms are four months, no comparable transactions	2	Note1
		Genius (HK)	1	Accounts Receivable	2,903	Payment terms are four months, no comparable transactions	-	Note1
		Global (HK)	1	Fixed Assets and Equipment-for-sale (classified under other current assets)	12,324	Payment terms are four months, no comparable transactions	-	Note1
		Global (HK)	1	Other Receivable	1,267	Payment terms are four months, no comparable transactions	-	Note1
		Genius (HK)	1	Fixed Assets and Equipment-for-sale (classified under other current assets)	28,726	Payment terms are four months, no comparable transactions	1	Note1
		Genius (HK)	1	Other Receivable	3,454	Payment terms are four months, no comparable transactions	-	Note1
		GEM (Suzhou)	1	Sales	7,358	Payment terms are four months, no comparable transactions	-	Note1
		GEM (Suzhou)	1	Account Receivable	2,662	Payment terms are four months, no comparable transactions	-	Note1
		GEM (Suzhou)	1	Fixed Assets and Equipment-for-sale (classified under other current assets)	43,414	Payment terms are four months, no comparable transactions	1	Note1
		GEM (Suzhou)	1	Other Receivable	10,962	Payment terms are four months, no comparable transactions	-	Note1
		GEM (Suzhou)	1	Expense of patent right	726	Payment terms are four months, no comparable transactions	-	Note1
		GEM (Dongguan)	1	Fixed Assets and Equipment-for-sale (classified under other current assets)	44,275	Payment terms are four months, no comparable transactions	1	Note1
1	GEM (Dongguan)	GEM (Dongguan)	1	Other Receivable	2,922	Payment terms are four months, no comparable transactions	-	Note1
		Genius (HK)	3	Sales	1,170,016	Payment terms are four months, no comparable transactions	40	Note1
		Genius (HK)	3	Accounts Receivable	240,289	Payment terms are four months, no comparable transactions	4	Note1
		GEM (Suzhou)	3	Sales	2,109	Payment terms are four months, no comparable transactions	-	Note1
		GEM (Suzhou)	3	Account Receivable	1,969	Payment terms are four months, no comparable transactions	-	Note1
		GEM (Suzhou)	3	Fixed Assets	2,560	Payment terms are four months, no comparable transactions	-	Note1
		GEM (Suzhou)	3	Other Receivable	964	Payment terms are four months, no comparable transactions	-	Note1

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms		
2	Genius (HK)	GEM Terminal	2	Sales	\$ 449,830	Payment terms are four months, no comparable transactions	15	Note1
		GEM Terminal	2	Accounts Receivable	76,558	Payment terms are four months, no comparable transactions	1	Note1
		GEM Terminal	2	Other Receivable	51,494	Payment terms are four months, no comparable transactions	1	Note1
		GEM (Dongguan)	3	Sales	102,039	Payment terms are four months, no comparable transactions	3	Note1
		GEM (Dongguan)	3	Accounts Receivable	15,451	Payment terms are four months, no comparable transactions	-	Note1
		GEM (Dongguan)	3	Other Receivable	526	Payment terms are four months, no comparable transactions	-	Note1
3	Global (HK)	GEM Terminal	2	Sales	25,825	Payment terms are four months, no comparable transactions	1	Note1
		GEM Terminal	2	Accounts Receivable	4,446	Payment terms are four months, no comparable transactions	-	Note1
		GEM (Suzhou)	3	Sales	55,189	Payment terms are four months, no comparable transactions	2	Note1
		GEM (Suzhou)	3	Accounts Receivable	6,566	Payment terms are four months, no comparable transactions	-	Note1
4	GEM (Suzhou)	GEM Terminal	2	Sales	12,250	Payment terms are four months, no comparable transactions	-	Note1
		GEM Terminal	2	Accounts Receivable	1,756	Payment terms are four months, no comparable transactions	-	Note1
		Global (HK)	3	Sales	320,575	Payment terms are four months, no comparable transactions	11	Note1
		Global (HK)	3	Accounts Receivable	72,082	Payment terms are four months, no comparable transactions	1	Note1
		GEM (Dongguan)	3	Sales	54,598	Payment terms are four months, no comparable transactions	2	Note1
		GEM (Dongguan)	3	Accounts Receivable	15,260	Payment terms are four months, no comparable transactions	-	Note1
		GEM (Dongguan)	3	Fixed Assets	238	Payment terms are four months, no comparable transactions	-	Note1

Note 1: It was eliminated in the consolidated financial statements.

Note 2: 1) Parent to subsidiary
2) Subsidiary to parent
3) Subsidiary to subsidiary(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED BALANCE SHEET

SEPTEMBER 30, 2012

(In Thousands of New Taiwan Dollars)

ASSETS						LIABILITIES AND STOCKHOLDERS' EQUITY							
ROC GAAP		EFFECTS OF TRANSITION		IFRSs		ROC GAAP		EFFECTS OF TRANSITION		IFRSs			
ITEMS	AMOUNT	REPRESENTATION INCONSISTENCY	OR INCONSISTENCY	AMOUNT	ITEMS	NOTE (Note 1)	ITEMS	AMOUNT	REPRESENTATION INCONSISTENCY	OR INCONSISTENCY	AMOUNT	ITEMS	NOTE (Note 1)
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$ 2,976,813	\$ (198,753)	\$ -	\$ 2,778,060	Cash	(1)	Short-term loans	\$ 1,393,034	\$ -	\$ -	\$ 1,393,034	Short-term loans	
Financial assets at fair value through profit or loss - current	29,058	-	-	29,058	Financial assets at fair value through profit or loss - current		Short-term bills payable	19,998	-	-	19,998	Short-term bills payable	
Available-for-sale financial assets-current	1,806	-	-	1,806	Available-for-sale financial assets-current		Financial liabilities at fair value through profit or loss - current	29	-	-	29	Financial liabilities at fair value through profit or loss - current	
Notes receivable	183,575	-	-	183,575	Notes receivable		Notes payable	24,415	-	-	24,415	Notes payable	
Accounts receivable, net	1,016,291	-	-	1,016,291	Accounts receivable, net		Accounts payable	446,361	-	-	446,361	Accounts payable	
Tax refundable	11,901	(9,392)	-	2,509	Tax refundable	Note 3	Income tax payable	4,476	-	-	4,476	Income tax liabilities	(9)
-	-	9,392	-	9,392	Current tax assets	Note 3	Accrued expenses	119,124	51,723	2,628	173,475	Other payables	(9) and Note 2 and Note 4
Other receivable	10,976	-	-	10,976	Other receivable		-	-	268	-	268	Provisions-current	Note 4
-	-	198,753	-	198,753	Bond investments with no active market	(1)	Long-term debts - current portion	610,898	-	-	610,898	Long-term debts - current portion	
Refundable deposits - current	6,760	-	-	6,760	Other financial assets-current		Other current liabilities	56,074	(51,991)	-	4,083	Other current liabilities	Note 4
Inventories	431,677	-	-	431,677	Inventories		Total current liabilities	2,674,409	-	2,628	2,677,037		
Deferred income tax assets - current	8,383	(8,383)	-	-	-	(2) and (3)	LONG-TERM DEBTS	920,833	-	-	920,833	LONG-TERM DEBTS	
Other current assets	101,506	1,717	-	103,223	Other current assets	(6)	RESERVE FOR LAND VALUE INCREMENT TAX	7,398	(7,398)	-	-		(4)
Total current assets	4,778,746	(6,666)	-	4,772,080			OTHER LIABILITIES						
PROPERTY, PLANT AND EQUIPMENT							Accrued pension cost	76,372	-	9,045	85,417	Pension benefit obligations	(10) and (11)
Cost	2,645,922	-	36,456	2,682,378	Cost	IFRS1	Deferred income tax liabilities	59,813	8,313	-	68,126	Deferred income tax liabilities	(2) 、(3) and (4)
Revaluation increment - land	36,456	-	(36,456)	-	-	IFRS1	Total other liabilities	136,185	8,313	9,045	153,543		
Accumulated depreciation	(1,151,201)	-	-	(1,151,201)	Accumulated depreciation		Total liabilities	3,738,825	915	11,673	3,751,413	Total liabilities	
Construction in progress	13,674	-	-	13,674	Construction in progress	(5)	STOCKHOLDERS' EQUITY						
Prepayments for equipment	79,050	(79,050)	-	-	-		Common stock	1,715,980	-	-	1,715,980	Common stock	
Total property, plant and equipment, net	1,623,901	(79,050)	-	1,544,851	Total property, plant and equipment	(6)	Capital surplus	270,187	-	-	270,187	Capital surplus	
INTANGIBLE ASSETS							Retained earnings	694,421	-	1,053	695,474	Retained earnings	(7) 、(9) and (10)
Land use rights	76,079	(76,079)	-	-	-		OTHER EQUITY ITEMS						
OTHER ASSETS							Unrealized revaluation increment	25,785	-	(25,785)	-	-	(7)
-	-	79,050	-	79,050	Prepayments for equipment	(5)	Unrealized loss on financial instrument	(154)	-	-	(154)	Unrealized loss on available - for sale financial assets	
Refundable deposits - noncurrent	2,832	-	-	2,832	Refundable deposits		Cumulative translation adjustments	96,423	-	(18)	96,405	Exchange difference	(9)
Deferred income tax assets - noncurrent	32,730	9,298	5,128	47,156	Deferred income tax assets	(2) 、(3) 、(9) and (10)	Net loss not yet recognized as pension costs	(18,205)	-	18,205	-	-	(11)
Prepaid rent - noncurrent	-	74,362	-	74,362	Prepayments for long-term rents	(6)	Total other equity items	103,849	-	(7,598)	96,251		
Other assets	8,974	-	-	8,974	Other noncurrent assets	(8)	Total stockholders' equity	2,784,437	-	(6,545)	2,777,892	Total stockholders' equity	
Total other assets	44,536	162,710	5,128	212,374			TOTAL	6,523,262	915	5,128	6,529,305	TOTAL	
TOTAL	\$ 6,523,262	\$ 915	\$ 5,128	\$ 6,529,305	TOTAL								

Note 1: Refer to Note 30 -2) f. Mandatory and optional exemptions under IFRS 1, and g. the explanation of the effects of the adjustments on the transition from ROC GAAP to IFRSs.

Note 2: In accordance with the newly revised "Rules Governing the Preparation of Financial Statements by Securities Issuers", the account Accrued Expenses is combined with Other Payables and are collectively called Other Payables.

Note 3: In accordance with the newly revised "Rules Governing the Preparation of Financial Statements by Securities Issuers", the account Tax Refundable \$9,392 thousand are reclassified to Current Income tax assets.

Note 4: In accordance with the newly revised "Rules Governing the Preparation of Financial Statements by Securities Issuers", the account Current liabilities - Payable for Equipment \$36,808 thousand and other payable \$14,915 thousand are reclassified to other payables; the account Current liabilities-Payable \$268 thousand is reclassified to Provisions-current.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

**RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012
(In Thousands of New Taiwan Dollars)**

ROC GAAP		EFFECTS OF TRANSITION		IFRSs		NOTE
		TRANSITION INCONSISTENCY	RECOGNITION AND MEASUREMENT INCONSISTENCY			
ITEMS	AMOUNT			AMOUNT		
OPERATING REVENUE, NET	\$ 2,937,825	\$ -	\$ -	\$ 2,937,825	OPERATING REVENUE, NET	
OPERATING COSTS	<u>2,495,467</u>	<u>-</u>	<u>(527)</u>	<u>2,494,940</u>	OPERATING COSTS	(9) and (10)
GROSS PROFIT	<u>442,358</u>	<u>-</u>	<u>527</u>	<u>442,885</u>	GROSS PROFIT	
OPERATING EXPENSES					OPERATING EXPENSES	
Selling	105,993	-	(166)	105,827	Selling	(9) and (10)
General and administrative	158,504	-	(662)	157,842	General and administrative	(9) and (10)
Research and development	<u>30,015</u>	<u>-</u>	<u>(551)</u>	<u>29,464</u>	Research and development	(9) and (10)
Total operating expenses	<u>294,512</u>	<u>-</u>	<u>(1,379)</u>	<u>293,133</u>	Total operating expenses	
OPERATING INCOME	<u>147,846</u>	<u>-</u>	<u>1,906</u>	<u>149,752</u>	OPERATING INCOME	
NONOPERATING INCOME AND GAINS					NONOPERATING INCOME AND GAINS	
Interest income	15,482	-	-	15,482	Interest income	
Miscellaneous income	<u>12,859</u>	<u>-</u>	<u>-</u>	<u>12,859</u>	Other income and gains	
Total nonoperating income and gains	<u>28,341</u>	<u>-</u>	<u>-</u>	<u>28,341</u>	Total nonoperating income and gains	
NONOPERATING EXPENSES AND LOSSES					NONOPERATING EXPENSES AND LOSSES	
Interest expense	35,661	-	-	35,661	Financial costs	
Miscellaneous expenses	<u>4,976</u>	<u>-</u>	<u>-</u>	<u>4,976</u>	Other expenses and losses	
Total nonoperating expenses and losses	<u>40,637</u>	<u>-</u>	<u>-</u>	<u>40,637</u>	Total nonoperating expenses and losses	
CONSOLIDATED INCOME BEFORE INCOME TAX	135,550	-	1,906	137,456	CONSOLIDATED INCOME BEFORE INCOME TAX	(9) and (10)
INCOME TAX	<u>52,858</u>	<u>-</u>	<u>355</u>	<u>53,213</u>	INCOME TAX	(9) and (10)
CONSOLIDATED NET INCOME	<u>\$ 82,692</u>	<u>\$ -</u>	<u>\$ 1,551</u>	<u>84,243</u>	CONSOLIDATED NET INCOME	
				(106,500)	EXCHANGE DIFFERENCE	
				1,991	UNREALIZED PROFIT OR LOSS BY AVAILABLE-FOR-SALE FINANCIAL ASSETS	
				(149)	INCOME TAX RELATED TO OTHER COMPREHENSIVE INCOME	
				(104,658)	OTHER COMPREHENSIVE INCOME	
				<u>\$ (20,415)</u>	TOTAL COMPREHENSIVE INCOME	

Note: Refer to Note 30 - 2) f. Mandatory and optional exemptions under IFRS 1, and g. the explanation of the effects of the adjustments on the transition from ROC GAAP to IFRSs.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2012
(In Thousands of New Taiwan Dollars)

ROC GAAP		Effects of Transition		IFRSs		Note
Items	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Items	
OPERATING REVENUE, NET	\$ 1,006,829	\$ -	\$ -	\$ 1,006,829	OPERATING REVENUE, NET	
OPERATING COSTS	872,396	-	93	872,489	OPERATING COSTS	(9) and (10)
GROSS PROFIT	134,433	-	(93)	134,340	GROSS PROFIT	
OPERATING EXPENSES					OPERATING EXPENSES	
Selling	35,892	-	(38)	35,854	Selling	(9) and (10)
General and administrative	54,117	-	(185)	53,932	General and administrative	(9) and (10)
Research and development	10,823	-	(210)	10,613	Research and development	(9) and (10)
Total operating expenses	100,832	-	(433)	100,399	Total operating expenses	
OPERATING INCOME	33,601	-	340	33,941	OPERATING INCOME	
NONOPERATING INCOME AND GAINS					NONOPERATING INCOME AND GAINS	
Interest income	5,851	-	-	5,851	Interest income	
Miscellaneous income	2,492	-	-	2,492	Other income and gains	
Total nonoperating income and gains	8,343	-	-	8,343	Total nonoperating income and gains	
NONOPERATING EXPENSES AND LOSSES					NONOPERATING EXPENSES AND LOSSES	
Interest expense	17,286	-	-	17,286	Finance costs	
Miscellaneous expenses	(1,068)	-	-	(1,068)	Other expenses and losses	
Total nonoperating expenses and losses	16,218	-	-	16,218	Total nonoperating expenses and losses	
CONSOLIDATED INCOME BEFORE INCOME TAX	25,726	-	340	26,066	CONSOLIDATED INCOME BEFORE INCOME TAX	(9) and (10)
INCOME TAX	9,345	-	40	9,385	INCOME TAX	(9) and (10)
CONSOLIDATED NET INCOME	\$ 16,381	\$ -	\$ 300	16,681	CONSOLIDATED NET INCOME	
				(61,243)	EXCHANGE DIFFERENCES ARISING ON TRANSIATION OF FOREIGN OPERATIONS	
				(185)	AVAILABLE-FOR-SALE FINANCIAL ASSETS, UNREALIZED GAINS AND LOSSES	
				31	OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX	
				(61,397)	OTHER COMPREHENSIVE INCOME	
				\$ (44,716)	TOTAL COMPREHENSIVE INCOME	

Note: Refer to Note 30 - 2) f. Mandatory and optional exemptions under IFRS 1, and g. The explanations of the effects of the adjustments on the transition from ROC GAAP to IFRSs.