

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2014 and 2013 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' 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 March 31, 2014 and 2013 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended. 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

May 9, 2014

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 auditors' review report and consolidated financial statements shall prevail.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2014 Reviewed		December 31, 2013 Audited		March 31, 2013 Reviewed		LIABILITIES AND EQUITY	March 31, 2014 Reviewed		December 31, 2013 Audited		March 31, 2013 Audit	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 6 and 23)	\$ 1,368,068	23	\$ 1,684,855	28	\$ 2,276,311	35	Short-term borrowings (Notes 14, 23 and 25)	\$ 655,283	11	\$ 654,451	11	\$ 1,254,748	19
Financial assets at fair value through profit or loss - current (Notes 7 and 23)	10,741	-	12,292	-	32,896	1	Financial liabilities at fair value through profit or loss - current (Note 7 and 23)	35	-	314	-	-	-
Available-for-sale financial assets - current (Notes 8 and 23)	95,224	2	42,950	1	77,477	1	Notes payable (Notes 15 and 23)	110,144	2	93,220	2	120,737	2
Debt investments with no active market - current (Notes 9, 23 and 25)	320,811	6	110,618	2	313,742	5	Accounts payable (Notes 15 and 23)	488,249	8	355,216	6	479,035	8
Notes receivable (Notes 10 and 23)	199,876	3	238,907	4	184,952	3	Other payables (Notes 16 and 23)	174,888	3	194,721	3	179,820	3
Accounts receivable, net (Notes 10 and 23)	921,127	16	1,105,315	19	989,892	15	Current tax liabilities (Note 4)	5,489	-	5,245	-	5,807	-
Tax refundable	1,516	-	1,481	-	5,533	-	Provisions - current	21,116	-	932	-	9,459	-
Other receivables (Note 23)	12,908	-	10,542	-	26,850	-	Long-term borrowings - current portion (Notes 14, 23 and 25)	515,000	9	570,833	10	642,917	10
Current tax assets (Note 4)	2,246	-	3,283	-	-	-	Other current liabilities	3,336	-	3,832	-	2,666	-
Inventories (Note 11)	777,979	13	590,151	10	636,667	10	Total current liabilities	1,973,540	33	1,878,764	32	2,695,189	42
Other financial assets - current (Note 23)	14,728	-	15,554	-	374	-	NONCURRENT LIABILITIES						
Other current assets (Notes 13 and 25)	124,678	2	95,162	2	91,204	1	Long-term borrowings (Notes 14, 23 and 25)	875,815	15	984,566	17	755,746	12
Total current assets	3,849,902	65	3,911,110	66	4,635,898	71	Accrued pension liabilities (Notes 3, 4 and 17)	84,956	2	85,094	1	85,363	1
NONCURRENT ASSETS							Deferred income tax liabilities (Notes 4 and 20)	75,699	1	73,048	1	73,054	1
Property, plant and equipment (Note 12, 25 and 26)	1,719,649	29	1,708,371	29	1,595,426	25	Total noncurrent liabilities	1,036,470	18	1,142,708	19	914,163	14
Deferred income tax assets (Notes 4 and 20)	72,538	1	59,449	1	59,235	1	Total liabilities	3,010,010	51	3,021,472	51	3,609,352	56
Prepayments for equipment (Note 26)	180,051	3	189,398	3	108,430	2	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Refundable deposits - noncurrent (Note 23)	2,039	-	1,831	-	16,093	-	(Note 18)						
Long-term prepaid rent (Notes 13 and 25)	72,695	2	72,747	1	68,997	1	Capital stock	1,715,980	29	1,715,980	29	1,715,980	26
Other noncurrent assets (Note 10)	7,704	-	7,979	-	9,347	-	Capital surplus	270,187	5	270,187	5	270,187	4
Total noncurrent assets	2,054,676	35	2,039,775	34	1,857,528	29	Retained earnings	648,232	11	673,334	11	692,721	11
TOTAL	\$ 5,904,578	100	\$ 5,950,885	100	\$ 6,493,426	100	Others	260,169	4	269,912	4	205,186	3
							Total equity	2,894,568	49	2,929,413	49	2,884,074	44
							TOTAL	\$ 5,904,578	100	\$ 5,950,885	100	\$ 6,493,426	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)

	Three Months Ended March 31			
	2014		2013	
	Amount	%	Amount	%
GROSS OPERATING REVENUE	\$ 852,995	100	\$ 900,554	100
LESS: SALES RETURNS	38	-	13	-
SALES ALLOWANCES	25	-	1	-
OPERATING REVENUE, NET	852,932	100	900,540	100
OPERATING COSTS (Notes 11, 19 and 24)	800,301	94	800,572	89
GROSS PROFIT	52,631	6	99,968	11
OPERATING EXPENSES (Notes 19 and 24)				
Marketing	36,697	4	30,556	4
General and administrative	44,347	5	48,296	5
Research and development	8,770	1	11,696	1
Total operating expenses	89,814	10	90,548	10
PROFIT (LOSS) FROM OPERATIONS	(37,183)	(4)	9,420	1
NON-OPERATING INCOME AND EXPENSES (Notes 7 and 19)				
Other income	8,791	1	11,956	2
Other gains and losses	5,107	-	(7,377)	(1)
Finance costs	(10,812)	(1)	(18,438)	(2)
Total non-operating income and expenses	3,086	-	(13,859)	(1)
CONSOLIDATED LOSS BEFORE INCOME TAX	(34,097)	(4)	(4,439)	-
INCOME TAX EXPENSE (REVENUE) (Notes 4 and 20)	(8,995)	(1)	924	-
CONSOLIDATED NET LOSS	(25,102)	(3)	(5,363)	-
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX (Note 18)				
Exchange differences arising on translation of foreign operations	(7,830)	(1)	111,522	12

(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)

	Three Months Ended March 31			
	2014		2013	
	Amount	%	Amount	%
Unrealized gain (loss) on available-for-sale financial assets	\$ (2,197)	-	\$ (3,211)	-
Income tax benefit relating to components of other comprehensive income	<u>284</u>	<u>-</u>	<u>575</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>(9,743)</u>	<u>(1)</u>	<u>108,886</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (34,845)</u>	<u>(4)</u>	<u>\$ 103,523</u>	<u>12</u>
NET LOSS ATTRIBUTABLE TO:				
Owner of the Company	<u>\$ (25,102)</u>	<u>(3)</u>	<u>\$ (5,363)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owner of the Company	<u>\$ (34,845)</u>	<u>(4)</u>	<u>\$ 103,523</u>	<u>12</u>
EARNINGS PER SHARE (Note 21)				
Basic	<u>\$ (0.15)</u>		<u>\$ (0.03)</u>	
Diluted	<u>\$ (0.15)</u>		<u>\$ (0.03)</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

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owner of the Company							Total	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	Other Equity Exchange Differences on Translating Foreign Operations		
				Unappropriated Earnings	Total				
BALANCE, JANUARY 1, 2013	\$ 1,715,980	\$ 270,187	\$ 319,912	\$ 378,172	\$ 698,084	\$ 2,321	\$ 93,979	\$ 96,300	\$ 2,780,551
Net loss for the three months ended March 31, 2013	-	-	-	(5,363)	(5,363)	-	-	-	(5,363)
Other comprehensive income (loss) for the three months ended March 31, 2013, net of income tax	-	-	-	-	-	(2,636)	111,522	108,886	108,886
Total comprehensive income (loss) for the three months ended March 31, 2013	-	-	-	(5,363)	(5,363)	(2,636)	111,522	108,886	103,523
BALANCE, MARCH 31, 2013	\$ 1,715,980	\$ 270,187	\$ 319,912	\$ 372,809	\$ 692,721	\$ (315)	\$ 205,501	\$ 205,186	\$ 2,884,074
BALANCE, JANUARY 1, 2014	\$ 1,715,980	\$ 270,187	\$ 328,406	\$ 344,928	\$ 673,334	\$ 777	\$ 269,135	\$ 269,912	\$ 2,929,413
Net loss for the three months ended March 31, 2014	-	-	-	(25,102)	(25,102)	-	-	-	(25,102)
Other comprehensive income (loss) for the three months ended March 31, 2014, net of income tax	-	-	-	-	-	(1,913)	(7,830)	(9,743)	(9,743)
Total comprehensive income (loss) for the three months ended March 31, 2014	-	-	-	(25,102)	(25,102)	(1,913)	(7,830)	(9,743)	(34,845)
BALANCE, MARCH 31, 2014	\$ 1,715,980	\$ 270,187	\$ 328,406	\$ 319,826	\$ 648,232	\$ (1,136)	\$ 261,305	\$ 260,169	\$ 2,894,568

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated loss before income tax	\$ (34,097)	\$ (4,439)
Adjustments for:		
Depreciation expense	58,228	53,154
Amortization expense	1,013	1,210
Reversal of allowance for doubtful accounts	(2,105)	(245)
Valuation loss on financial instruments, net	36	425
Interest expense	10,812	18,438
Interest income	(5,928)	(9,249)
Dividend income	(146)	(1)
Loss on disposal of property, plant and equipment, net	1,015	718
Gain on sale of investments, net	(1,177)	(4,156)
Net loss on foreign currency exchange	8	150
Recognition of provisions	20,184	9,424
Other non-cash items	1,129	1,241
Changes in operating assets and liabilities		
Financial assets held for trading	2,778	76,327
Notes receivable	39,031	(13,693)
Accounts receivable	186,174	50,129
Tax refundable and other receivable	(2,401)	(7,902)
Inventories	(187,473)	(198,523)
Other current assets	(32,808)	(17,330)
Financial liabilities held for trading	(3,865)	-
Notes payable	16,924	99,325
Accounts payable	133,033	47,206
Other payables	(8,968)	(18,946)
Other current liabilities	(496)	(224)
Accrued pension liabilities	(138)	(95)
Cash generated from operations	190,763	82,944
Interest received	7,897	9,555
Income tax received (paid)	121	(5,414)
Net cash generated from operating activities	<u>198,781</u>	<u>87,085</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets designated as at fair value through profit and loss	2,323	756
Acquisition of available-for-sale financial assets	(100,470)	(207,842)
Proceeds from disposal of available-for-sale financial assets	47,363	159,410
Acquisition of debt investments with no active market	(210,193)	(94,653)
Acquisition of property, plant and equipment	(89,408)	(44,711)
Increase in refundable deposits	618	(14,361)
Decrease in refundable deposits	-	1,433

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2014	2013
Increase in other noncurrent assets	\$ (325)	\$ (1,152)
Dividend received	<u>146</u>	<u>1</u>
Net cash used in investing activities	<u>(349,946)</u>	<u>(201,119)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	556,910	328,846
Decrease in short-term borrowings	(560,918)	(505,786)
Proceeds from long-term borrowings	300,000	200,000
Repayment of long-term borrowings	(464,149)	(228,156)
Interest paid	<u>(11,033)</u>	<u>(19,102)</u>
Net cash used in financing activities	<u>(179,190)</u>	<u>(224,198)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>13,568</u>	<u>110,543</u>
NET DECREASE IN CASH AND CASH, EQUIVALENTS	(316,787)	(227,689)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,684,855</u>	<u>2,504,000</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,368,068</u>	<u>\$ 2,276,311</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 FOR THE THREE MONTHS ENDED MARCH 31, 2014 AND 2013 (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 traded 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 May 9, 2014.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERNATIONS

- a. The 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) in issue but not yet effective

Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed by the FSC starting January 1, 2015.

New, Amended and Revised Standards and Interpretations (New IFRSs)	Effective Date Announced by IASB (Note)
Improvements to IFRSs (2009) - amendment to IAS 39 Amendment to IAS 39 “Embedded Derivatives”	January 1, 2009 and January 1, 2010, as appropriate Effective for annual periods ended on or after June 30, 2009
Improvements to IFRSs (2010) Annual Improvements to IFRSs 2009-2011 Cycle Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	July 1, 2010 and January 1, 2011, as appropriate January 1, 2013 July 1, 2010

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New, Amended and Revised Standards and Interpretations (New IFRSs)	Effective Date Announced by IASB (Note)
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014

(Concluded)

Note: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after the respective effective dates.

Except for the following, the initial application of the above 2013 IFRSs version has not had any material impact on the Group’s accounting policies:

1) IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the current standards.

2) IFRS 13 “Fair Value Measurement”

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 will be applied prospectively from January 1, 2015.

3) Amendment to IAS 1 “Presentation of Items of Other Comprehensive Income”

The amendment to IAS 1 requires items of other comprehensive income to be grouped into those items that (1) will not be reclassified subsequently to profit or loss; and (2) may be reclassified subsequently to profit or loss. Income taxes on related items of other comprehensive income are grouped on the same basis. Under current IAS 1, there were no such requirements.

The Group will apply the above amendments in presenting the consolidated statement of comprehensive income, starting from the year 2015. Items not expected to be reclassified to profit or loss are the actuarial gain (loss) arising from defined benefit plans and share of the actuarial gains (loss) arising from defined benefit plans of [associates/joint ventures] accounted for using the equity method. Items expected to be reclassified to profit or loss are the exchange differences on translating foreign operations, unrealized gains (loss) on available-for-sale financial assets, cash flow hedges, and share of the other comprehensive income (except the share of the actuarial gains (loss) arising from defined benefit plans) of [associates/joint ventures] accounted for using the equity method.

4) Revision to IAS 19 “Employee Benefits”

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the “corridor approach” permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all actuarial gains and losses to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset.

The anticipated impact on retrospective application is set out below:

Impact on assets, liabilities and equity

	Carrying Amount	IAS 19 Adjustments	Adjusted Carrying Amount
<u>January, 1, 2014</u>			
Deferred tax assets	\$ 59,449	\$ (562)	\$ 58,887
Total effect on assets	\$ 59,449	\$ (562)	\$ 58,887
Accrued pension liabilities	\$ 85,094	\$ (3,305)	\$ 81,789
Total effect on liabilities	\$ 85,094	\$ (3,305)	\$ 81,789
Retained earnings	\$ 673,334	\$ 2,743	\$ 676,077
Total effect on equity	\$ 673,334	\$ 2,743	\$ 676,077
<u>March, 31, 2014</u>			
Deferred tax assets	\$ 72,538	\$ 21	\$ 72,559
Total effect on assets	\$ 72,538	\$ 21	\$ 72,559

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	Carrying Amount	IAS 19 Adjustments	Adjusted Carrying Amount
Accrued pension liabilities	\$ 84,956	\$ 121	\$ 85,077
Total effect on liabilities	<u>\$ 84,956</u>	<u>\$ 121</u>	<u>\$ 85,077</u>
Retained earnings	\$ 648,232	\$ (100)	\$ 648,132
Total effect on equity	<u>\$ 648,232</u>	<u>\$ (100)</u>	<u>\$ 648,132</u>
<u>Impact on total comprehensive income for the three months ended march 31, 2014</u>			
Operating cost	\$ 800,301	\$ 36	\$ 800,337
Operating expense	89,814	85	89,899
Income tax revenue	<u>(8,995)</u>	<u>(21)</u>	<u>(9,016)</u>
Total effect on total comprehensive income for the period	<u>\$ 881,120</u>	<u>\$ 100</u>	<u>\$ 881,220</u> (Concluded)

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group was continuingly to assess other possible impacts that the application of the 2013 IFRSs version will have on the Group's financial position and financial performance, and will disclose these other impacts when the assessment is completed.

b. New IFRSs in issue but not yet endorsed by FSC

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
IFRS 9 "Financial Instruments"	Note 3
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	Note 3
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
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 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: IASB tentatively decided that an entity should apply IFRS 9 for annual periods beginning on or after January 1, 2018.

The initial application of the above New IFRSs has not had any material impact on the Group's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets are measured at their fair values at the end of reporting period. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

Recognition and measurement of financial liabilities

As for financial liabilities, the main changes in the classification and measurement relate to the subsequent measurement of financial liabilities designated as at fair value through profit or loss. The amount of change in the fair value of such financial liability attributable to changes in the credit risk of that liability is presented in other comprehensive income and the remaining amount of change in the fair value of that liability is presented in profit or loss, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. If the above accounting treatment would create or enlarge an accounting mismatch in profit or loss, the Group presents all gains or losses on that liability in profit or loss.

2) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

In issuing IFRS 13 "Fair Value Measurement", the IASB made consequential amendment to the disclosure requirements in IAS 36 "Impairment of Assets", introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit. The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. Furthermore, the Group is required to disclose the discount rate used in measurements of the recoverable amount based on fair value less costs of disposal measured using a present value technique.

3) IFRIC 21 "Levies"

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the

transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized when that minimum threshold is reached.

4) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards including IFRS 2 “Share-based Payment”, IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions for “performance condition” and “service condition”. The amendment clarifies that a performance target can be based on the operations (i.e. a non-market condition) of the Group or another entity in the same group or the market price of the equity instruments of the Group or another entity in the same group (i.e. a market condition); that a performance target can relate either to the performance of the Group as a whole or to some part of it (e.g. a division); and that the period for achieving a performance condition must not extend beyond the end of the related service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Group, but also of other entities outside the Group.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have “similar economic characteristics”. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segments’ assets are regularly provided to the chief operating decision-maker.

IFRS 13 was amended to clarify that the issuance of IFRS 13 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of not discounting is immaterial.

IAS 24 was amended to clarify that a management entity providing key management personnel services to the Group is a related party of the Group. Consequently, the Group is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

5) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards including IFRS 3, IFRS 13 and IAS 40 “Investment Property” were amended in this annual improvement.

IFRS 3 was amended to clarify that IFRS 3 does not apply to the accounting for the formation of all types of joint arrangements in the financial statements of the joint arrangement itself.

The scope in IFRS 13 of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis was amended to clarify that it includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application

of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The same accounting policies of these consolidated financial statements have been followed as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2013, except for those described below.

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in the consolidated financial statements is less than those required in a complete set of annual financial statements.

Basis of Consolidation

a. Subsidiary included in consolidated financial statements

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			March 31, 2014	December 31, 2013	March 31, 2013
GEM	Global Electronics Terminal (Cayman) Co., Ltd. (Global (Cayman))	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius Terminal)	Notes 1 and 2	100	100	100
	GEM Terminal (Cayman) Co., Ltd. (GEM Terminal (Cayman))	Note 1	100	100	100
Global (Cayman)	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global (HK))	Note 2	100	100	100
Genius Terminal	Genius Terminal (HK) Ltd. (Genius (HK))	Note 2	100	100	100
GEM Terminal (Cayman)	Rui Zhan Hardware VN Co., Ltd. (Rui Zhan Hardware VN)	Note 3	100	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM (Suzhou))	Note 4	100	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM (Dongguan))	Note 5	100	100	100
	You Mao Terminal International Co., Ltd. (You Mao)	Note 2	100	100	100

Note 1: International trading

Note 2: International investment.

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 (under business permits for certain operation).

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.

b. Retirement benefit costs

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

c. Income taxes

Income tax expense is the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

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 year ended December 31, 2013, except for those described below.

6. CASH AND CASH EQUIVALENTS

	March 31, 2014	December 31, 2013	March 31, 2013
Cash on hand	\$ 1,914	\$ 4,947	\$ 958
Checking accounts and demand deposits	766,950	837,072	1,076,651
Cash equivalents			
Time deposits with original maturities less than 3 months	<u>599,204</u>	<u>842,836</u>	<u>1,198,702</u>
	<u>\$ 1,368,068</u>	<u>\$ 1,684,855</u>	<u>\$ 2,276,311</u>

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	March 31, 2014	December 31, 2013	March 31, 2013
Financial assets held for trading	\$ 450	\$ 272	\$ 29,601
Financial assets designated as at FVTPL	<u>10,291</u>	<u>12,020</u>	<u>3,295</u>
	<u>\$ 10,741</u>	<u>\$ 12,292</u>	<u>\$ 32,896</u>
Financial liabilities held for trading	<u>\$ 35</u>	<u>\$ 314</u>	<u>\$ -</u>

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

	March 31, 2014	December 31, 2013	March 31, 2013
<u>Financial assets held for trading</u>			
Derivative financial assets (not under hedge accounting)			
Copper futures contracts	\$ 450	\$ -	\$ -
Nickel futures contracts	-	272	-
Non-derivative financial assets			
Gold passbook	<u>-</u>	<u>-</u>	<u>29,601</u>
	<u>\$ 450</u>	<u>\$ 272</u>	<u>\$ 29,601</u>
<u>Financial liabilities held for trading</u>			
Derivative financial liabilities (not under hedge accounting)			
Nickel futures contracts	\$ 35	\$ -	\$ -
Copper futures contracts	<u>-</u>	<u>314</u>	<u>-</u>
	<u>\$ 35</u>	<u>\$ 314</u>	<u>\$ -</u>

The Group used copper futures contracts and nickel futures contracts to manage exposures to adverse 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 March 31, 2013, there was no outstanding copper futures contract and nickel futures contracts. Outstanding copper futures contracts and nickel futures contracts as of March 31, 2014 and December 31, 2013 were as follows:

	Futures Month	Lots	Contract Amount (In Thousands)
<u>March 31, 2014</u>			
Copper futures contracts			
Refined copper	May, 2014	11	USD 817

(Continued)

	Futures Month	Lots	Contract Amount (In Thousands)
Nickel futures contracts Nickel	June, 2014	4	USD 381
<hr/> December 31, 2013 <hr/>			
Copper futures contracts Refined copper	March, 2014	8	USD 669
Nickel futures contracts Nickel	March, 2014	4	USD 344 (Concluded)

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

	Three Months Ended March 31	
	2014	2013
Net loss	<u>\$ 630</u>	<u>\$ 539</u>

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

	March 31, 2014	December 31, 2013	March 31, 2013
<hr/> Financial assets designated as at FVTPL <hr/>			
Callable preferred stock with interest	<u>\$ 10,291</u>	<u>\$ 12,020</u>	<u>\$ 3,295</u>

Net gain on financial assets designated as at FVTPL (classified under nonoperating income and expenses - other gains and losses) were as follows:

	Three Months Ended March 31	
	2014	2013
Net gain	<u>\$ 594</u>	<u>\$ 114</u>

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	March 31, 2014	December 31, 2013	March 31, 2013
Domestic investment			
Quoted stocks	\$ 64,648	\$ 30,140	\$ 59,529
Mutual funds	6,499	951	1,049
Foreign investment			
Quoted stocks	13,540	8,791	16,899
Mutual funds	<u>10,537</u>	<u>3,068</u>	<u>-</u>
	<u>\$ 95,224</u>	<u>\$ 42,950</u>	<u>\$ 77,477</u>

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	March 31, 2014	December 31, 2013	March 31, 2013
Time deposits with original maturities more than 3 months	\$ 222,436	\$ 33,195	\$ 218,132
Pledge time deposits	<u>98,375</u>	<u>77,423</u>	<u>95,610</u>
	<u>\$ 320,811</u>	<u>\$ 110,618</u>	<u>\$ 313,742</u>

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

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	March 31, 2014	December 31, 2013	March 31, 2013
Notes receivable			
Notes receivable - operating	<u>\$ 199,876</u>	<u>\$ 238,907</u>	<u>\$ 184,952</u>
Accounts receivable			
Accounts receivable	\$ 934,941	\$ 1,121,115	\$ 1,001,297
Less: Allowance for doubtful accounts	<u>13,814</u>	<u>15,800</u>	<u>11,405</u>
	<u>\$ 921,127</u>	<u>\$ 1,105,315</u>	<u>\$ 989,892</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 was as follows:

	March 31, 2014	December 31, 2013	March 31, 2013
Neither past due nor impaired	\$ 797,098	\$ 981,173	\$ 839,322
Past due 1-30 days	63,552	60,584	58,468
Past due 31-60 days	68,849	66,417	94,756
Past due 61-90 days	133	7,472	4,493
Past due 91-180 days	1,381	956	3,321

(Continued)

	March 31, 2014	December 31, 2013	March 31, 2013
Past due 181-360 days	\$ 1,909	\$ 3,362	\$ -
Past due over 360 days	<u>2,019</u>	<u>1,151</u>	<u>937</u>
	<u>\$ 934,941</u>	<u>\$ 1,121,115</u>	<u>\$ 1,001,297</u> (Concluded)

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

Movements of the allowance for doubtful accounts on accounts receivable were as follows:

	Three Months Ended March 31			
	2014		2013	
	Accounts Receivable	Overdue Receivables	Accounts Receivable	Overdue Receivables
Balance, beginning of period	\$ 15,800	\$ -	\$ 11,319	\$ 1,290
Reversal of allowance for doubtful accounts	(2,105)	-	(245)	-
Effect of foreign currency exchange difference	<u>119</u>	<u>-</u>	<u>331</u>	<u>33</u>
Balance, end of period	<u>\$ 13,814</u>	<u>\$ -</u>	<u>\$ 11,405</u>	<u>\$ 1,323</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 March 31, 2014, December 31, 2013 and March 31, 2013, the balances of the notes and accounts receivable from customers with carrying amounts that were 10% or more of the account totals are shown below:

	March 31, 2014	December 31, 2013	March 31, 2013
Group A	<u>\$ 235,206</u>	<u>\$ 271,399</u>	<u>\$ 226,605</u>

Except for the above, there were no notes and accounts receivable from customer with balance of 10% or more of the account totals.

11. INVENTORIES

	March 31, 2014	December 31, 2013	March 31, 2013
Raw materials	\$ 320,822	\$ 248,434	\$ 205,165
Supplies	30,963	29,505	25,071
Work in process	199,403	108,756	199,716
Finished goods	<u>226,791</u>	<u>203,456</u>	<u>206,715</u>
	<u>\$ 777,979</u>	<u>\$ 590,151</u>	<u>\$ 636,667</u>

As of March 31, 2014, December 31, 2013 and March 31, 2013, the allowances for inventory devaluation were \$40,697 thousand, \$24,532 thousand and \$24,579 thousand, respectively, which were recorded as reduction of inventories.

The cost of inventories recognized as costs of goods sold for the three months ended March 31, 2014 and 2013 were \$800,301 thousand and \$800,572 thousand, respectively, which included the following items:

	<u>Three Months Ended March 31</u>	
	2014	2013
Unallocated fixed manufacturing cost	\$ 38,006	\$ 32,560
Others	<u>37,918</u>	<u>13,103</u>
	<u>\$ 75,924</u>	<u>\$ 45,663</u>

12. PROPERTY, PLANT, AND EQUIPMENT

In the second quarter of 2011 and the fourth quarter of 2013, the Company purchased land for \$6,271 thousand and \$1,637 thousand, respectively. 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.

For long-term development and to complete the factory layout, in the first quarter of 2013, the Company purchased land for the prices of \$7,193 thousand from its related party - Su, Tun Li (immediate relative of the Company's chairman), and the price had been paid off in February 2013.

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

Three months ended March 31, 2013

	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	1,466	17,844	108	64	-	16,382	(371)	42,686
Disposal	-	-	(13,769)	(12)	(67)	-	(356)	-	(14,204)
Effect of foreign currency exchange differences	-	23,077	56,443	2,182	1,204	-	13,234	849	96,989
Balance on March 31, 2013	<u>\$ 144,581</u>	<u>\$ 767,871</u>	<u>\$ 1,467,272</u>	<u>\$ 67,821</u>	<u>\$ 35,794</u>	<u>\$ 84</u>	<u>\$ 366,827</u>	<u>\$ 21,904</u>	<u>\$ 2,872,154</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
<u>Accumulated depreciation</u>									
Balance on January 1, 2013	\$ -	\$ (272,058)	\$ (665,009)	\$ (46,712)	\$ (23,264)	\$ (33)	\$ (177,846)	\$ -	\$ (1,184,922)
Disposal	-	-	12,282	11	61	-	321	-	12,675
Depreciation expenses	-	(9,140)	(29,972)	(1,819)	(872)	(4)	(11,347)	-	(53,154)
Effect of foreign currency exchange differences	-	(6,719)	(35,054)	(1,529)	(914)	-	(7,111)	-	(51,327)
Balance on March 31, 2013	<u>\$ -</u>	<u>\$ (287,917)</u>	<u>\$ (717,753)</u>	<u>\$ (50,049)</u>	<u>\$ (24,989)</u>	<u>\$ (37)</u>	<u>\$ (195,983)</u>	<u>\$ -</u>	<u>\$ (1,276,728)</u>
Carrying amounts at March 31, 2013	<u>\$ 144,581</u>	<u>\$ 479,954</u>	<u>\$ 749,519</u>	<u>\$ 17,772</u>	<u>\$ 10,805</u>	<u>\$ 47</u>	<u>\$ 170,844</u>	<u>\$ 21,904</u>	<u>\$ 1,595,426</u>

(Concluded)

Three months ended March 31, 2014

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>									
Balance on January 1, 2014	\$ 146,218	\$ 785,207	\$ 1,611,099	\$ 73,872	\$ 37,185	\$ 84	\$ 429,047	\$ 52,525	\$ 3,135,237
Additions	-	-	49,588	1,892	140	-	12,878	23,178	87,676
Disposal	-	(1,991)	(5,036)	-	(278)	-	(802)	-	(8,107)
Effect of foreign currency exchange differences	-	(2,620)	(3,573)	(618)	(119)	-	(1,827)	561	(8,196)
Balance on March 31, 2014	<u>\$ 146,218</u>	<u>\$ 780,596</u>	<u>\$ 1,652,078</u>	<u>\$ 75,146</u>	<u>\$ 36,928</u>	<u>\$ 84</u>	<u>\$ 439,296</u>	<u>\$ 76,264</u>	<u>\$ 3,206,610</u>
<u>Accumulated depreciation</u>									
Balance on January 1, 2014	\$ -	\$ (320,314)	\$ (795,121)	\$ (53,944)	\$ (27,176)	\$ (47)	\$ (230,264)	\$ -	\$ (1,426,866)
Disposal	-	1,802	4,368	-	250	-	672	-	7,092
Depreciation expenses	-	(9,573)	(33,583)	(1,575)	(574)	(4)	(12,919)	-	(58,228)
Effect of foreign currency exchange differences	-	2,409	(12,782)	248	100	-	1,066	-	(8,959)
Balance on March 31, 2014	<u>\$ -</u>	<u>\$ (325,676)</u>	<u>\$ (837,118)</u>	<u>\$ (55,271)</u>	<u>\$ (27,400)</u>	<u>\$ (51)</u>	<u>\$ (241,445)</u>	<u>\$ -</u>	<u>\$ (1,486,961)</u>
Carrying amounts at January 1, 2014	<u>\$ 146,218</u>	<u>\$ 464,893</u>	<u>\$ 815,978</u>	<u>\$ 19,928</u>	<u>\$ 10,009</u>	<u>\$ 37</u>	<u>\$ 198,783</u>	<u>\$ 52,525</u>	<u>\$ 1,708,371</u>
Carrying amounts at March 31, 2014	<u>\$ 146,218</u>	<u>\$ 454,920</u>	<u>\$ 814,960</u>	<u>\$ 19,875</u>	<u>\$ 9,528</u>	<u>\$ 33</u>	<u>\$ 197,851</u>	<u>\$ 76,264</u>	<u>\$ 1,719,649</u>

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	4-12 years
Office equipment	5-10 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

	March 31, 2014	December 31, 2013	March 31, 2013
Current (included in other current assets)	\$ 1,741	\$ 1,732	\$ 1,069
Noncurrent (included in long-term prepaid rent)	<u>72,695</u>	<u>72,747</u>	<u>68,997</u>
	<u>\$ 74,436</u>	<u>\$ 74,479</u>	<u>\$ 70,066</u>

Movements of prepayments for lease were as follows :

	Three Months Ended March 31	
	2014	2013
Balance, beginning of period	\$ 74,479	\$ 68,606
Less: Amortization	440	400
Effect of foreign currency exchange difference	<u>397</u>	<u>1,860</u>
Balance, end of period	<u>\$ 74,436</u>	<u>\$ 70,066</u>

As of March 31, 2014, December 31, 2013 and March 31, 2013, prepaid lease payments are for properties located in Mainland China and Vietnam. Prepaid lease payments with carrying amount of RMB 1,200 thousand had not obtained the land use right certificate.

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 borrowings

	March 31, 2014	December 31, 2013	March 31, 2013
Unsecured borrowings	\$ 458,685 (including HK\$47,500 thousand and US\$9,000 thousand)	\$ 360,184 (including RMB 18,000 thousand, HK\$47,500 thousand and US\$3,000 thousand)	\$ 735,598 (Including RMB28,000 thousand, US\$13,000 thousand and HK\$55,500 thousand)
Secured borrowings	196,598 (RMB 40,168 thousand)	294,267 (RMB 59,900 thousand)	519,150 (RMB 108,000 thousand)
	<u>\$ 655,283</u>	<u>\$ 654,451</u>	<u>\$ 1,254,748</u>

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

	March 31, 2014	December 31, 2013	March 31, 2013
Unsecured borrowings (%)	1.25-2.04	1.25-4.72	1.35-6.31
Secured borrowings (%)	5.40-6.00	5.40-6.00	5.40-6.56

b. Long-term borrowings

	March 31, 2014	December 31, 2013	March 31, 2013
Unsecured borrowings	<u>\$ 1,191,250</u>	<u>\$ 1,355,833</u>	<u>\$ 1,199,167</u>

(Continued)

	March 31, 2014	December 31, 2013	March 31, 2013
Commercial paper payable	\$ 200,000	\$ 200,000	\$ 200,000
Less: Unamortized discount	<u>435</u>	<u>434</u>	<u>504</u>
	199,565	199,566	199,496
	1,390,815	1,555,399	1,398,663
Less: Current portion	<u>515,000</u>	<u>570,833</u>	<u>642,917</u>
	<u>\$ 875,815</u>	<u>\$ 984,566</u>	<u>\$ 755,746</u>
			(Concluded)

Unsecured borrowings

	March 31, 2014	December 31, 2013	March 31, 2013
Borrowings	\$ 1,191,250	\$ 1,355,833	\$ 1,199,167
Current portion	<u>515,000</u>	<u>570,833</u>	<u>642,917</u>
Long-term borrowings	<u>\$ 676,250</u>	<u>\$ 785,000</u>	<u>\$ 556,250</u>
Interest rate P.A. (%)	1.66-2.20	1.66-2.20	1.66-2.20

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 December 31, 2013, the Company was in compliance with the above mentioned financial ratio requirements stated in the loan agreements with the banks.

Long-term commercial paper payable

Acceptance Bank	Interest Rate P.A. (%)	Credit Line	Maturity	Amount
<u>March 31, 2014</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.20	\$ 200,000	February 2016	\$ 200,000
Less: Unamortized discounts				<u>435</u>
				199,565
Less: Current portion				<u>-</u>
				<u>\$ 199,565</u>
<u>December 31, 2013</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.20	200,000	February 2016	\$ 200,000

(Continued)

Acceptance Bank	Interest Rate P.A. (%)	Credit Line	Maturity	Amount
Less: Unamortized discounts				\$ 434
				199,566
Less: Current portion				-
				<u>\$ 199,566</u>
<u>March 31, 2013</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.20	\$ 200,000	February 2016	\$ 200,000
Less: Unamortized discounts				504
				199,496
Less: Current portion				-
				<u>\$ 199,496</u>
				(Concluded)

Under the loan agreements with TC Bank, the Company should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements.

The Company 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 Company will be charged commitment fees at 1.20%, of the credit amounts. The financial ratio of the Company as of March 31, 2014 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 were from operating activities and 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, therefore, no interest was charged on the outstanding trade payables.

16. OTHER PAYABLES

	March 31, 2014	December 31, 2013	March 31, 2013
Salaries or bonus	\$ 37,585	\$ 39,059	\$ 42,199
Payable for purchase of equipment	35,636	46,715	43,625
Payable for utilities expense	7,990	8,747	8,577
Payable for professional service fees	4,716	3,586	5,674
Payable for annual leave	3,297	4,354	2,553
Payable for bonus to employees and remuneration to directors and supervisors	1,380	1,380	6,100
			(Continued)

	March 31, 2014	December 31, 2013	March 31, 2013
Others	<u>\$ 84,284</u>	<u>\$ 90,880</u>	<u>\$ 71,092</u>
	<u>\$ 174,888</u>	<u>\$ 194,721</u>	<u>\$ 179,820</u> (Concluded)

Other payables - others were payables for interests, labor and health insurance, rent payable, pension payable, payable for employee services and benefits, unpaid VAT and payable for purchase of parts.

17. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Based on the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. The foreign subsidiaries also make contributions in accordance with the local regulations, which is a defined contribution plan.

b. Defined benefit plan

Employee benefit expenses for the three months ended March 31, 2014 and 2013 were included in the following line items:

	Three Months Ended March 31	
	2014	2013
Operating cost	\$ 142	\$ 150
Marketing expenses	55	51
Administration expenses	187	205
Research and development expenses	<u>94</u>	<u>102</u>
	<u>\$ 478</u>	<u>\$ 508</u>

18. EQUITY

a. Capital Stock

	March 31, 2014	December 31, 2013	March 31, 2013
Number of shares authorized (in thousands)	<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>
Number of shares issued and fully paid (in thousands)	<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>

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

b. Capital Surplus

The capital surplus arising from shares issued in excess of par (additional paid-in capital from issuance of common shares) 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).

c. 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:

- 1) 10% as legal reserve, until its balance equals the Company's paid-in capital;
- 2) Special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge;
- 3) 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).
- 4) 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 three months ended March 31, 2014 and 2013, so no bonus to employees and remuneration to directors and supervisors were accrued for the period. 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.

The Company appropriates or reverses a special reserve in accordance with Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC on April 6, 2012 and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

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 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 shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations from the earnings of 2013 and 2012 had been proposed by the board of directors and approved in the stockholders' meetings on March 26, 2014 and June 14, 2013, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividends Per Share (NT\$)</u>	
	<u>For Fiscal Year 2013</u>	<u>For Fiscal Year 2012</u>	<u>For Fiscal Year 2013</u>	<u>For Fiscal Year 2012</u>
Legal reserve	\$ 1,472	\$ 8,494		
Cash dividends to stockholders	<u>-</u>	<u>39,468</u>	\$ -	\$ 0.23
	<u>\$ 1,472</u>	<u>\$ 47,962</u>		

	<u>Cash Dividends</u>	
	<u>For the Year Ended 2013</u>	<u>For the Year Ended 2012</u>
Bonus to employees	\$ -	\$ 4,000
Remuneration of directors and supervisors	-	2,100

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors proposed by the board of directors and approved in the shareholders' meetings on March 26, 2014 and June 14, 2013 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2013 and 2012, respectively.

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

d. 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.

e. Other Equity Items

1) Exchange differences on translating foreign operation

	<u>Three Months Ended March 31</u>	
	<u>2014</u>	<u>2013</u>
Balance at January 1	\$ 269,135	\$ 93,979
Exchange differences arising on translating the foreign operations	<u>(7,830)</u>	<u>111,522</u>
Balance at March 31	<u>\$ 261,305</u>	<u>\$ 205,501</u>

2) Unrealized gain (loss) from available for sale financial assets

	Three Months Ended March 31	
	2014	2013
Balance at January 1	\$ 777	\$ 2,321
Unrealized gain arising on revaluation of available-for-sale financial assets	(1,410)	(421)
Income tax relating to unrealized gain arising on revaluation of available-for-sale financial assets	274	106
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(787)	(2,790)
Income tax relating to the amounts reclassified to profit or loss on disposal of available-for-sale financial assets	<u>10</u>	<u>469</u>
Balance at March 31	<u>\$ (1,136)</u>	<u>\$ (315)</u>

19. CONSOLIDATED INCOME BEFORE INCOME TAX

Consolidated income before income tax was as follows:

a. Other income

	Three Months Ended March 31	
	2014	2013
Interest income	\$ 5,928	\$ 9,249
Dividend income	146	1
Others	<u>2,717</u>	<u>2,706</u>
	<u>\$ 8,791</u>	<u>\$ 11,956</u>

b. Other gains and losses

	Three Months Ended March 31	
	2014	2013
Gain (loss) on sale of investments, net	\$ 1,177	\$ 4,156
Foreign exchange gains (losses), net	5,078	(10,233)
Loss on disposal of property, plant and equipment, net	(1,015)	(718)
Valuation loss on financial instruments at fair value through profit or loss, net	(36)	(425)
Others	<u>(97)</u>	<u>(157)</u>
	<u>\$ 5,107</u>	<u>\$ (7,377)</u>

c. Finance costs

	Three Months Ended March 31	
	2014	2013
Interest expense of borrowings	\$ 12,345	\$ 18,779
Less: Amounts included in the cost of qualifying assets	<u>1,533</u>	<u>341</u>
	<u>\$ 10,812</u>	<u>\$ 18,438</u>

Information about capitalized interest was as follows:

	Three Months Ended March 31	
	2014	2013
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$1,533	\$ 341
Capitalization rate (%)	1.58-5.88	1.56-5.76

d. Depreciation and amortization

	Three Months Ended March 31	
	2014	2013
Property, plant and equipment	\$ 58,228	\$ 53,154
Prepayments for lease (current/noncurrent)	440	400
Other assets	<u>573</u>	<u>810</u>
	<u>\$ 59,241</u>	<u>\$ 54,364</u>

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

	Three Months Ended March 31	
	2014	2013
Analysis of depreciation by function		
Operating costs	\$ 46,714	\$ 40,967
Operating expenses	<u>11,514</u>	<u>12,187</u>
	<u>\$ 58,228</u>	<u>\$ 53,154</u>

Analysis of amortization by function

Operating costs	\$ 68	\$ 64
Operating expenses	<u>945</u>	<u>1,146</u>
	<u>\$ 1,013</u>	<u>\$ 1,210</u>

e. Employee benefits expense

	Three Months Ended March 31	
	2014	2013
Short-term employee benefits		
Salary	\$ 115,759	\$ 119,424
Labor and health insurance	2,229	2,177
Other	<u>3,964</u>	<u>3,651</u>
	<u>121,952</u>	<u>125,252</u>
Post-employment benefits (Note 17)		
Defined contribution plans	7,767	6,079
Defined benefit plans	<u>478</u>	<u>508</u>
	<u>8,245</u>	<u>6,587</u>
	<u>\$ 130,197</u>	<u>\$ 131,839</u>

(Continued)

	Three Months Ended March 31	
	2014	2013
Analysis of employee benefits expense by function		
Operating costs	\$ 89,833	\$ 90,196
Operating expenses	<u>40,364</u>	<u>41,643</u>
	<u>\$ 130,197</u>	<u>\$ 131,839</u>
		(Concluded)

f. Gain or loss on foreign currency exchange

	Three Months Ended March 31	
	2014	2013
Foreign exchange gains	\$ 13,032	\$ 18,398
Foreign exchange losses	<u>(7,954)</u>	<u>(28,631)</u>
	<u>\$ 5,078</u>	<u>\$ (10,233)</u>

20. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	Three Months Ended March 31	
	2014	2013
Current tax		
In respect of the current year	\$ 2,675	\$ 3,917
In respect of prior periods	<u>199</u>	<u>815</u>
	<u>2,874</u>	<u>4,732</u>
Deferred tax		
In respect of the current year	(10,155)	(5,175)
Effect of foreign currency exchange difference	<u>(1,714)</u>	<u>1,367</u>
	<u>(11,869)</u>	<u>(3,808)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ (8,995)</u>	<u>\$ 924</u>

On April 9, 2014, the Ministry of Finance promulgated the amendments to the Assessment Rules Governing Income Tax Returns of Profit-Seeking Enterprises, the Tax Ruling No. 10304540780, and the amendments apply to the filing of income tax returns for 2013 onwards. The applications of such amendments were not expected to have significant effect on current and deferred tax assets and liabilities.

b. Income tax recognized in other comprehensive income

	Three Months Ended March 31	
	2014	2013
Deferred tax		
Income tax recognized in other comprehensive income	<u>\$ 284</u>	<u>\$ 575</u>

c. Integrated income tax

	March 31, 2014	December 31, 2013	March 31, 2013
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	\$ 6,684	\$ 6,684	\$ 6,684
Unappropriated earnings generated on and after January 1, 1998	<u>313,142</u>	<u>338,244</u>	<u>366,125</u>
	<u>\$ 319,826</u>	<u>\$ 344,928</u>	<u>\$ 372,809</u>
Imputation credits accounts	<u>\$ 23,030</u>	<u>\$ 23,020</u>	<u>\$ 25,796</u>

The creditable ratios for the distribution of the earnings of 2013 and 2012 were 7.31% (estimate) and 6.76% (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. The actual imputation credits allocated to shareholders of the Company was based on the balance of the Imputation Credit Accounts (ICA) as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2013 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the stockholders.

According to legal interpretation No. 10204562810 announced by the Taxation Administration of the Ministry of Finance, when calculating the creditable ratio in the year of first - time adoption of the Regulations in preparation of the parent company only financial statements, the Company has included the adjustments to retained earnings from the effect of transition to the Regulations in the accumulated unappropriated earnings.

d. Income tax assessments

The tax returns through 2011 have been assessed by the tax authorities.

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

e. 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.

21. EARNINGS PER SHARE (EPS)

The net profit and weighted average number of ordinary shares outstanding in the computation of basic and diluted EPS were as follows:

Net loss for the period

	Three Months Ended March 31	
	2014	2013
Loss for the period attributable to owners of the Company	<u>\$ (25,102)</u>	<u>\$ (5,363)</u>

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

	Three Months Ended March 31	
	2014	2013
Weighted average number of ordinary shares in computation of basic EPS	171,598	171,598
Effect of dilutive potential ordinary shares		
Bonus to employee	<u>-</u>	<u>343</u>
Weighted average number of ordinary shares used in the computation of dilutive EPS	<u>171,598</u>	<u>171,941</u>

In consideration of the Company's future operation expansion demand, no bonus to employees and remuneration to directors and supervisors were accrued for 2013. The Company had incurred net loss for the three months ended March 31, 2014, so no bonus to employees was accrued for the period. There was no effect of dilutive potential ordinary shares for the three months ended March 31.

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

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns through the optimization of the debt and equity balance. The capital structure of the Group consists of net debt and equity of the Group. The Group is not subject to any externally imposed capital requirements, except to maintain certain financial ratios specified under loan agreements. (Refer to Note 14)

Key management personnel of the Group review the capital structure on a quarterly basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders or the levels of debt and current assets.

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.

	<u>March 31, 2014</u>		<u>December 31, 2012</u>		<u>March 31, 2013</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Financial liabilities</u>						
Financial liabilities measured at amortized cost						
Long-term borrowings (including current portion)	\$ 1,390,815	\$ 1,361,689	\$ 1,555,399	\$ 1,523,480	\$ 1,398,663	\$ 1,366,523

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).

March 31, 2014

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 10,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,291</u>
Financial assets held for trading				
Copper futures contracts	<u>\$ 450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450</u>
Financial liabilities held for trading				
Nickel futures contracts	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Domestic quoted stocks	\$ 64,648	\$ -	\$ -	\$ 64,648
Overseas quoted stocks	13,540	-	-	13,540
Domestic mutual funds	6,499	-	-	6,499
Overseas mutual funds	<u>10,537</u>	<u>-</u>	<u>-</u>	<u>10,537</u>
	<u>\$ 95,224</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,224</u>

(Concluded)

December 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 12,020</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,020</u>
Financial assets held for trading				
Nickel futures contracts	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 272</u>
Financial liabilities held for trading				
Copper futures contracts	<u>\$ 314</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 314</u>
Available-for-sale financial assets				
Domestic quoted stocks	\$ 30,140	\$ -	\$ -	\$ 30,140
Overseas quoted stocks	8,791	-	-	8,791
Domestic mutual funds	951	-	-	951
Overseas mutual funds	<u>3,068</u>	<u>-</u>	<u>-</u>	<u>3,068</u>
	<u>\$ 42,950</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,950</u>

March 31, 2013

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 3,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,295</u>
Financial assets held for trading				
Gold passbook	<u>\$ 29,601</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,601</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Available for sale financial assets				
Domestic quoted stocks	\$ 59,529	\$ -	\$ -	\$ 59,529
Overseas quoted stock	16,899	-	-	16,899
Domestic mutual funds	<u>1,049</u>	<u>-</u>	<u>-</u>	<u>1,049</u>
	<u>\$ 77,477</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 77,477</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

- a) 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.
- b) 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 fair values of forward exchange contracts were calculated using quoted prices and yields quoted rate during the derivation of the curve with the contractual maturity. 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

	March 31, 2014	December 31, 2013	March 31, 2013
<u>Financial assets</u>			
Fair value through profit or loss			
Designated as at FVTPL	\$ 10,291	\$ 12,020	\$ 3,295
Held for trading	450	272	29,601
Loans and receivables (Note 1)	2,839,557	3,167,622	3,808,214
Available-for-sale financial assets	95,224	42,950	77,477
<u>Financial liabilities</u>			
Held for trading	35	314	-
Amortized cost (Note 2)	2,819,379	2,853,007	3,433,003

Note 1: The balances included in 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 in financial liabilities measured at amortized cost, which comprise short-term borrowings, notes and accounts payable, other payables, and long-term borrowings (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 (a) below) and interest rates (see (b) 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 20.29% 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 at the end of the reporting period were as follows.

	March 31, 2014	December 31, 2013	March 31, 2013
Assets			
USD	\$ 555,428	\$ 747,566	\$ 749,474
HKD	715,754	195,604	222,165
JPY	11,016	16,125	23,729
CAD	794	806	43,396
GBP	882	856	23,430
Liabilities			
USD	366,594	305,516	431,204
HKD	204,182	187,218	223,242
JPY	136	261	-

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

	March 31, 2014	December 31, 2013	March 31, 2013
Assets			
USD	\$ 450	\$ 272	\$ -
Liabilities			
USD	35	314	-

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>Three Months</u>		<u>Three Months</u>		<u>Three Months</u>		<u>Three Months</u>		<u>Three Months</u>	
	<u>Ended March 31</u>		<u>Ended March 31</u>		<u>Ended March 31</u>		<u>Ended March 31</u>		<u>Ended March 31</u>	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Profit or loss	\$ 1,888	\$ 3,183	\$ 5,116	\$ (11)	\$ 109	\$ 237	\$ 8	\$ 434	\$ 9	\$ 234

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:

	March 31, 2014	December 31, 2013	March 31, 2013
Fair value interest rate risk			
Financial assets	\$ 889,552	\$ 953,454	\$ 1,512,444
Financial liabilities	1,861,098	1,815,398	2,566,886
Cash flow interest rate risk			
Financial assets	797,211	836,871	1,076,450
Financial liabilities	185,000	394,452	86,525

Sensitivity analysis

The sensitivity analyses 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 three months ended March 31, 2014 and 2013 would have been

higher/lower by \$1,530 thousand and \$2,475 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in gold passbook, futures contracts, mutual funds and listed shares. 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 contracts 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 analyses 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 three months ended March 31, 2014 would have been higher/lower by \$107 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the three months ended March 31, 2014 would have been higher/lower by \$952 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 three months ended March 31, 2013 would have been higher/lower by \$329 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the three months ended March 31, 2013 would have been higher/lower by \$775 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 10% 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 funding and liquidity management requirements.

As of March 31, 2014, December 31, 2013 and March 31, 2013, information for the Group's unused credit line was shown below in c).

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

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 from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment date.

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
<u>March 31, 2014</u>					
Fixed interest rate liabilities	1.25-6.00	\$ 170,803	\$ 179,260	\$ 780,788	\$ 768,896
Variable interest rate liabilities	2.00-2.20	504	658	67,477	122,157
Non-interest bearing		330,044	281,236	23,384	-
<u>December 31, 2013</u>					
Fixed interest rate liabilities	1.25-6.00	271,697	346,897	494,856	837,378
Variable interest rate liabilities	2.00-4.72	583	26,714	117,240	162,876
Non-interest bearing		288,593	191,960	15,451	313
<u>March 31, 2013</u>					
Fixed interest rate liabilities	1.35-6.56	347,161	554,974	945,852	763,331
Variable interest rate liabilities	4.89	1,058	87,309	-	-
Non-interest bearing		332,263	268,305	43,414	22

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 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.

b) Liquidity and interest risk rate tables for derivative financial liabilities

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.

March 31, 2014

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Futures					
Inflows	\$ -	\$ 450	\$ -	\$ -	\$ -
Outflows	\$ -	\$ (35)	\$ -	\$ -	\$ -

December 31, 2013

<u>Net settled</u>	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Futures					
Inflows	\$ -	\$ 272	\$ -	\$ -	\$ -
Outflows	\$ -	\$ (314)	\$ -	\$ -	\$ -

The Group's futures contracts are traded on margin with security deposits paid before trading. The Group has established procedures for daily evaluation of outstanding futures contracts. If additional security deposits will be required in the future, the Group's capital is sufficient. So the Group has no funding risk, and cash flow risk is very low.

c) Financing facilities

	March 31, 2014	December 31, 2013	March 31, 2013
Secured bank borrowings facility			
Amount used	\$ 196,598	\$ 294,267	\$ 519,151
Amount unused	<u>527,765</u>	<u>432,803</u>	<u>96,139</u>
	<u>\$ 724,363</u>	<u>\$ 727,070</u>	<u>\$ 615,290</u>
Unsecured bank borrowings facility			
Amount used	\$ 2,294,749	\$ 2,745,185	\$ 2,560,598
Amount unused	<u>2,391,542</u>	<u>2,270,567</u>	<u>1,643,668</u>
	<u>\$ 4,686,291</u>	<u>\$ 5,015,752</u>	<u>\$ 4,204,266</u>

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:

	Three Months Ended March 31	
	2014	2013
Short-term benefits (including salary and bonuses)	\$ 3,158	\$ 3,938
Post-employment benefits	<u>65</u>	<u>79</u>
	<u>\$ 3,223</u>	<u>\$ 4,017</u>

The remuneration of directors 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 March 31, 2014 and 2013 were both \$457 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 dormitory from director Yu Feng Investment Company under one-year operating lease contracts. The rentals for the three months ended March 31, 2014 and 2013 were \$36 thousand, which were recorded as operating expenses.

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

25. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

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

	March 31, 2014	December 31, 2013	March 31, 2013
Property, plant and equipment - buildings	\$ 204,522	\$ 395,862	\$ 406,783
Deposit account (under debt investments with no active market-current)	98,376	77,423	95,610
Prepaid rental (under other current assets)	<u>19,800</u>	<u>30,163</u>	<u>30,112</u>
	<u>\$ 322,698</u>	<u>\$ 503,448</u>	<u>\$ 532,505</u>

26. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

In addition to those disclosed in Note 14, significant commitments and contingencies of the Group as of March 31, 2014, the amounts of contracts for the Group's purchases of properties and materials were \$343,487 thousand, of which \$248,524 thousand had not been paid.

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

The significant financial assets, financial liabilities and derivative contracts denominated in foreign currencies were as follows (in thousands of foreign currency, except exchange rate):

	Foreign Currencies	Exchange Rate	Carrying Amount
March 31, 2014			
Financial assets			
Monetary items			
USD	\$ 18,232	30.465	\$ 555,428
HKD	182,172	3.929	715,754
JPY	37,228	0.2959	11,016
GBP	17	50.686	882
CAD	29	27.540	794
Nonmonetary items			
USD	359	30.465	10,952
HKD	6,376	3.929	25,053
Financial liabilities			
Monetary items			
USD	12,033	30.465	366,594
HKD	51,966	3.929	204,182
JPY	460	0.2959	136
Nonmonetary items			
USD	1	30.465	35

December 31, 2013			
Financial assets			
Monetary items			
USD	25,111	29.770	747,566
HKD	50,925	3.841	195,604
JPY	56,857	0.2836	16,125
GBP	17	49.213	856
CAD	29	27.966	806
Nonmonetary items			
USD	472	29.770	14,037
HKD	2,633	3.841	10,114
Financial liabilities			
Monetary items			
USD	10,263	29.770	305,516
HKD	48,741	3.841	187,218
JPY	920	0.2836	261
Nonmonetary items			
USD	11	29.770	314

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
March 31, 2013			
Financial assets			
Monetary items			
USD	\$ 25,133	29.820	\$ 749,474
HKD	57,795	3.844	222,165
GBP	517	45.292	23,430
JPY	74,832	0.3171	23,729
CAD	1,478	29.350	43,396
Nonmonetary items			
USD	111	29.820	3,295
HKD	4,397	3.844	16,900
Financial liabilities			
Monetary items			
USD	14,840	29.820	431,204
HKD	58,075	3.844	223,242
			(Concluded)

28. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investments:

- 1) Financing provided: Table 1 (attached).
- 2) Endorsement/guarantee provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries): Table 2 (attached).
- 4) Marketable securities acquired and disposed at cost or price at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to 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) Trading in derivative instruments: Please see Note 7.
- 10) Information on investees: Table 5 (attached).

b. Information on 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, ownership percentage, net income of investees, investment income 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 three months ended March 31, 2014 and 2013: 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>Three months ended March 31, 2014</u>					
Revenue generated from third parties	\$ 477,637	\$ 324,020	\$ 51,213	\$ 62	\$ 852,932
Revenue generated from the Company and subsidiaries	<u>12,089</u>	<u>99,802</u>	<u>24,458</u>	<u>(136,349)</u>	<u>-</u>
Segment revenues	<u>\$ 489,726</u>	<u>\$ 423,822</u>	<u>\$ 75,671</u>	<u>\$ (136,287)</u>	<u>\$ 852,932</u>
Total segment income (loss)	<u>\$ (31,920)</u>	<u>\$ (25,885)</u>	<u>\$ (1,272)</u>	<u>\$ 21,894</u>	\$ (37,183)
Other income					8,791
Other gains and losses					5,107
Finance cost					<u>(10,812)</u>
Net loss of operating units (pretax)					(34,097)
Income tax					<u>(8,995)</u>
Consolidated net loss					<u>\$ (25,102)</u>
Total segment assets before investments	\$ 4,474,652	\$ 2,481,189	\$ 3,345,290	\$ (4,396,553)	\$ 5,904,578
Investments accounted for by the equity method	<u>1,989,772</u>	<u>-</u>	<u>-</u>	<u>(1,989,772)</u>	<u>-</u>
Total segment assets	<u>\$ 6,464,424</u>	<u>\$ 2,481,189</u>	<u>\$ 3,345,290</u>	<u>\$ (6,386,325)</u>	<u>\$ 5,904,578</u>
Total segment liabilities	<u>\$ 2,488,559</u>	<u>\$ 494,846</u>	<u>\$ 160,812</u>	<u>\$ (134,207)</u>	<u>\$ 3,010,010</u>
<u>Three months ended March 31, 2013</u>					
Revenue generated from third parties	\$ 471,879	\$ 350,852	\$ 77,728	\$ 81	\$ 900,540
Revenue generated from the Company and subsidiaries	<u>29,558</u>	<u>108,130</u>	<u>14,213</u>	<u>(151,901)</u>	<u>-</u>
Segment revenues	<u>\$ 501,437</u>	<u>\$ 458,982</u>	<u>\$ 91,941</u>	<u>\$ (151,820)</u>	<u>\$ 900,540</u>
Total segment income (loss)	<u>\$ (5,818)</u>	<u>\$ 41,223</u>	<u>\$ (430)</u>	<u>\$ (25,555)</u>	\$ 9,420
Other income					11,956
Other gains and losses					(7,377)
Finance cost					<u>(18,438)</u>
Net loss of operating units (pretax)					(4,439)
Income tax					<u>(924)</u>
Consolidated net loss					<u>\$ (5,363)</u>
Total segment assets before investments	\$ 4,814,380	\$ 2,732,938	\$ 3,265,412	\$ (4,319,304)	\$ 6,493,426
Investments accounted for by the equity method	<u>1,843,885</u>	<u>-</u>	<u>-</u>	<u>(1,843,885)</u>	<u>-</u>
Total segment assets	<u>\$ 6,658,265</u>	<u>\$ 2,732,938</u>	<u>\$ 3,265,412</u>	<u>\$ (6,163,189)</u>	<u>\$ 6,493,426</u>
Total segment liabilities	<u>\$ 2,745,495</u>	<u>\$ 816,236</u>	<u>\$ 270,169</u>	<u>\$ (222,548)</u>	<u>\$ 3,609,352</u>

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED

FOR THE THREE MONTHS ENDED MARCH 31, 2014

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

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Parties	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")	Vibo	Other receivables - related parties	Yes	\$ 151,500 (US\$ 5,000 thousand)	\$ -	2.80	Short-term financing	\$ -	Operating capital	\$ -	\$ -	\$ -	\$ 578,914 (Note 1)	\$ 1,157,827 (Note 1)
		Vibo	Other receivables - related parties	Yes	60,930 (US\$ 2,000 thousand)	60,930 (US\$ 2,000 thousand) (Note 3)	2.80	Short-term financing	-	Operating capital	-	-	-	578,914 (Note 1)	1,157,827 (Note 1)
1	Vibo	GEM (Dongguan)	Other receivables - related parties	Yes	151,500 (US\$ 5,000 thousand)	-	2.80	Short-term financing	-	Operating capital	-	-	-	589,814 (Note 1)	1,179,628 (Note 1)
		GEM (Dongguan)	Other receivables - related parties	Yes	91,395 (US\$ 3,000 thousand)	91,395 (US\$ 3,000 thousand) (Note 3)	2.80	Short-term financing	-	Operating capital	-	-	-	589,814 (Note 1)	1,179,628 (Note 1)
2	Global (Cayman)	Global (HK)	Other receivables - related parties	Yes	12,186 (US\$ 400 thousand)	12,186 (US\$ 400 thousand) (Note 4)	2.00	Short-term financing	-	Operating capital	-	-	-	593,850 (Note 1)	1,187,700 (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 March 31, 2014 were US\$1.0000: NT\$30.465.

Note 3: The amount that had been used as of March 31, 2014.

Note 4: The amount that had been used as of March 31, 2014 was \$12,186 thousand (US\$400 thousand).

Note 5: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2014

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2014				Note	
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value		
GEM Terminal Ind. Co., Ltd. (the "Company")	<u>Callable preferred stock with interest</u>								
	Goldman Sachs Gp \$25 Par Senior Notes 6.5% Due 11/1/2061		Financial assets designated as at fair value through profit or loss - current	5,000	\$ 4,067	-	\$ 4,067		
	Roy Bk Scotland Grp Plc Ser T 07.25% perpetual		Financial assets designated as at fair value through profit or loss - current	4,000	3,036	-	3,036		
	USD Standard Chart Reg S 9.5% Perpetual		Financial assets designated as at fair value through profit or loss - current	1,000	3,188	-	3,188		
					<u>\$ 10,291</u>		<u>\$ 10,291</u>		
	<u>Stock</u>								
	Mega Financial Holding Company Ltd.		Available-for-sale financial assets - current	510,796	\$ 12,055	-	\$ 12,055		
	Wistron Corporation		Available-for-sale financial assets - current	390,000	9,769	-	9,769		
	Cathay Financial Holding Co., Ltd.		Available-for-sale financial assets - current	191,693	8,511	-	8,511		
	Fubon Financial Holding Co., Ltd.		Available-for-sale financial assets - current	175,000	7,227	-	7,227		
	Taishin Financial Holding Co., Ltd.		Available-for-sale financial assets - current	515,672	7,116	-	7,116		
	Cheng Shin Rubber Ind. Co., Ltd.		Available-for-sale financial assets - current	81,000	7,039	-	7,039		
	Sing Kong Financial Holding Co., Ltd.		Available-for-sale financial assets - current	670,248	6,448	-	6,448		
	Chinatrust Financial Holding Company Ltd.		Available-for-sale financial assets - current	150,000	2,857	-	2,857		
	Foxconn Technology Co., Ltd.		Available-for-sale financial assets - current	15,000	1,077	-	1,077		
	Taiwan Cooperative Holdings Co., Ltd.		Available-for-sale financial assets - current	60,000	978	-	978		
	Hua Eng Wrie & Cable Co., Ltd.		Available-for-sale financial assets - current	80,000	932	-	932		
	First Financial Holding Co., Ltd.		Available-for-sale financial assets - current	20,000	362	-	362		
	Hon Hai Precision Ind. Co., Ltd.		Available-for-sale financial assets - current	2,000	173	-	173		
	Pegaton Corporation		Available-for-sale financial assets - current	2,000	91	-	91		
	Chang Hwa Bank		Available-for-sale financial assets - current	700	13	-	13		
	China Mobile Ltd.		Available-for-sale financial assets - current	25,000	6,974	-	6,974		
	Geely Holding Group		Available-for-sale financial assets - current	305,000	3,655	-	3,655		
	Daphne International Holdings Ltd.		Available-for-sale financial assets - current	120,000	1,490	-	1,490		
	Uni-President China Holdings		Available-for-sale financial assets - current	20,000	513	-	513		
	Foxconn International Holdings		Available-for-sale financial assets - current	20,000	336	-	336		
	Glencore International Plc		Available-for-sale financial assets - current	1,900	303	-	303		
Lenovo Group		Available-for-sale financial assets - current	8,000	269	-	269			
				<u>\$ 78,188</u>	-	<u>\$ 78,188</u>			

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2014				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
	Beneficial certificate							
	Boci Prudential AM WISE - CSI 300 China		Available-for-sale financial assets - current	555,000	\$ 6,499	-	\$ 6,499	
	Prudential AM WISE-CSI 300 China		Available-for-sale financial assets - current	53,200	4,609	-	4,609	
	Morgan Stanley China A Sh Fd Inc Equity 100%		Available-for-sale financial assets - current	1,000	663	-	663	
	Ishares Asia Trust ETF UNITS		Available-for-sale financial assets - current	147,200	4,789	-	4,789	
	Hang Seng H-Share Index Etf		Available-for-sale financial assets - current	1,200	476	-	476	
					<u>\$ 17,036</u>		<u>\$ 17,036</u>	

(Concluded)

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 FOR THE THREE MONTHS ENDED MARCH 31, 2014
(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	\$ 124,668 (HK\$31,949 thousand) (Note 1)	41	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	\$ 167,107 (HK\$42,532 thousand) (Note 2)	45	Note 3
GEM Terminal Ind. Co., Ltd. (the "Company")	Genius (HK)	Subsidiary	Purchases	(124,668) (HK\$-31,949 thousand) (Note 1)	(73)	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	(167,107) (HK\$-42,532 thousand) (Note 2)	(84)	Note 3
GEM (Dongguan)	Genius (HK)	Affiliate	Sales	292,480 (HK\$57,116 thousand and US\$2,264 thousand) (Note 1)	70	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	80,390 (HK\$15,738 thousand and US\$641 thousand) (Note 2)	34	Note 3
Genius (HK)	GEM (Dongguan)	Affiliate	Purchases	(292,480) (HK\$-57,116 thousand and US\$-2,264 thousand) (Note 1)	(95)	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	(80,390) (HK\$-15,738 thousand and US\$-641 thousand) (Note 2)	(86)	Note 3

Note 1: The average conversion rates for the three months ended March 31, 2014 were HK\$1.0000: NT\$3.9021 and US\$1.0000: NT\$30.2602.

Note 2: The conversion rates on March 31, 2014 were HK\$1.000: NT\$3.929; and US\$1.000: NT\$30.465.

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

MARCH 31, 2014

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

Company Name	Related Party	Nature of Relationship	Ending Balance (Notes 1 and 2)	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	\$167,107 (HK\$42,532 thousand)	3.01	\$ -	-	\$ 38,809	\$ -

Note 1: The conversion rates on March 31, 2014 were HK\$1.0000: NT\$3.929 and US\$1.0000: NT\$30.465.

Note 2: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2014

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2014			Net Income (Loss) of the Investee	Share of profit (Loss)	Earnings Appropriation		Note
				March 31, 2014 (Foreign Currencies in Thousands)	December 31, 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	\$ 1,295,208 (US\$ 40,137)	\$ 1,295,208 (US\$ 40,137)	40,137,184	100	\$ 2,868,033	\$ (26,373)	\$ (26,373)	\$ -	\$ -	Note 2
	Genius Terminal	British Virgin Islands	International investment and trading, etc.	23,282 (US\$ 750)	23,282 (US\$ 750)	750,000	100	72,565	(2,830)	(2,830)	-	-	Note 2
	GEM Terminal (Cayman)	Grand Cayman, Cayman Islands	International investment	134,122 (US\$ 4,510)	118,957 (US\$ 4,010)	4,510,000	100	129,740	(1,004)	(1,004)	-	-	Note 2
								<u>\$ 3,070,338</u>	<u>\$ (30,207)</u>	<u>\$ (30,207)</u>			
Genius Terminal	Genius (HK)	Hong Kong	International trading	90,134 (HK\$ 22,000)	90,134 (HK\$ 22,000)	21,999,998	100	<u>\$ 88,601</u>	<u>\$ (2,838)</u>	<u>\$ (2,838)</u>	-	-	Note 2
Global (Cayman)	Vibo	Hong Kong	Investment and trading	1,541,063 (HK\$ 359,973)	1,541,063 (HK\$ 359,973)	359,972,616	100	\$ 2,949,071	\$ (26,069)	\$ (26,069)	-	-	Note 2
	Global (HK)	Hong Kong	International trading	3,747 (HK\$ 1,000)	3,747 (HK\$ 1,000)	1,000,000	100	5,304	(807)	(807)	-	-	Note 2
								<u>\$ 2,954,375</u>	<u>\$ (26,876)</u>	<u>\$ (26,876)</u>			
GEM Terminal (Cayman)	Rui Zhan Hardware VN	Vietnam	Production of hardware; machine processing; electroplating for hardware processing; production and processing of molds and related accessories; plastic products and related plastic accessory production;	131,518 (US\$ 4,410)	86,076 (US\$ 2,910)	-	100	<u>\$ 129,433</u>	<u>\$ (877)</u>	<u>\$ (877)</u>	-	-	Note 2
Vibo	You Mao	Hong Kong	International trading	Note1	Note1	-	100	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	Note 2

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 INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2014

(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 Outward Remittance for Investment from Taiwan as of January 1, 2014	Investment Flows		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2014	Net Loss of the Investee	% of Ownership of Direct or Indirect Investment	Investment Loss (Note 2)	Carrying Amount as of March 31, 2014 (Notes 1 and 2)	Accumulated Repatriation of Investment Income as of March 31, 2014
					Outward	Inward						
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).	\$ 829,456 (RMB 169,467)	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	\$ 452,130 (US\$ 14,159 thousand)	\$ -	\$ -	\$ 452,130 (US\$ 14,159 thousand)	\$ (6,494)	100	\$ (6,494) (US\$ -215 thousand)	\$ 991,965 (US\$ 32,561 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.	1,226,948 (RMB 250,679)	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	741,320 (US\$ 23,000 thousand)	-	-	741,320 (US\$ 23,000 thousand)	(19,332)	100	(19,332) (US\$ -639 thousand)	1,986,343 (US\$ 65,201 thousand)	-
							\$ 1,193,450 (US\$ 37,159 thousand)					

Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2014	Investment Amounts Authorized by Investment Commission, MOEA (Note 1)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
\$1,193,450 (US\$37,159 thousand)	\$1,727,365 (US\$56,700 thousand)	\$1,736,741

Note 1: The conversion rates on March 31, 2014 were RMB1.0000: NT\$4.8945 and US\$1.0000: NT\$30.465.

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 THREE MONTHS ENDED MARCH 31, 2014

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

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	\$ 9,624	Payment terms are four months, no comparable transactions	1	Note 1
		Genius (HK)	1	Property, plant and equipment for sale - current	7,508	Payment terms are four months, no comparable transactions	1	Note 1
		Genius (HK)	1	Other receivable	7,613	Payment terms are four months, no comparable transactions	-	Note 1
		Genius (HK)	1	Accounts receivable	4,795	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Sales	4,468	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	1	Property, plant and equipment for sale - current	11,144	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	1	Expense of patent right	718	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	1	Property, plant and equipment for sale - current	12,661	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	1	Other receivable	7,641	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	1	Sales	5,607	Payment terms are four months, no comparable transactions	1	Note 1
		Global (HK)	1	Property, plant and equipment for sale - current	3,807	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	1	Other receivable	13,876	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	1	Accounts receivable	4,051	Payment terms are four months, no comparable transactions	-	Note 1
1	GEM (Dongguan)	Genius (HK)	3	Sales	292,480	Payment terms are four months, no comparable transactions	34	Note 1
		Genius (HK)	3	Accounts receivable	80,390	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	3	Sales	2,014	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Accounts receivable	3,258	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Sales	33	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Accounts receivable	33	Payment terms are four months, no comparable transactions	-	Note 1
2	Genius (HK)	GEM Terminal	2	Sales	124,668	Payment terms are four months, no comparable transactions	15	Note 1
		GEM Terminal	2	Accounts receivable	167,107	Payment terms are four months, no comparable transactions	3	Note 1
		GEM Terminal	2	Other receivable	19,522	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Sales	17,443	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Dongguan)	3	Accounts receivable	12,128	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Other receivable	415	Payment terms are four months, no comparable transactions	-	Note 1
3	Global (HK)	GEM Terminal	2	Sales	14,904	Payment terms are four months, no comparable transactions	2	Note 1
		GEM Terminal	2	Accounts receivable	1,668	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Sales	9,554	Payment terms are four months, no comparable transactions	1	Note 1
4	GEM (Suzhou)	GEM Terminal	2	Sales	4,100	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Accounts receivable	4,062	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	3	Sales	66,391	Payment terms are four months, no comparable transactions	8	Note 1
		Global (HK)	3	Accounts receivable	39,582	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Sales	29,311	Payment terms are four months, no comparable transactions	3	Note 1
		GEM (Dongguan)	3	Accounts receivable	50,352	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Property, plant and equipment	540	Payment terms are four months, no comparable transactions	-	Note 1

(Concluded)

Note 1: It was eliminated on consolidation.

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