

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2013 and 2012 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

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

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

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

May 10, 2013

Notice to Readers

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

For the convenience of readers, the independent accountants' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent accountants' review report and consolidated financial statements shall prevail.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2013, DECEMBER 31, 2012, MARCH 31, 2012 AND JANUARY 1, 2012

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

(Reviewed, Not Audited)

ASSETS	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012		LIABILITIES AND EQUITY	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS									CURRENT LIABILITIES								
Cash and cash equivalents (Notes 4, 6 and 23)	\$ 2,276,311	35	\$ 2,504,000	39	\$ 1,420,424	26	\$ 1,522,013	28	Short-term loans (Notes 14, 23 and 25)	\$ 1,254,748	19	\$ 1,386,144	22	\$ 535,305	10	\$ 709,269	13
Financial assets at fair value through profit or loss - current (Notes 4, 5, 7 and 23)	32,896	1	110,404	2	39,794	1	37,395	1	Financial liabilities at fair value through profit or loss - current (Notes 4, 5, 7 and 23)	-	-	-	-	-	-	1,499	-
Available-for-sale financial assets - current (Notes 4, 5, 8 and 23)	77,477	1	28,012	1	-	-	27,620	-	Notes payable (Notes 15 and 23)	120,737	2	21,412	-	25,157	-	31,039	1
Debt investments with no active market - current (Notes 4, 6, 9, 23 and 25)	313,742	5	219,089	3	202,969	4	23,356	-	Accounts payable (Notes 15 and 23)	479,035	8	431,829	7	371,605	7	335,212	6
Notes receivable (Notes 4, 10 and 23)	184,952	3	171,259	3	160,375	3	146,019	3	Other payables (Notes 16 and 23)	179,820	3	175,949	3	199,247	4	217,333	4
Accounts receivable, net (Notes 4, 5, 10 and 23)	989,892	15	1,040,107	16	999,589	19	1,252,464	23	Current tax liability (Note 4)	5,807	-	9,841	-	6,029	-	25,315	-
Tax refundable	5,533	-	2,285	-	6,335	-	15,551	-	Provisions (Notes 4 and 5)	9,459	-	35	-	147	-	-	-
Other receivables (Notes 4 and 23)	26,850	-	22,196	-	10,572	-	19,625	-	Long-term debts - current portion (Notes 14, 23 and 25)	642,917	10	706,490	11	582,005	11	365,074	7
Current tax asset	-	-	2,185	-	-	-	-	-	Other current liabilities (Note 2)	2,666	-	2,890	-	3,692	-	4,351	-
Inventories (Notes 4, 5 and 11)	636,667	10	438,841	7	620,494	11	512,766	9	Total current liabilities	2,695,189	42	2,734,590	43	1,723,187	32	1,689,092	31
Refundable deposits - current (Notes 4 and 23)	374	-	1,807	-	34,070	1	33,436	1	NONCURRENT LIABILITIES								
Other current assets (Notes 13 and 25)	91,204	1	75,571	1	164,073	3	82,542	2	Long-term debts (Notes 14, 23 and 25)	755,746	12	720,833	11	636,667	12	702,465	13
Total current assets	4,635,898	71	4,615,756	72	3,658,695	68	3,672,787	67	Accrued pension liabilities (Notes 4, 5 and 17)	85,363	1	85,458	1	85,388	1	85,388	1
NONCURRENT ASSETS									Deferred income tax liabilities - noncurrent (Notes 4, 5 and 20)	73,054	1	70,432	1	63,273	1	61,008	1
Property, plant and equipment (Notes 4, 5, 12, 25 and 26)	1,595,426	25	1,561,761	25	1,570,962	29	1,633,152	30	Total noncurrent liabilities	914,163	14	876,723	13	785,328	14	848,861	15
Deferred income tax assets - noncurrent (Notes 4, 5 and 20)	59,235	1	53,397	1	43,434	1	44,932	1	Total liabilities	3,609,352	56	3,611,313	56	2,508,515	46	2,537,953	46
Prepayments for equipment (Note 26)	108,430	2	83,427	1	50,178	1	30,526	1	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Note 18)								
Refundable deposits - noncurrent (Notes 4 and 23)	16,093	-	1,732	-	2,855	-	2,895	-	Capital stock	1,715,980	26	1,715,980	27	1,715,980	32	1,715,980	31
Long-term prepaid rent (Notes 13 and 25)	68,997	1	67,034	1	76,155	1	78,627	1	Capital surplus - additional paid-in capital	270,187	4	270,187	4	270,187	5	270,187	5
Other noncurrent assets (Note 10)	9,347	-	8,757	-	9,718	-	10,619	-	Retained earnings	692,721	11	698,084	11	781,812	14	748,509	14
Total noncurrent assets	1,857,528	29	1,776,108	28	1,753,302	32	1,800,751	33	Others	205,186	3	96,300	2	135,503	3	200,909	4
TOTAL	\$ 6,493,426	100	\$ 6,391,864	100	\$ 5,411,997	100	\$ 5,473,538	100	Total equity	2,884,074	44	2,780,551	44	2,903,482	54	2,935,585	54
									TOTAL	\$ 6,493,426	100	\$ 6,391,864	100	\$ 5,411,997	100	\$ 5,473,538	100

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME THREE MONTHS ENDED MARCH 31, 2013 AND 2012 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	2013		2012	
	Amount	%	Amount	%
GROSS OPERATING REVENUE (Note 4)	\$ 900,554	100	\$ 912,177	100
LESS: SALES RETURNS	13	-	67	-
SALES ALLOWANCES	<u>1</u>	<u>-</u>	<u>106</u>	<u>-</u>
OPERATING REVENUE, NET	900,540	100	912,004	100
OPERATING COSTS (Notes 4,11, 19 and 24)	<u>800,572</u>	<u>89</u>	<u>756,599</u>	<u>83</u>
GROSS PROFIT	<u>99,968</u>	<u>11</u>	<u>155,405</u>	<u>17</u>
OPERATING EXPENSES (Notes 4, 19 and 24)				
Marketing	30,556	4	36,348	4
General and administrative	48,296	5	50,234	5
Research and development	<u>11,696</u>	<u>1</u>	<u>6,447</u>	<u>1</u>
Total operating expenses	<u>90,548</u>	<u>10</u>	<u>93,029</u>	<u>10</u>
OPERATING INCOME	<u>9,420</u>	<u>1</u>	<u>62,376</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Notes 4, 7 and 19)				
Other income	11,956	2	6,919	1
Other gains and losses	(7,377)	(1)	(5,542)	(1)
Financial costs	<u>(18,438)</u>	<u>(2)</u>	<u>(8,515)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>(13,859)</u>	<u>(1)</u>	<u>(7,138)</u>	<u>(1)</u>
CONSOLIDATED INCOME (LOSS) BEFORE INCOME TAX	(4,439)	-	55,238	6
INCOME TAX EXPENSE (Notes 4 and 20)	<u>924</u>	<u>-</u>	<u>21,935</u>	<u>3</u>
CONSOLIDATED NET INCOME (LOSS)	<u>(5,363)</u>	<u>-</u>	<u>33,303</u>	<u>3</u>
OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX (Note 4 and 18)				
Exchange differences arising on translation of foreign operations	111,522	12	(67,402)	(7)

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME THREE MONTHS ENDED MARCH 31, 2013 AND 2012 (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	2013		2012	
	Amount	%	Amount	%
Unrealized gain (loss) on available-for-sale financial assets	\$ (3,211)	-	\$ 2,176	-
Income tax benefit (expense) relating to components of other comprehensive income	<u>575</u>	<u>-</u>	<u>(180)</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>108,886</u>	<u>12</u>	<u>(65,406)</u>	<u>(7)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 103,523</u>	<u>12</u>	<u>\$ (32,103)</u>	<u>(4)</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	<u>\$ (5,363)</u>	<u>(1)</u>	<u>\$ 33,303</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent	<u>\$ 103,523</u>	<u>12</u>	<u>\$ (32,103)</u>	<u>(4)</u>
			2013	2012
			Income Attributable to Shareholders of the Parent	
EARNINGS PER SHARE (New Taiwan dollars, Note 21)				
Basic earnings per share			<u>\$ (0.03)</u>	<u>\$ 0.19</u>
Diluted earnings per share			<u>\$ (0.03)</u>	<u>\$ 0.19</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
THREE MONTHS ENDED MARCH 31, 2013 AND 2012
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)**

	Equity Attributable to Shareholders of the Parent						Others		Total Equity
	Capital Stock - Common Stock	Capital Surplus- Share Issuance in Excess of Par	Retained Earnings			Unrealized Gain (loss) from Available-for- -sale Financial Assets	Foreign Currency Translation Reserve	Total	
			Legal Capital Reserve	Unappropriated Earnings	Total				
BALANCE, JANUARY 1, 2012	\$ 1,715,980	\$ 270,187	\$ 301,382	\$ 447,127	\$ 748,509	\$ (1,996)	\$ 202,905	\$ 200,909	\$ 2,935,585
Net income for the three months ended March 31, 2012	-	-	-	33,303	33,303	-	-	-	33,303
Other comprehensive income (loss) for the three months ended March 31, 2012, net of income tax	-	-	-	-	-	1,996	(67,402)	(65,406)	(65,406)
Total comprehensive income (loss) for the three months ended March 31, 2012	-	-	-	33,303	33,303	1,996	(67,402)	(65,406)	(32,103)
BALANCE, MARCH 31, 2012	<u>\$ 1,715,980</u>	<u>\$ 270,187</u>	<u>\$ 301,382</u>	<u>\$ 480,430</u>	<u>\$ 781,812</u>	<u>\$ -</u>	<u>\$ 135,503</u>	<u>\$ 135,503</u>	<u>\$ 2,903,482</u>
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	<u>\$ 1,715,980</u>	<u>\$ 270,187</u>	<u>\$ 319,912</u>	<u>\$ 372,809</u>	<u>\$ 692,721</u>	<u>\$ (315)</u>	<u>\$ 205,501</u>	<u>\$ 205,186</u>	<u>\$ 2,884,074</u>

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2013 AND 2012 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	\$ (4,439)	\$ 55,238
Adjustments for:		
Depreciation expense	53,154	48,193
Amortization expense	1,210	1,153
Allowance (reversal of allowance) for doubtful accounts	(245)	(1,691)
Valuation loss (gain) on financial instruments, net	425	(6,161)
Interest expense	18,438	8,515
Interest income	(9,249)	(4,549)
Dividend income	(1)	(138)
Loss on disposal of property, plant and equipment, net	718	942
Loss (gain) on sale of investments, net	(4,156)	1,467
Write-down of inventories	3,854	-
Reversal of write-down of inventories	-	(10,341)
Net loss on foreign currency exchange	150	4,389
Other non-cash items	1,241	(1,259)
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	-	2,116
Increase in notes receivable	(13,693)	(14,356)
Decrease in accounts receivable	50,129	254,864
Decrease (increase) in other receivable	(7,902)	18,269
Increase in inventories	(202,377)	(96,923)
Increase in other current assets	(17,330)	(83,793)
Decrease in financial liabilities held for trading	-	(667)
Increase (decrease) in notes payable	99,325	(5,882)
Increase in accounts payable	47,206	36,393
Decrease in other payables	(17,822)	(18,282)
Increase (Decrease) in other current liabilities	9,200	(512)
Decrease in accrued pension liabilities	(95)	-
Cash generated from operations	7,741	186,985
Interest received	9,555	4,257
Income tax paid	(5,414)	(37,643)
Net cash provided by operating activities	<u>11,882</u>	<u>153,599</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit and loss	(2,319)	-
Proceeds from disposal of financial assets designated as at fair value through profit and loss	79,402	781
Acquisition of available-for-sale financial assets	(207,842)	-
Proceeds from disposal of available-for-sale financial assets	159,410	28,163
Purchase of debt investments with no active market	(94,653)	(179,613)
Payments for property, plant and equipment	(20,832)	(19,681)

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS THREE MONTHS ENDED MARCH 31, 2013 AND 2012 (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	2013	2012
Proceeds from disposal of property, plant and equipment	\$ -	\$ 1,759
Increase in refundable deposits	(14,361)	(621)
Decrease in refundable deposits	1,433	40
Increase in other noncurrent assets	(1,152)	-
Increase in prepayments for equipment	(25,003)	(19,652)
Other dividend received	<u>1</u>	<u>138</u>
Net cash used in investing activities	<u>(125,916)</u>	<u>(188,686)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	328,846	-
Decrease in short-term loans	(505,786)	(157,005)
Proceeds from long-term debts	199,112	200,000
Repayment of long-term debts	(228,156)	(49,006)
Interest paid	<u>(18,214)</u>	<u>(8,670)</u>
Net cash used in financing activities	<u>(224,198)</u>	<u>(14,681)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>110,543</u>	<u>(51,821)</u>
NET DECREASE IN CASH	(227,689)	(101,589)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>2,504,000</u>	<u>1,522,013</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 2,276,311</u>	<u>\$ 1,420,424</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 THREE MONTHS ENDED MARCH 31, 2013 AND 2012 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

AS of March 31, 2013 and 2012, the Company had 2,161 and 2,116 employees, respectively.

The functional currency of the Company is New Taiwan dollars. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s stocks are listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on May 10, 2013.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Certain IFRSs, IASs, Interpretations and related guidance issued by the IASB were not yet adopted by the Company and its entire controlled subsidiaries (the “Group”) pending the endorsement by the Financial Supervisory Commission (FSC).

The new, revised or amended IFRSs, IASs, Interpretations and related guidance issued by the IASB were as follows:

<u>New and Revised Standards, Amendments or Interpretations</u>		<u>Effective Date Announced by IASB (Note)</u>
<u>Approved by FSC</u>		
Amendments to IFRSs	Improvements to 2009 IFRS, Amendments to IAS 39	January 1, 2009 or January 1, 2010
IFRS 9	Financial Instruments	January 1, 2015
Amendments to IAS 39	Embedded Derivatives	Effective for fiscal year ending on or after June 30, 2009

(Continued)

New and Revised Standards, Amendments or Interpretations	Effective Date Announced by IASB (Note)
<u>Not yet approved by FSC</u>	
Amendments to IFRSs	Improvements to 2010 IFRS, Amendments to IAS 39
Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IFRS 1	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
Amendments to IFRS 1	Government Loans
Amendments to IFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to IFRS 7	Disclosure - Offsetting Financial Assets and Financial Liabilities
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures
Amendments to IFRS 7	Disclosure - Transfer of Financial Assets
Amendments to IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
IFRS 13	Fair Value Measurement
Amendments to IAS 1	Presentation of Other Comprehensive Income
Amendments to IAS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to IAS 19	Employee Benefits
Amendments to IAS 27	Separate Financial Statements
Amendments to IAS 28	Investments in Associates and Joint Ventures
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
IFRIC 20	Stripping Costs in Production Phase of a Surface Mine

(Concluded)

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

Except for the following, the initial application of the above new and revised Standards, Amendments and Interpretations had not had any material impact on the Group's accounting policies:

a. Initial application of IFRS 9 Financial Instruments

With regards to financial assets, IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” to be subsequently measured at amortized cost or fair value. Specifically, financial assets that are held within a business model by the Group 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 balance sheet date.

As for financial liabilities, the main changes are with regard to the classification and measurement of financial liabilities designated as at fair value through profit or loss. IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, 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.

- b. Since the FSC has not yet published the effective dates of the aforementioned new, revised or amended standards or interpretations issued by the IASB, the Group cannot evaluate the impact on its financial position, financial performance and cash flows as a result of the initial adoption.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements of the Company and its entire controlled subsidiaries are the first IFRS interim financial statements for part of the period covered by its first IFRS financial statements, the consolidated financial statements for 2013. The date of transition to IFRSs was January 1, 2012. Refer to Note 13 for the impact of IFRS conversion on the consolidated financial statements.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, related laws and regulations, and IFRS 1, “First-time Adoption of International Financial Reporting Standards,” (IFRS 1) and IAS 34, “Interim Financial Reporting,” endorsed by the FSC. Disclosure information included in interim financial reports is less than disclosures required in a full set of annual financial reports.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The opening balance sheet at the date of transition to Taiwan-IFRSs is prepared with the recognition and measurement required by IFRS 1. According to IFRS 1, the Group is required to apply each effective IFRS retrospectively in its opening balance sheet at the date of transition to Taiwan-IFRSs; except for optional exemptions and mandatory exceptions to such retrospective application provided under IFRS 1. The main optional exemptions the Group adopted are described in Note 30. The significant accounting policies are set

out as below.

a. Classification of current and noncurrent assets and liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or to be realized within twelve months after the reporting period, but exclude asset identified to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the reporting period. Property, plant and equipment, intangible assets, other than assets classified as current are classified as noncurrent. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the reporting period and liabilities that do not have an unconditional right to defer settlement for at least twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue. Liabilities that are not classified as current are classified as noncurrent. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

b. Basis of Consolidation

The basis for the consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

The subsidiaries in the consolidated financial statements

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

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

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.

Foreign Currencies

In preparing the financial statements of each individual entity in the group, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise.

Exchange differences arising on the retranslation of non-monetary assets (such as equity instruments) or liabilities measured at fair value are included in profit or loss for the period at the rates prevailing at the end of reporting period except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to controlling and non-controlling interests as appropriate).

Inventories

Inventories consist of raw materials, supplies, work-in-process and finished goods and are stated at the

lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

Property, Plant and Equipment

Property, plant and equipment are tangible items that are held for use in the production or supply of goods or services, or for administrative purposes, and are expected to be used during more than twelve months. Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with IAS 23 “Borrowing Costs”. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors”.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Impairment of Tangible Assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment

loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Financial Instruments

Financial assets and financial liabilities are recognized when an entity in the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

a. Measurement category

Financial assets are classified into the following specified categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The categories of financial assets held by the Group are available-for-sale financial assets and loans and receivables.

Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in Note 23.

Available-for-sale (AFS) financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss that was previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade receivables, cash and cash equivalent, other receivables and refundable deposits) are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

b. Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For certain categories of financial assets, such as trade receivables and other receivable, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase of delayed payments, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidences of impairment could include:

- 1) Significant financial difficulty of the issuer or counterparty; or
- 2) Breach of contract, such as a default or delinquency in interest or principal payments; or
- 3) It becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- 4) The disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment loss are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

c. Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Equity Instruments

Debt and equity instruments issued by an entity in the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by an entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial Liabilities

Subsequent measurement

Except the situations described below, all the financial liabilities are measured at amortized cost using the effective interest method, less any impairment.

Financial liabilities are classified as at fair value through profit or loss when the financial liability is either held for trading or it is designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

- a. It has been acquired principally for the purpose of repurchasing it in the near term; or
- b. On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- c. It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition when doing so results in more relevant information and if:

- a. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- b. The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

In addition, if a contract contains one or more embedded derivatives, the entire combined contract (asset or liability) can be designated as at fair value through profit or loss.

Financial liabilities at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the other gains and losses line item. Fair value is determined in the manner described in Note 23.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Derivative Financial Instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Sales returns are recognized at the time of sale provided the seller can reliably estimate future returns and the related liability for returns is recognized based on previous experience and other relevant factors.

Sale of goods

Revenue from sale of goods is recognized when the following conditions are fully met:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, sales of goods are recognized when goods are delivered and title has passed.

Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee in an operating lease recognizes lease payments as an expense on a straight-line basis over the lease term

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All borrowing costs other than stated above are recognized in profit or loss in the period in which they are incurred.

Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Actuarial gains and losses on the defined benefit obligation are recognized immediately in other comprehensive income. Actuarial gains and losses that exceed 10% of the greater of the present value of the Company's defined benefit obligation and the fair value of plan assets as at the end of the prior year are amortized over the expected average remaining working lives of the participating employees. Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the consolidated balance sheets represents the present value of the defined benefit obligation as adjusted for unrecognized actuarial gains and losses and unrecognized past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the unrecognized past service cost and actuarial losses, plus the present value of available refunds and reductions in future contributions to the plan.

Curtailment or settlement gains or losses on the defined benefit plan are recognized when the curtailment or settlement occurs.

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.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

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

According to the Income Tax Law, an additional tax at 10% of inappropriate earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical Judgments in Applying Accounting Policies

The following are the critical judgments involving estimations that management has made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements.

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

a. Fair value of derivatives and other financial instruments

As described in note 23, the Group's management uses its judgment in selecting an appropriate valuation technique for financial instruments that do not have quoted market price in an active market. Valuation techniques commonly used by market practitioners are applied. For derivative financial instruments, assumptions were based on quoted market rates adjusted for specific features of the instruments. Other financial instruments were valued using a discounted cash flow analysis that includes assumptions based on quoted market rates.

Detailed information about the key assumptions used in the determination of the fair value of financial instruments is provided in Note 23. The Group's management believes that the chosen valuation techniques and assumptions are appropriate in determining the fair value of financial instruments.

b. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

As of March 31, 2013, December 31, 2012, March 31, 2012, and January 1, 2012, the carrying amount of trade receivables was \$989,892 thousand, \$1,040,107 thousand, \$999,589 thousand and \$1,252,464 thousand, respectively (after deducting allowance of \$11,405 thousand, \$11,319 thousand, \$11,674 thousand and \$13,663 thousand, respectively).

c. Valuation of inventory

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgment and estimate to determine the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Group estimates the net realizable value of inventory taking into consideration obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the balances of inventories were \$636,667 thousand, \$438,841 thousand, \$620,494 thousand and \$512,766 thousand, respectively.

d. Realizability of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realizability of deferred tax assets requires the Group's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits that can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the deferred tax assets were \$59,235 thousand, \$53,397 thousand, \$43,434 thousand and \$44,932 thousand, respectively.

e. Useful lives of property, plant and equipment

As described in note 4, the Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the estimated useful lives of property, plant and equipment remained unchanged.

f. Estimate of provisions

Provision is measured using the cash flows estimated to settle the present obligation. If the actual future cash flows exceed the estimated amount, material adjustment to the amount of provisions would be necessary.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the provisions were \$9,459 thousand, \$35 thousand, \$147 thousand and zero, respectively.

g. Calculation of accrued pension liabilities

To calculating the present value of the defined benefit obligation, the Company is required to use judgment and estimates to determine related actuarial assumptions at the end of the reporting period, including discount rates and expected return on plan assets, etc. Any changes in actuarial assumptions are likely to materially affect the Company's defined benefit obligation amount.

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the accrued pension liabilities were \$85,363 thousand, \$85,458 thousand, \$85,388 thousand and \$85,388 thousand, respectively.

6. CASH AND CASH EQUIVALENTS

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Cash on hand	\$ 958	\$ 2,526	\$ 2,079	\$ 2,384
Demand deposits	1,076,450	960,742	836,863	1,068,413
Checking accounts	201	201	201	201
Cash equivalents				
Time deposits with original maturities less than three months	<u>1,198,702</u>	<u>1,540,531</u>	<u>581,281</u>	<u>451,015</u>
	<u>\$ 2,276,311</u>	<u>\$ 2,504,000</u>	<u>\$ 1,420,424</u>	<u>\$ 1,522,013</u>

The market interest rates of time deposits at the end of the reporting period ranged as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Time deposits (%)	0.20-3.05	0.28-3.10	0.94-3.30	0.25-3.30

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

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Financial assets held for trading	\$ 29,601	\$ 106,467	\$ 24,561	\$ 24,540
Financial assets designated as at FVTPL	<u>3,295</u>	<u>3,937</u>	<u>15,233</u>	<u>12,855</u>
	<u>\$ 32,896</u>	<u>\$ 110,404</u>	<u>\$ 39,794</u>	<u>\$ 37,395</u>
Financial liabilities held for trading	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,499</u>

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

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
<u>Financial assets held for trading</u>				
Derivative (unspecified hedge)				
Gold passbook	\$ 29,601	\$ 106,467	\$ 24,335	\$ 23,545
Forward exchange contracts	<u>-</u>	<u>-</u>	<u>226</u>	<u>995</u>
	<u>\$ 29,601</u>	<u>\$ 106,467</u>	<u>\$ 24,561</u>	<u>\$ 24,540</u>
<u>Financial liabilities held for trading</u>				
Derivative (unspecified hedge)				
Forward exchange contracts	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,499</u>

The Group used forward exchange contracts and copper futures contracts to manage exposures to adverse exchange rate and copper 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, December 31, 2012, March 31, 2012 and January 1, 2012, there was no outstanding copper futures contract.

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

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2012</u>			
Sell	USD/RMB	2012.04.02	USD500/RMB3,165
Sell	USD/RMB	2012.04.23	USD500/RMB3,153
Sell	USD/RMB	2012.05.04	USD500/RMB3,163
Sell	USD/RMB	2012.05.16	USD500/RMB3,152
Sell	USD/RMB	2012.05.23	USD500/RMB3,153
<u>January 1, 2012</u>			
Sell	HKD/RMB	2012.01.03	HKD5,000/RMB4,081
Sell	USD/NTD	2012.01.17	USD500/NTD14,707
Sell	USD/NTD	2012.01.17	USD500/NTD14,768
Sell	HKD/NTD	2012.01.17	HKD3,000/NTD11,340
Sell	USD/RMB	2012.01.30	USD500/RMB3,255
Sell	HKD/RMB	2012.02.01	HKD5,000/RMB4,080
Sell	USD/NTD	2012.02.17	USD500/NTD15,077
Sell	HKD/NTD	2012.02.17	HKD3,000/NTD11,641
Sell	USD/RMB	2012.03.01	USD500/RMB3,167
Sell	USD/NTD	2012.03.19	USD500/NTD14,997
Sell	HKD/NTD	2012.03.19	HKD3,000/NTD11,581
Sell	USD/RMB	2012.04.02	USD500/RMB3,165
Sell	USD/RMB	2012.05.04	USD500/RMB3,163

Net loss and net gain on financial assets held for trading for the three months ended March 31, 2013 and 2012 were \$539 thousand loss and \$3,003 thousand gain, respectively (classified under nonoperating income and expenses - other gains and losses).

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

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
<u>Financial assets designated as at FVTPL</u>				
Callable preferred stock with interest	<u>\$ 3,295</u>	<u>\$ 3,937</u>	<u>\$ 15,233</u>	<u>\$ 12,855</u>

Net gain on financial assets designated as at FVTPL for the three months ended March 31, 2013 and 2012 was \$114 thousand and \$3,158 thousand, respectively (classified under nonoperating income and expenses – other gains and losses).

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Domestic quoted stocks	\$ 59,529	\$ 1,484	\$ -	\$ 18,752
Overseas quoted stocks	16,899	20,212	-	7,564
Domestic mutual funds	1,049	-	-	-
Overseas mutual funds	<u>-</u>	<u>6,316</u>	<u>-</u>	<u>1,304</u>
	<u>\$ 77,477</u>	<u>\$ 28,012</u>	<u>\$ -</u>	<u>\$ 27,620</u>

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET – CURRENT

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Time deposits with original maturities more than three months	\$ 218,132	\$ 117,054	\$ 202,969	\$ 23,356
Pledge time deposits	<u>95,610</u>	<u>102,035</u>	<u>-</u>	<u>-</u>
	<u>\$ 313,742</u>	<u>\$ 219,089</u>	<u>\$ 202,969</u>	<u>\$ 23,356</u>
Time deposits (%)	0.20-3.05	2.85-3.05	0.65-1.25	1.00

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, 2013	December 31, 2012	March 31, 2012	January 1, 2012
<u>Notes receivable</u>				
Notes receivable - operating	<u>\$ 184,952</u>	<u>\$ 171,259</u>	<u>\$ 160,375</u>	<u>\$ 146,019</u>
<u>Accounts receivable</u>				
Accounts receivable	\$ 1,001,297	\$ 1,051,426	\$ 1,011,263	\$ 1,266,127
Less: Allowance for impairment loss	<u>11,405</u>	<u>11,319</u>	<u>11,674</u>	<u>13,663</u>
	<u>\$ 989,892</u>	<u>\$ 1,040,107</u>	<u>\$ 999,589</u>	<u>\$ 1,252,464</u>

a. Accounts receivable

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

Above analysis was based on the past due date.

Aging analysis of accounts receivable that are past due but not impaired and impaired was as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
not impaired	\$ 839,322	\$ 916,221	\$ 876,594	\$ 1,087,187
1-30 days	58,468	47,840	32,728	63,438
31-60 days	94,756	67,706	100,347	104,003
61-90 days	4,493	17,550	50	9,998
91-180 days	3,321	1,178	128	53
181-360 days	-	-	5	-
over 360 days	<u>937</u>	<u>931</u>	<u>1,411</u>	<u>1,448</u>
	<u>\$ 1,001,297</u>	<u>\$ 1,051,426</u>	<u>\$ 1,011,263</u>	<u>\$ 1,266,127</u>

Movements of the allowance for doubtful receivables:

	Three Months Ended March 31			
	2013		2012	
	Accounts Receivable	Overdue Receivables	Accounts Receivable	Overdue Receivables
Balance, beginning of period	\$ 11,319	\$ 1,290	\$ 13,663	\$ 1,408
Reversal	(245)	-	(1,691)	(64)
Foreign exchange translation loss(gain)	<u>331</u>	<u>33</u>	<u>(298)</u>	<u>(35)</u>
Balance, end of period	<u>\$ 11,405</u>	<u>\$ 1,323</u>	<u>\$ 11,674</u>	<u>\$ 1,309</u>

Overdue receivables were reclassified to other noncurrent assets and were fully covered by allowance for 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, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, 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, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Group A	\$ 226,605	\$ 229,192	\$ 292,158	\$ 365,605
Group B	<u>63,364</u>	<u>75,877</u>	<u>59,373</u>	<u>82,397</u>
	<u>\$ 289,969</u>	<u>\$ 305,069</u>	<u>\$ 351,531</u>	<u>\$ 448,002</u>

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

11. INVENTORIES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Finished goods	\$ 206,715	\$ 168,450	\$ 214,007	\$ 180,330
Work in process	199,716	87,978	182,732	110,816
Raw materials	205,165	159,321	209,515	205,800
Supplies	<u>25,071</u>	<u>23,092</u>	<u>14,240</u>	<u>15,820</u>
	<u>\$ 636,667</u>	<u>\$ 438,841</u>	<u>\$ 620,494</u>	<u>\$ 512,766</u>

As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the allowances for inventory devaluation were \$24,579 thousand, \$20,028 thousand, \$14,820 thousand and \$25,623 thousand, respectively, which were recorded as reduction of inventories.

The cost of inventories recognized as costs of goods sold for the three months ended March 31, 2013 and 2012 were \$800,572 thousand and \$756,599 thousand, respectively, which included the following items:

	Three Months Ended March 31	
	2013	2012
Unallocated fixed manufacturing cost	\$ 32,560	\$ 17,641
Loss on sales of scraps (reversal of write-downs)	3,854	(10,341)
Others	<u>9,249</u>	<u>245</u>
	<u>\$ 45,663</u>	<u>\$ 7,545</u>

The net realizable value of inventory was adjusted for an increase in the selling price in a particular market.

12. PROPERTY, PLANT, AND EQUIPMENT

a. Carrying amount

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
The carrying amount of each class				
Land	\$ 144,581	\$ 137,388	\$ 137,388	\$ 137,388
Buildings	479,954	471,270	500,867	520,673
Machinery and equipment	749,519	741,745	737,502	738,884
Transportation equipment	17,772	18,831	19,187	21,640
Office equipment	10,805	11,329	13,444	14,240
Leasehold improvements	47	51	62	66
Miscellaneous equipment	170,844	159,721	146,867	142,517
Construction in progress	<u>21,904</u>	<u>21,426</u>	<u>15,645</u>	<u>57,744</u>
	<u>\$ 1,595,426</u>	<u>\$ 1,561,761</u>	<u>\$ 1,570,962</u>	<u>\$ 1,633,152</u>

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

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

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>									
Balance on January 1, 2013	\$ 137,388	\$ 743,328	\$ 1,406,754	\$ 65,543	\$ 34,593	\$ 84	\$ 337,567	\$ 21,426	\$ 2,746,683
Additions	7,193	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>
Balance on January 1, 2012	\$ 137,388	\$ 763,598	\$ 1,345,831	\$ 64,152	\$ 36,148	\$ 84	\$ 306,176	\$ 57,744	\$ 2,711,121
Additions	-	237	48,140	43	587	-	17,161	(40,874)	25,294
Disposal	-	(315)	(24,674)	(57,888)	(58,288)	-	(3,105)	-	(144,270)
Effect of foreign currency exchange differences	-	(14,847)	(31,963)	56,590	57,036	-	(7,195)	(1,225)	58,396
Balance on March 31, 2012	<u>\$ 137,388</u>	<u>\$ 748,673</u>	<u>\$ 1,337,334</u>	<u>\$ 62,897</u>	<u>\$ 35,483</u>	<u>\$ 84</u>	<u>\$ 313,037</u>	<u>\$ 15,645</u>	<u>\$ 2,650,541</u>
<u>Accumulated depreciation and impairment</u>									
Balance on January 1, 2013	\$ -	\$ (272,058)	\$ (665,009)	\$ (46,712)	\$ (23,264)	\$ (33)	\$ (177,846)	\$ -	\$ (1,184,922)
Additions	-	-	12,282	11	61	-	321	-	12,675
Disposal	-	(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>
Balance on January 1, 2012	\$ -	\$ (242,925)	\$ (606,947)	\$ (42,512)	\$ (21,908)	\$ (18)	\$ (163,659)	\$ -	\$ (1,077,969)
Additions	-	263	32,593	30,025	30,393	(4)	2,668	-	95,942
Disposal	-	(8,939)	(27,271)	(2,037)	(1,079)	-	(8,863)	-	(48,193)
Effect of foreign currency exchange differences	-	3,795	1,793	(29,186)	(29,445)	-	3,684	-	(49,359)
Balance on March 31, 2012	<u>\$ -</u>	<u>\$ (247,806)</u>	<u>\$ (599,832)</u>	<u>\$ (43,710)</u>	<u>\$ (22,039)</u>	<u>\$ (22)</u>	<u>\$ (166,170)</u>	<u>\$ -</u>	<u>\$ (1,079,579)</u>

c. Estimated useful lives

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

Buildings	5-55years
Machinery and equipment	3-15years
Transportation equipment	3-12years
Office equipment	3-10years
Leasehold improvements	5.75years
Miscellaneous equipment	2-20years

d. The major component parts of the buildings held by the Group are depreciated over their estimated useful lives of 20-55 years.

e. 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, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Current (included in other current assets)	\$ 1,069	\$ 1,572	\$ 1,739	\$ 1,575
Noncurrent (included in long-term prepaid rent)	<u>68,997</u>	<u>67,034</u>	<u>76,155</u>	<u>78,627</u>
	<u>\$ 70,066</u>	<u>\$ 68,606</u>	<u>\$ 77,894</u>	<u>\$ 80,202</u>

Movements of prepayments for lease were as follows :

	<u>Three Months Ended March 31</u>	
	2013	2012
Balance, beginning of period	\$ 68,606	\$ 80,202
Less: Amortization	400	403
Effect of foreign currency exchange difference	<u>1,860</u>	<u>(1,905)</u>
Balance, end of period	<u>\$ 70,066</u>	<u>\$ 77,894</u>

As of March 31, 2103, December 31, 2012, March 31, 2012 and January 1, 2012, prepaid lease payments are for properties located in mainland China and Vietnam. Land use right with carrying amount of \$5,768 thousand (RMB 1,200 thousand) is in the process of obtaining the land use right certificate. GEM (Suzhou) had overpaid the price of its land use right to the local government and the overpayment of \$6,930 thousand (RMB 1,500 thousand) was refunded and accounted for as a deduction of land use right in 2012.

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

14. BORROWINGS

a. Short-term loans

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unsecured loans	\$ 735,598 (Including RMB28,000 thousand, US\$13,000 thousand and HK\$55,500 thousand)	\$ 887,060 (Including RMB28,000 thousand, US\$17,000 thousand and HK\$70,500 thousand)	\$ 507,164 (Including HK\$48,000 thousand and US\$11,000 thousand)	\$ 670,289 (Including RMB6,000 thousand, HK\$48,000 thousand and US\$15,000 thousand)
Secured loans	519,150 (RMB 108,000 thousand)	499,084 (RMB 108,000 thousand)	28,141 (RMB 6,000 thousand)	1,949 (HK\$ 500 thousand)
Purchase loans	-	-	-	37,031 (HK\$ 9,500 thousand)
	<u>\$ 1,254,748</u>	<u>\$ 1,386,144</u>	<u>\$ 535,305</u>	<u>\$ 709,269</u>

Interest rates on short-term loans were as follows:

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unsecured loans (%)	1.35-6.31	1.35-6.31	1.33-2.57	1.30-6.56
Secured loans (%)	5.40-6.56	6.00-6.56	6.56	2.33
Purchase loans (%)	-	-	-	1.74

b. Long-term loans

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unsecured loans	<u>\$ 1,199,167</u>	<u>\$ 1,277,500</u>	<u>\$ 1,068,690</u>	<u>\$ 917,574</u>
Commercial paper payable	200,000	150,000	150,000	150,000
Less: Unamortized discount	<u>504</u>	<u>177</u>	<u>18</u>	<u>35</u>
	1,398,663	1,427,323	1,218,672	1,067,539
Less: Current portion	<u>642,917</u>	<u>706,490</u>	<u>582,005</u>	<u>365,074</u>
	<u>\$ 755,746</u>	<u>\$ 720,833</u>	<u>\$ 636,667</u>	<u>\$ 702,465</u>
<u>Unsecured loans</u>				
	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Borrowings	\$ 1,199,167	\$ 1,277,500	\$ 1,068,690	\$ 917,574
Current portion	<u>642,917</u>	<u>556,667</u>	<u>432,023</u>	<u>365,074</u>
Long-term loans	<u>\$ 556,250</u>	<u>\$ 720,833</u>	<u>\$ 636,667</u>	<u>\$ 552,500</u>
Rate (%)	1.66-2.20	1.66-2.20	1.61-2.20	1.60-2.30

Under the loan agreements with China Development Industrial Bank, Taishin International Bank, Bangkok Bank and Taipei Fubon Bank, the Company should maintain certain financial ratios. These financial ratios are calculated on the basis of audited semiannual and annual stand-alone financial statements (FS), reviewed semiannual consolidated FS and audited annual consolidated FS. As of March 31, 2013, the Company was in compliance with the financial ratio requirements of China Development Industrial Bank and Bangkok Bank. In March 2013 Taishin International Bank agreed to exempt the Company from maintaining debt ratio and interest coverage ratio calculated on the basis of audited annual consolidated financial statements and the loans from Taishin International Bank had been included in the Company's long-term debts - current portion at the end of March 31, 2013 and December 31, 2012. In semiannual financial report for 2013, Taipei Fubon Bank will relax or waive the related financial ratios prior to the announcement of restrictions.

Long-term commercial paper payable

Acceptance Bank	Interest Rate P.A. (%)	Credit Line	Maturity	Amount
<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				<u>504</u>
				199,496
Less: Current portion				<u>-</u>
				<u>\$ 199,496</u>
<u>December 31, 2012</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.55	150,000	January 2013	\$ 150,000
Less: Unamortized discounts				<u>177</u>
				149,823
Less: Current portion				<u>149,823</u>
				<u>\$ -</u>
<u>March 31, 2012</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.55	150,000	January 2013	\$ 150,000
Less: Unamortized discounts				<u>18</u>
				149,982
Less: Current portion				<u>149,982</u>
				<u>\$ -</u>

(Continued)

Acceptance Bank	Interest Rate P.A. (%)	Credit Line	Maturity	Amount
<u>January 1, 2012</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.55	\$ 150,000	January 2013	\$ 150,000
Less: Unamortized discounts				<u>35</u>
				149,965
Less: Current portion				<u>-</u>
				<u>\$ 149,965</u>
				(Concluded)

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

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, 2013 was in compliance with the requirements stated in the loan agreements with the bank.

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
<u>Notes Payable</u>				
Notes payable - operating	<u>\$ 120,737</u>	<u>\$ 21,412</u>	<u>\$ 25,157</u>	<u>\$ 31,039</u>
<u>Accounts Payable</u>				
Accounts payable - operating	<u>\$ 479,035</u>	<u>\$ 431,829</u>	<u>\$ 371,605</u>	<u>\$ 335,212</u>

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

16. OTHER PAYABLES

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Payable for purchase of equipment	\$ 43,625	\$ 21,772	\$ 24,735	\$ 24,367
Salaries or bonus	42,199	45,485	37,325	47,001
Payable for utilities expense	8,577	8,000	7,595	7,686

(Continued)

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Payable for bonus to employees and remuneration to directors and supervisors	\$ 6,100	\$ 6,100	\$ 11,183	\$ 10,100
Payable for professional service fees	5,674	4,223	6,499	7,633
Payable for annual leave	2,553	3,743	2,336	2,963
Others	<u>71,092</u>	<u>86,626</u>	<u>109,574</u>	<u>117,583</u>
	<u>\$ 179,820</u>	<u>\$ 175,949</u>	<u>\$ 199,247</u>	<u>\$ 217,333</u> (Concluded)

Others include welfare payable, unpaid VAT and purchase of raw materials and parts.

17. RETIREMENT BENEFIT PLANS

a. Defined Contribution Plans

The Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Based on the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expense recognized in profit or loss for the three months ended March 31, 2013 and 2012 of \$6,079 thousand and \$5,635 thousand, respectively, represents contributions payable to these plans by the Group at rates specified in the rules of the plans. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, contributions of \$856 thousand, \$850 thousand, \$846 thousand, and \$870 thousand due in the respective reporting periods had not been paid over to the plans.

b. Defined benefit plan

The Group adopted the defined benefit plan under the Labor Standards Law (LSL). Under the LSL, pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The company contributes amounts equal to 4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at December 31, 2012 by actuary Chun-Hsiung Chen. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. Based on the actuarial results on December 31, and January 1, 2012, the Company recognized pension costs for the three months ended March 31, 2013 and 2012.

In November 2005, the Company set up an officers' pension fund committee, which is in charge of reviewing, monitoring, and auditing the withdrawal, maintenance, and distribution of the pension fund set up for management level officers. As of March 31, 2013 and 2012, the balances of this fund were \$1,700 thousand (consisting of demand deposits of \$200 thousand and time deposits of \$1,500 thousand) and \$125 thousand (demand deposits), respectively.

The principal assumptions used for the purposes of the actuarial valuation were as follows:

	December 31, 2012	January 1, 2012
Discount rate	1.25%	1.50%
Expected return on plan assets	1.25%	1.50%
Expected rate of salary increase	1.20%	1.20%
Average remaining service lives	7 years	8 years

Employee benefit expenses for the three months ended March 31, 2013 and 2012 were included in the following line items:

	Three Months Ended March 31	
	2013	2012
Operating cost	\$ 150	\$ 282
Marketing expenses	51	71
Administration expenses	205	249
Research and development expenses	<u>102</u>	<u>47</u>
	<u>\$ 508</u>	<u>\$ 649</u>

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit plans was as follows:

	December 31, 2012	January 1, 2012
Present value of funded defined benefit obligation	\$ 107,369	\$ 111,483
Fair value of plan assets	<u>(28,891)</u>	<u>(26,095)</u>
Deficit	78,478	85,388
Net actuarial gains (losses) not recognized	<u>6,980</u>	<u>-</u>
Net liability arising from defined benefit obligation	<u>\$ 85,458</u>	<u>\$ 85,388</u>

The major categories of plan assets at the end of the reporting period were as follows:

	Fair Value of Plan Assets (%)	
	December 31, 2012	January 1, 2012
Bank deposits	24.51	23.87
Short-term bills	9.88	7.61
Government loans	-	0.13
Currency funds	0.66	-
Bonds	10.45	11.45
Fixed income account	16.28	16.19
Equity securities	37.43	40.75
Others	<u>0.79</u>	<u>-</u>
	<u>100.00</u>	<u>100.00</u>

The overall expected rate of return was based on historical return trends and analysts' predictions of the market for the asset over the life of the related obligation, with reference to the performance of the Labor Pension Fund evaluated by Labor Pension Fund Supervision Committee.

The Group chose to disclose the history of experience adjustments as the amounts determined for each accounting period prospectively from the date of transition to IFRSs (refer to Note 30).

	December 31, 2012	January 1, 2012
Present value of defined benefit obligation	<u>\$ 107,369</u>	<u>\$ 111,483</u>
Fair value of plan assets	<u>\$ 28,891</u>	<u>\$ 26,095</u>
Deficit	<u>\$ 78,478</u>	<u>\$ 85,388</u>
Experience adjustments on plan liabilities	<u>\$ (7,101)</u>	<u>\$ -</u>
Experience adjustments on plan assets	<u>\$ 121</u>	<u>\$ -</u>

The Group expects to make a contribution of \$2,418 thousand to the defined benefit plans during the next financial year.

18. EQUITY

Capital Stock

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

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

Capital Surplus

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

Appropriation of Earnings and Dividend Policy

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

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

to the stockholders' meeting for approval).

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

The Company's dividend policy is in line with the Company's operating scale and research and development needs as well as the status of the economy and industry in order to maintain sound management and promote stockholders' long-term interests. 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. The dividends (excluding prior year's undistributed earnings) should be at least 50% of total unappropriated earnings. 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, 2013, so no bonus to employees and remuneration to directors and supervisors were accrued for the period. For the three months ended March 31, 2012, the bonus to employees and the remuneration to directors and supervisors were estimated at \$558 thousand and \$525 thousand, respectively. The bonus to employees and remuneration to directors and supervisors were 1.86% and 1.75% for the three months ended March 31, 2012, respectively. Material differences between such estimated amounts and the amounts proposed by the board of directors in the following year are adjusted for in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

Under Rule No. 100116 and Rule No. 0950000507 issued by the FSC, an amount equal to the net debit balance of certain shareholders' equity accounts (including unrealized revaluation increment, unrealized gain or loss on financial instruments, net loss not recognized as pension cost, cumulative translation adjustments) shall be transferred from unappropriated earnings to a special reserve before any appropriation of earnings generated before January 1, 2012 shall be made. Any special reserve appropriated may be reversed to the extent of the decrease in the net debit balance.

Under Rule No. 1010012865 issued by the FSC on April 6, 2012 and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", on the first-time adoption of IFRSs, a company should appropriate to a special reserve an amount equal to the total of unrealized revaluation increment and cumulative translation differences (gains) transferred to retained earnings as a result of the company's use of exemptions under IFRS 1. However, at the date of transitions to IFRSs, if the increase in retained earnings that resulted from all IFRSs adjustments is smaller than the total revaluation and translation amount, only the increase in retained earnings that resulted from all IFRSs adjustments will be appropriated to special reserve. The special reserve appropriated as above may be reversed to retained earnings in proportion to the usage, disposal or reclassification of the related assets and thereafter distributed. The special reserve appropriated on the first-time adoption of IFRSs may be used to offset deficit in subsequent years. No appropriation of earnings shall be made until the aforementioned special reserve used to offset deficit shall have been returned in subsequent years when the company has earnings and the original need to appropriate for special reserve is not eliminated.

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

The appropriation of earnings should be approved in stockholders' meeting and presented in the financial statements of the year following the year of the stockholders' meeting.

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 2012 and 2011 had been proposed by the board of directors and approved in the stockholders' meetings on March 25, 2013 and June 15, 2012, 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 2012</u>	<u>For Fiscal Year 2011</u>	<u>For Fiscal Year 2012</u>	<u>For Fiscal Year 2011</u>
Legal reserve	\$ 8,494	\$ 18,530		
Cash dividends to stockholders	<u>39,468</u>	<u>137,278</u>	\$0.23	\$0.80
	<u>\$ 47,962</u>	<u>\$ 155,808</u>		

The appropriations of earnings for 2012 were proposed according to the Company's financial statements for the years ended December 31, 2012, which were prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, and by reference to the balance sheet for the year ended December 31, 2012, which was prepared in accordance with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers (revised) and International Financial Reporting Standards. Thus, they are still subject to the resolution of the shareholders' meeting to be held on June 14, 2013.

The bonus to employees and the remuneration to directors and supervisors of \$4,000 thousand and \$ 2,100 thousand, respectively, which were approved in the board of directors' meeting on March 25, 2013, were not different from amounts recognized in the financial statements for 2012.

The bonus to employees and the remuneration to directors and supervisors of \$8,000 thousand and \$ 2,100 thousand, respectively, which were estimated in 2011 were resolved to be distributed in cash and were approved in the stockholders' meetings in June 2012, the amounts were not different from the amounts recognized in the financial statements for 2011.

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

Special Reserves Appropriated Following First-time Adoption of IFRSs

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

Other Equity Items

a. Foreign currency translation reserve

	2013	2012
Balance at January 1	\$ 93,979	\$ 202,905
Exchange differences arising on translating the foreign operations	<u>111,522</u>	<u>(67,402)</u>
Balance at March 31	<u>\$ 205,501</u>	<u>\$ 135,503</u>

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve.

b. Investments revaluation reserve

	2013	2012
Balance at January 1	\$ 2,321	\$ (1,996)
Unrealized gain arising on revaluation of available-for-sale financial assets	(421)	-
Income tax relating to unrealized gain arising on revaluation of available-for-sale financial assets	106	-
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(2,790)	2,176
Income tax relating to the amounts reclassified to profit or loss on disposal of available-for-sale financial assets	<u>469</u>	<u>(180)</u>
Balance at March 31	<u>\$ (315)</u>	<u>\$ -</u>

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

19. INCOME (LOSS) BEFORE INCOME TAX

Income (loss) before income tax was as follows:

a. Other income

	Three Months Ended March 31	
	2013	2012
Interest income	\$ 9,249	\$ 4,549
Dividend income	1	138
Others	<u>2,706</u>	<u>2,232</u>
	<u>\$ 11,956</u>	<u>\$ 6,919</u>

b. Other gains and losses

	Three Months Ended March 31	
	2013	2012
Gain (loss) on sale of investments, net	\$ 4,156	\$ (1,467)
Net loss on foreign currency exchange	(10,233)	(8,748)
Loss on disposal of property, plant and equipment, net	(718)	(942)
Valuation gain (loss) on financial instruments, net	(425)	6,161
Others	<u>(157)</u>	<u>(546)</u>
	<u>\$ (7,377)</u>	<u>\$ (5,542)</u>

c. Financial costs

	Three Months Ended March 31	
	2013	2012
Interest expense of loans	\$ 18,779	\$ 8,628
Less: Amounts included in the cost of qualifying assets	<u>341</u>	<u>113</u>
	<u>\$ 18,438</u>	<u>\$ 8,515</u>

Information about capitalized interest was as follows:

	Three Months Ended March 31	
	2013	2012
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 341	\$ 113
Capitalization rate	1.56%-5.76%	1.86%-2.76%

d. Depreciation and amortization

	Three Months Ended March 31	
	2013	2012
Property, plant and equipment	\$ 53,154	\$ 48,193
Prepayments for equipment (current/noncurrent)	400	403
Other assets	<u>810</u>	<u>750</u>
	<u>\$ 54,364</u>	<u>\$ 49,346</u>

Other assets are long-term prepaid computer software usage fee.

	Three Months Ended March 31	
	2013	2012
Analysis of expense by function		
<u>Depreciation</u>		
Operating costs	\$ 40,967	\$ 38,938
Operating expenses	<u>12,187</u>	<u>9,255</u>
	<u>\$ 53,154</u>	<u>\$ 48,193</u>
<u>Amortization</u>		
Operating costs	\$ 64	\$ 33
Operating expenses	<u>1,146</u>	<u>1,120</u>
	<u>\$ 1,210</u>	<u>\$ 1,153</u>

e. Employee benefits expense

	Three Months Ended March 31	
	2013	2012
Post-employment benefits (Note 17)		
Defined contribution plans	\$ 6,079	\$ 5,635
Defined benefit plans	<u>508</u>	<u>649</u>
	6,587	6,284
Other employee benefits	<u>123,939</u>	<u>112,506</u>
	<u>\$ 130,526</u>	<u>\$ 118,790</u>
Analysis of expense by function		
Operating costs	\$ 88,883	\$ 80,371
Operating expenses	<u>41,643</u>	<u>38,419</u>
	<u>\$ 130,526</u>	<u>\$ 118,790</u>

f. Gain or loss on foreign currency exchange

	Three Months Ended March 31	
	2013	2012
Foreign exchange gains	\$ 18,398	\$ 44,939
Foreign exchange losses	<u>(28,631)</u>	<u>(53,687)</u>
	<u>\$ (10,233)</u>	<u>\$ (8,748)</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	
	2013	2012
Current tax		
In respect of the current period	\$ 4,091	\$ 16,233
Tax-exempt income	(188)	-
Loss carryforwards	-	840
Withholding tax on overseas investment income	14	-
Adjustment to prior years' tax	<u>815</u>	<u>1,092</u>
	<u>4,732</u>	<u>18,165</u>
Deferred income tax		
In respect of the current period	(5,175)	2,337
Exchange rate influence	<u>1,367</u>	<u>1,433</u>
	<u>\$ 924</u>	<u>\$ 21,935</u>

b. Income tax recognized in other comprehensive income

	<u>Three Months Ended March 31</u>	
	2013	2012
Deferred tax		
Income tax recognized in other comprehensive income	<u>\$ 575</u>	<u>\$ (180)</u>

c. Integrated income tax

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Unappropriated earnings				
Unappropriated earnings generated before January 1, 1998	\$ 6,684	\$ 6,684	\$ 6,684	\$ 6,684
Unappropriated earnings generated on and after January 1, 1998	<u>366,125</u>	<u>371,488</u>	<u>473,746</u>	<u>440,443</u>
	<u>\$ 372,809</u>	<u>\$ 378,172</u>	<u>\$ 480,430</u>	<u>\$ 447,127</u>
Imputation credits accounts	<u>\$ 25,796</u>	<u>\$ 25,262</u>	<u>\$ 22,961</u>	<u>\$ 20,911</u>

The creditable ratios for the distribution of the earnings of 2012 and 2011 were 7.54% (estimate) and 7.25% (actual), respectively.

For the distribution of earnings generated from January 1, 1998, the ratio for the imputation credits allocable to stockholders of the Company is based on the balance of the Imputation Credit Account (ICA) as of the date of dividend distribution. The expected creditable ratio for the Company 2013 earnings may be adjusted, depending on the ICA balance on the date of dividend distribution.

d. Income tax assessments

The tax returns through 2009 have been assessed by the tax authorities.

e. 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, and Global (HK) - 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.

f. Under the income tax law of the PRC, the highest tax rate of GEM (Dongguan) and GEM (Suzhou) was 25%.

g. Under the revised PRC income tax laws, the distribution overseas of retained earnings generated after January 1, 2008 is subject to a 10% withholding tax. Foreign companies which have tax treaties with the PRC may apply for lower withholding tax rates.

h. GEM (Dongguan) and GEM (Suzhou) had completed the filing of their income tax returns through 2011 with the tax authorities.

21. EARNINGS PER SHARE (EPS)

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

Net profit (loss) for the period

	Three Months Ended March 31	
	2013	2012
Profit (loss) for the period attributable to owners of the company	<u>\$ (5,363)</u>	<u>\$ 33,303</u>

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

	Three Months Ended March 31	
	2013	2012
Weighted average number of ordinary shares in computation of basic earnings per share	171,598	171,598
Effect of dilutive potential ordinary shares	<u>343</u>	<u>649</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>171,941</u>	<u>172,247</u>

If the Group is allowed to settle bonus to employees by cash and/or shares, the Group 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.

	March 31, 2013		December 31, 2012		March 31, 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities measured at amortized cost								
Long-term debts (including current portion)	\$ 1,398,663	\$ 1,366,523	\$ 1,427,323	\$ 1,398,135	\$ 1,218,672	\$ 959,027	\$ 1,067,539	\$ 1,055,298

2) Fair value measurements recognized in the consolidated balance sheets

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

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

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>
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>

December 31, 2012

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

March 31, 2012

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 15,233</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,233</u>
Financial assets held for trading				
Gold passbook	\$ 24,335	\$ -	\$ -	\$ 24,335
Forward exchange contracts	<u>-</u>	<u>226</u>	<u>-</u>	<u>226</u>
	<u>\$ 24,335</u>	<u>\$ 226</u>	<u>\$ -</u>	<u>\$ 24,561</u>

January 1, 2012

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

(Continued)

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

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

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

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

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

b. Categories of financial instruments

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
<u>Financial assets</u>				
Fair value through profit or loss				
Designated as at FVTPL	\$ 3,295	\$ 3,937	\$ 15,233	\$ 12,855
Held for trading	29,601	106,467	24,561	24,540
Loans and receivables (Note 1)	3,808,214	3,960,190	2,830,854	2,999,808
Available for sale financial assets	77,477	28,012	-	27,620
				(Continued)

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
<u>Financial liabilities</u>				
Held for trading	\$ -	\$ -	\$ -	\$ 1,499
Amortized cost (Note 2)	3,433,003	3,442,657	2,349,986	2,360,392 (Concluded)

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

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

c. Financial risk management objectives and policies

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

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

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

1) Market risk

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

a) Foreign currency risk

The Group was exposed to foreign currency risk due to its foreign currency denominated assets and liabilities. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts. Approximately 21% of sales was denominated in the Group's functional currency.

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

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Assets				
USD	\$ 749,474	\$ 964,823	\$ 573,813	\$ 717,745
HKD	222,165	173,147	303,541	430,217
GBP	23,430	133,227	100,805	57,626
Liabilities				
USD	431,204	628,634	524,820	802,320
HKD	223,242	133,340	125,515	155,921

Sensitivity analysis

The Group was mainly exposed to the USD, HKD 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>GBP impact</u>	
	<u>Three Months Ended March 31</u>		<u>Three Months Ended March 31</u>		<u>Three Months Ended March 31</u>	
	2013	2012	2013	2012	2013	2012
Profit or loss	\$ 3,183	\$ 490	\$ (11)	\$ 1,780	\$ 234	\$ 1,008

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, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Fair value interest rate risk				
Financial assets	\$ 1,512,444	\$ 1,759,620	\$ 784,250	\$ 474,371
Financial liabilities	2,566,886	2,730,287	1,414,118	988,814
Cash flow interest rate risk				
Financial assets	1,076,450	960,742	836,863	1,068,413
Financial liabilities	86,525	83,180	339,859	787,994

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, 2013 and 2012 would have been higher/lower by \$2,475 thousand and \$1,243 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed mutual funds and equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on stocks and funds of industries operating in Taiwan and America; the price used is according to the monthly closing price and net asset value of the 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, 2013 would have been higher/lower by \$296 thousand as a result of the changes in fair value of held-for-trading investments and available-for-sale investments, 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.

If equity prices had been 1% higher/lower, pre-tax profit for the three months ended March 31, 2012 would have been higher/lower by \$246 thousand as a result of the changes in fair value of held-for-trading investments and available-for-sale investments, and the pre-tax other comprehensive income for the three months ended March 31, 2012 would have been higher/lower by zero 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 short, medium and long-term funding and liquidity management requirements. As of March 31, 2013, December 31, 2012, March 31, 2012 and January 1, 2012, the Group had available unutilized short-term bank loan facilities of approximately \$1,589,807 thousand, \$1,424,421 thousand, \$1,981,352 thousand and \$2,356,815 thousand, respectively.

a) Liquidity and interest risk rate tables

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

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

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<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	-
<u>December 31, 2012</u>						
Fixed interest rate liabilities	1.35-6.56	308,877	962,540	773,207	731,528	-
Variable interest rate liabilities	4.89	1,039	-	84,952	-	-
Non-interest bearing		273,516	183,902	18,820	23	-
<u>March 31, 2012</u>						
Fixed interest rate liabilities	1.33-6.56	158,146	222,701	464,613	596,520	-
Variable interest rate liabilities	1.60-2.56	51,388	240,491	50,216	-	-
Non-interest bearing		153,632	231,697	36,567	189	-
<u>January 1, 2012</u>						
Fixed interest rate liabilities	1.30-6.56	27,163	23,013	251,523	710,486	-
Variable interest rate liabilities	1.60-2.16	254,114	191,172	348,314	-	-
Non-interest bearing		203,922	154,400	33,013	438	-

Taking into account the Group's financial position, management does not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. Management believes that such bank loans will be repaid one year after the end of reporting period in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to \$1,936,354 thousand.

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

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

March 31, 2012

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Foreign exchange forward contracts Inflows	<u>\$ 29,631</u>	<u>\$ 44,408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

January 1, 2012

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Foreign exchange forward contracts Inflows	<u>\$ 76,088</u>	<u>\$ 88,144</u>	<u>\$ 30,423</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Secured bank loan facility				
Amount used	\$ 519,151	\$ 499,085	\$ 28,141	\$ 30,798
Amount unused	<u>96,139</u>	<u>92,423</u>	<u>478,393</u>	<u>488,487</u>
	<u>\$ 615,290</u>	<u>\$ 591,508</u>	<u>\$ 506,534</u>	<u>\$ 519,285</u>
Unsecured bank loan facility				
Amount used	\$ 2,560,598	\$ 2,812,060	\$ 1,910,854	\$ 2,611,045
Amount unused	<u>1,643,668</u>	<u>1,331,998</u>	<u>1,502,959</u>	<u>1,868,328</u>
	<u>\$ 4,204,266</u>	<u>\$ 4,144,058</u>	<u>\$ 3,413,813</u>	<u>\$ 4,479,373</u>

24. RELATED PARTY TRANSACTIONS

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 three months ended March 31, 2013 and 2012 were as follows:

	Three Months Ended March 31	
	2013	2012
Short-term benefits (including salary, bonuses and allowances)	\$ 3,938	\$ 4,888
Post-employment benefits	<u>79</u>	<u>79</u>
	<u>\$ 4,017</u>	<u>\$ 4,967</u>

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

b. Property lease

The Company leased its Taipei office, factories and storehouse from Su, Tun-Jen and Su, Tun-Li under one-year operating lease contracts. The rentals for the three months ended March 31, 2013 and 2012 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 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 Genius (HK).

25. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

The Group provided the following assets as collateral for the loans, and guarantee for payment of tariffs on imported raw materials.

	March 31, 2013	December 31, 2012	March 31, 2012	January 1, 2012
Property, plant and equipment - buildings	\$ 406,783	\$ 397,602	\$ 227,412	\$ 237,217
Deposit account (classified under bond investment without market price - current)	95,610	102,035	-	-
Prepaid rental (including current asset)	<u>30,112</u>	<u>40,275</u>	<u>20,079</u>	<u>20,726</u>
	<u>\$ 532,505</u>	<u>\$ 539,912</u>	<u>\$ 247,491</u>	<u>\$ 257,943</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, 2013 were as follows:

- a. Unused letters of credit for purchasing materials and equipment amounted to \$16,483 thousand (including JPY 50,100 thousand).
- b. The amounts of contracts for purchases of properties and materials were \$126,601 thousand, of which

\$77,951 thousand had not been paid.

27. EXCHANGE RATE INFORMATION OF FOREIGN CURRENCY FINANCIAL ASSETS AND LIABILITIES

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

	Original Currency	Exchange Rate	New Taiwan Dollars
<u>March 31, 2013</u>			
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
<u>December 31, 2012</u>			
Financial assets			
Monetary items			
USD	33,233	29.032	964,823
HKD	46,210	3.747	173,147
GBP	2,847	46.802	133,227
CAD	2,576	29.194	75,197
Nonmonetary items			
USD	701	29.032	20,359
HKD	2,697	3.747	10,106
Financial liabilities			
Monetary items			
USD	21,653	29.032	628,634
HKD	35,586	3.747	133,340

(Continued)

	Original Currency	Exchange Rate	New Taiwan Dollars
<u>March 31, 2012</u>			
Financial assets			
Monetary items			
USD	\$ 21,961	29.500	\$ 647,852
HKD	79,837	3.802	303,541
GBP	2,137	47.171	100,805
JPY	222,922	0.3591	80,051
CAD	1,460	29.568	43,175
Nonmonetary items			
USD	516	29.500	15,233
Financial liabilities			
Monetary items			
USD	17,791	29.500	524,820
HKD	33,013	3.802	125,515
Derivative contract			
Forward exchange contract			
USD	2,500	29.569-29.690	74,039
<u>January 1, 2012</u>			
Financial assets			
Monetary items			
USD	27,704	30.270	838,598
HKD	129,302	3.898	504,019
GBP	1,234	46.711	57,626
JPY	78,135	0.3905	30,512
CAD	1,006	29.661	29,839
Nonmonetary items			
USD	551	30.270	16,676
HKD	1,295	3.898	5,048
Financial liabilities			
Monetary items			
USD	26,505	30.270	802,320
HKD	40,000	3.898	155,921
Derivative contract			
Forward exchange contract			
USD	4,000	29.413-31.305	120,853
HKD	19,000	3.780-3.924	73,802 (Concluded)

28. ADDITIONAL DISCLOSURES

a. The following are additional disclosures for the Company for the three months ended March 31, 2013:

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

b. Investments in Mainland China

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

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

- 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 3 (attached).
- 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 3 (attached).
- 3) The amount of property transactions and the amount of the resultant gains or losses: Table 7 (attached).
- 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None.
- 5) The highest balance, the end of period balance, the interest rates range, and total current period interest with respect to financing of funds: Table 1 (attached).

- 6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: Table 7 (attached).
- c. Intercompany business relationships and significant transactions for the three months ended March 31, 2013 and 2012: Table 7 (attached).

29. OPERATING SEGMENT FINANCIAL INFORMATION

Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is focused on the category of customer for each type of goods supplied and services provided. The Group's reportable segments under Statement of Financial Accounting Standards No. 41 - "Operating Segments" are therefore 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, 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	<u>\$ (5,818)</u>	<u>\$ 41,223</u>	<u>\$ (430)</u>	<u>\$ (25,555)</u>	\$ 9,420
Interest revenue					9,249
Other non-operating revenue					2,707
Interest expense					(18,438)
Other gains and losses					<u>(7,377)</u>
Net income of operating units (pretax)					(4,439)
Income tax					<u>(924)</u>
Consolidated net income					<u>\$ (5,363)</u>
Total segment assets before investments	\$ 4,710,565	\$ 2,732,938	\$ 3,265,412	\$ (4,215,489)	\$ 6,493,426
Investments accounted for by the equity method	<u>1,947,700</u>	<u>-</u>	<u>-</u>	<u>(1,947,700)</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>

(Continued)

	GEM Terminal, GEM (Dongguan)& Genius (HK)	GEM (Suzhou)	Others	Adjustment and Elimination	Consolidated Amount
<u>Three months ended March 31, 2012</u>					
Revenue generated from third parties	\$ 455,643	\$ 373,633	\$ 82,077	\$ 651	\$ 912,004
Revenue generated from the Company and subsidiaries	<u>17,982</u>	<u>129,259</u>	<u>25,071</u>	<u>(172,312)</u>	<u>-</u>
Segment revenues	<u>\$ 473,625</u>	<u>\$ 502,892</u>	<u>\$ 107,148</u>	<u>\$ (171,661)</u>	<u>\$ 912,004</u>
Segment income	<u>\$ 12,249</u>	<u>\$ 41,552</u>	<u>\$ (1,050)</u>	<u>\$ 9,625</u>	\$ 62,376
Interest revenue					4,549
Other non-operating revenue					2,370
Interest expense					(8,515)
Other gains and losses					<u>(5,542)</u>
Net income of operating units (pre tax)					55,238
Income tax					<u>(21,935)</u>
Consolidated net income					<u>\$ 33,303</u>
Total segment assets before investments	\$ 3,998,533	\$ 2,853,035	\$ 2,939,793	\$ (4,379,364)	\$ 5,411,997
Investments accounted for by the equity method	<u>1,838,964</u>	<u>-</u>	<u>-</u>	<u>(1,838,964)</u>	<u>-</u>
Total segment assets	<u>\$ 5,837,497</u>	<u>\$ 2,853,035</u>	<u>\$ 2,939,793</u>	<u>\$ (6,218,328)</u>	<u>\$ 5,411,997</u>
Total segment liabilities	<u>\$ 2,052,981</u>	<u>\$ 681,698</u>	<u>\$ 222,429</u>	<u>\$ (448,593)</u>	<u>\$ 2,508,515</u> (Concluded)

30. FIRST-TIME ADOPTION OF IFRSs

Basis of the preparation of financial information under IFRSs

The Group's consolidated financial statements for the three months ended March 31, 2013 were the first IFRS interim financial statements. The Group not only follows the significant accounting policies stated in Note 4 but also applies the requirements under IFRS 1 "First-time Adoption of IFRS" as the basis of the preparation of the financial statements.

Effects of transition to IFRSs

The effects of the transition to IFRSs on the Group's consolidated balance sheets and consolidated statements of comprehensive income were shown on the following:

- a. Reconciliation of consolidated balance sheet as of January 1, 2012: Table 8 (attached).
- b. Reconciliation of consolidated balance sheet as of March 31, 2012: Table 9 (attached).
- c. Reconciliation of consolidated balance sheet as of December 31, 2012: Table 10 (attached).
- d. Reconciliation of consolidated statement of comprehensive income for the three months ended March 31, 2013: Table 11 (attached).
- e. Reconciliation of consolidated statement of comprehensive income for the year ended December 31, 2012: Table 12 (attached).
- f. Mandatory and optional exemptions under IFRS 1

In accordance with IFRS 1 - First-time Adoption of International Financial Reporting Standards, an entity should comply with each IFRS effective at the first-time adoption of IFRSs to prepare and present financial statements and application of IFRSs should be retrospective, except for optional exemptions and mandatory exemptions.

1) Deemed cost

For a part of the land, the Group elected to use revalued carrying amount (under ROC GAAP) as deemed cost at the date of transition to IFRSs. The Group has measured property, plant and equipment by cost method under IFRSs retrospectively.

2) Employee benefits

The Group elected to recognize all cumulative actuarial gains and losses relating to employee benefits in accumulated earnings at the date of transition to IFRSs.

The effects of electing for the above exemptions are stated in section “g. The effects of the transition from ROC GAAP to IFRSs” below.

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

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

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

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

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

As of December 31, 2012 March 31, 2012 and January 1, 2012, the Group’s time deposits with maturity of more than 3 months from the date of acquisition were reclassified under IFRSs; the reclassification adjustment resulted in a decrease of cash and cash equivalents by \$117,054 thousand, \$202,969 thousand and \$23,356 thousand, respectively.

2) Offset of deferred tax liabilities and assets

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

3) Reclassification of deferred income tax assets and liabilities

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

settled.

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

Accordingly, as of December 31, 2012, March 31, 2012 and January 1, 2012, the reclassification adjustment resulted in an increase of noncurrent deferred income tax assets by \$12,901 thousand, \$7,008 thousand and \$10,469 thousand, respectively. Under IFRSs, the Group's deferred tax assets and liabilities cannot be offset against each other, thus, deferred tax assets and liabilities both increased by \$1,299 thousand at December 31, 2012, by \$768 thousand at March 31, 2012 and by \$1,008 thousand at January 1, 2012.

4) Reclassification of reserve for land value increment tax

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

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

Accordingly, as of December 31, 2012, March 31, 2012 and January 1, 2012, the reclassification adjustment resulted in an increase of deferred income tax liabilities by \$7,398 thousand on each date.

5) Reclassification of prepayments for equipment

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

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

Accordingly, as of December 31, 2012, March 31, 2012 and January 1, 2012, the reclassification adjustment resulted in an increase of noncurrent other assets - prepayments for equipment by \$83,427 thousand, \$50,178 thousand and \$30,526 thousand, respectively.

6) Reclassification of land use rights

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

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

Accordingly, as of December 31, 2012, March 31, 2012 and January 1, 2012, the reclassification adjustment resulted in an increase of prepaid rent (under other current assets) by \$1,572 thousand, \$1,739 thousand and \$1,575 thousand, respectively, an increase of long-term prepaid rent by \$67,034 thousand, \$76,155 thousand and \$78,627 thousand, respectively.

7) Measurement of property, plant and equipment

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

Under IFRSs, the Group elected cost model as its accounting policy for subsequent recognition of its property, plant and equipment, and no land value increment is allowed to be recognized accordingly. Also, unrealized revaluation increment should be reclassified under other comprehensive income. The related unrealized revaluation increment of an item of property, plant and equipment, which was recorded under other comprehensive income, is derecognized upon its disposal and is included in retained earnings rather than current profit or loss.

Accordingly, as of December 31, 2012, March 31, 2012 and January 1, 2012, the reclassification adjustment resulted in an increase of retained earnings by \$25,785 thousand on each date.

8) Reclassification of deferred charges

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

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

Accordingly, as of December 31, 2012, March 31, 2012 and January 1, 2012, the reclassification adjustment resulted in an increase of long-term prepaid expenses (under noncurrent other assets) by \$6,354 thousand, \$7,279 thousand and \$8,119 thousand, respectively.

9) Employee benefit - short-term employee benefit

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

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

Accordingly, as of December 31, 2012, March 31, 2012 and January 1, 2012, the adjustment resulted in an increase of payroll payable (under accrued expenses) by \$2,755 thousand, \$2,336 thousand and \$2,963 thousand, respectively; an increase of deferred income tax assets by \$536 thousand, \$419 thousand and \$587 thousand, respectively; a decrease of cumulative translation adjustments by \$18 thousand, \$27 thousand and \$43 thousand, respectively. For the year ended December 31, 2012, and the three months ended March 31, 2012, the adjustment resulted in an increase of consolidated income by \$132 thousand (net of \$42 thousand tax effect), and \$444 thousand (net of \$161 thousand tax effect), respectively, and a decrease of retained earnings by \$2,332 thousand (net of \$587 thousand tax effect).

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

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

Accordingly, as of December 31, 2012, March 31, 2012 and January 1, 2012, the Group elected to recognize all cumulative actuarial losses relating to employee benefits of \$25,420 thousand in retained earnings at the date of transition to IFRSs, and recognized pension costs of \$3,435 thousand in accordance with the actuarial report. As of December 31, 2012, March 31, 2012 and January 1, 2012, foregoing adjustment also resulted in an increase of accrued pension costs by \$26,715 thousand, \$28,320 thousand and \$28,855 thousand, respectively; an increase of deferred income tax assets by \$4,542 thousand, \$4,815 thousand and \$4,905 thousand; a decrease of retained earnings by \$2,852 thousand (net of \$583 thousand tax effect). For the year ended December 31, 2012, the adjustment resulted in an increase of consolidated income by \$1,777 thousand (net of

\$363 thousand tax effect) and \$444 thousand (net of \$92 thousand tax effect).

11) Minimum pension liability

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

However, minimum pension liability is not addressed in IFRSs.

Accordingly, as of December 31, 2012, March 31, 2012 and January 1, 2012, the adjustment resulted in a decrease of accrued pension costs and net loss not yet recognized as pension costs both by \$10,522 thousand, \$18,205 thousand and \$18,205 thousand on each date.

h. Description of the significant cash flow adjustments

Time deposits that can be readily cancelled without eroding the principal and negotiable certificates of deposit that can be readily sold without eroding the principal meet the definition of cash in accordance with ROC GAAP. However, under IAS 7 “Statement of Cash Flows”, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition. Therefore, time deposits with a carrying amount of \$117,054 thousand, \$202,969 thousand and \$23,356 thousand as of December 31, 2012, March 31, 2012 and January 1, 2012, respectively, held by the Group were for investment purposes and thus no longer classified as cash under IFRSs.

According to ROC GAAP, interest paid and received and dividends received are classified as operating activities while dividends paid are classified as financing activities. Additional disclosure is required for interest expenses when reporting cash flow using indirect method. However, under IAS 7 “Statement of Cash Flows”, cash flows from interest and dividends received and paid shall each be disclosed separately. Each shall be classified in a consistent manner from period to period as operating, investing or financing activities. Therefore, interests and dividends received by the Group of \$4,257 thousand and \$138 thousand, respectively, for the three months ended March 31, 2012 were presented separately at the date of transition to IFRSs.

Except for the above differences, there are no other significant differences between ROC GAAP and IFRSs in the consolidated statement of cash flows.

GEM TERMINAL IND. CO., LTD. AND INVESTEES

FINANCING PROVIDED

MARCH 31, 2013

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

No.	Financing Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period	Ending Balance (Notes 2 and 5)	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
											Item	Value		
0	GEM Terminal Ind. Co., Ltd. (the "Company")	Global (Cayman)	Other receivables - related parties	\$ 148,300 (US\$ 5,000 thousand)	\$ -	2.80	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 576,815 (Note 1)	\$ 1,153,630 (Note 1)
		Vibo	Other receivables - related parties	149,100 (US\$ 5,000 thousand)	149,100 (US\$ 5,000 thousand) (Note 3)	2.80	Short-term financing	-	Operating capital	-	-	-	576,815 (Note 1)	1,153,630 (Note 1)
1	Vibo	GEM (Suzhou)	Other receivables - related parties	29,820 (US\$ 1,000 thousand)	29,820 (US\$ 1,000 thousand) (Note 4)	2.80	Short-term financing	-	Operating capital	-	-	-	573,861 (Note 1)	1,147,721 (Note 1)
		GEM (Dongguan)	Other receivables - related parties	149,100 (US\$ 5,000 thousand)	149,100 (US\$ 5,000 thousand) (Note 3)	2.80	Short-term financing	-	Operating capital	-	-	-	573,861 (Note 1)	1,147,721 (Note 1)
2	Global (Cayman)	Global (HK)	Other receivables - related parties	11,928 (US\$ 400 thousand)	11,928 (US\$ 400 thousand) (Note 5)	2.00	Short-term financing	-	Operating capital	-	-	-	577,756 (Note 1)	1,155,512 (Note 1)
		GEM (Dongguan)	Other receivables - related parties	96,140 (RMB20,000 thousand)	96,140 (RMB20,000 thousand) (Note 3)	4.50	Short-term financing	-	Operating capital	-	-	-	577,756 (Note 1)	1,155,512 (Note 1)
		GEM Terminal	Other receivables - related parties	74,550 (US\$ 2,500 thousand)	74,550 (US\$ 2,500 thousand) (Note 3)	2.80	Short-term financing	-	Operating capital	-	-	-	577,756 (Note 1)	1,155,512 (Note 1)

Note 1: Under the Company's and the subsidiaries' "Operational Procedures for Lending 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, 2013 were US\$1: NT\$29.82 and RMB1: NT\$4.807.

Note 3: The amount had been unused as of March 31, 2013.

Note 4: The amount that had been used as of March 31, 2013 was \$29,820 thousand (US\$1,000 thousand).

Note 5: The amount that had been used as of March 31, 2013 was \$11,928 thousand (US\$400 thousand).

Note 6: It was eliminated in the consolidated financial statements.

GEM TERMINAL IND. CO., LTD. AND INVESTEEES

MARKETABLE SECURITIES HELD

MARCH 31, 2013

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

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	March 31, 2013				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
GEM Terminal Ind. Co., Ltd. (the "Company")	<u>Callable preferred stock with interest</u> USD Standard Chart Reg S 9.5% Perpetual		Financial assets designated as at fair value through profit or loss - current	1,000	\$ 3,295		\$ 3,295	
	<u>Stock</u> Taiwan Way Co., Ltd. Yang Ming Marine Transport Corp. Fubon Financial Holding Co., Ltd. Cathay Financial Holding Co., Ltd. Mega Financial Holding Company Ltd. Taishin Financial Holding Co., Ltd. Sing Kong Financial Holding Co., Ltd. Chinatrust Financial Holding Company Ltd. First Financial Holding Co., Ltd. Wistron Corporation Yungshin Construction & Development Co., Ltd. Taiwan Cooperative Financial Holding Co., Ltd. Geely Holding Group Glencore International Plc China National Petroleum Corporation China Construction Bank Lenovo Group Agricultural Bank of China Foxconn Intl Hldgs Bank of China China National Offshore Oil Corporation Industrial & Commercial Bank of China		Available-for-sale financial assets - current	50,000	\$ 835		\$ 835	
			Available-for-sale financial assets - current	220,000	3,047		3,047	
			Available-for-sale financial assets - current	150,000	6,420		6,420	
			Available-for-sale financial assets - current	170,000	6,962		6,962	
			Available-for-sale financial assets - current	405,000	9,781		9,781	
			Available-for-sale financial assets - current	380,000	4,750		4,750	
			Available-for-sale financial assets - current	487,000	4,578		4,578	
			Available-for-sale financial assets - current	435,000	7,721		7,721	
			Available-for-sale financial assets - current	325,000	6,094		6,094	
			Available-for-sale financial assets - current	70,000	2,328		2,328	
			Available-for-sale financial assets - current	20,000	1,370		1,370	
			Available-for-sale financial assets - current	330,000	5,643		5,643	
			Available-for-sale financial assets - current	100,000	1,449		1,449	
			Available-for-sale financial assets - current	19,700	3,157		3,157	
			Available-for-sale financial assets - current	60,000	2,348		2,348	
			Available-for-sale financial assets - current	48,000	1,170		1,170	
			Available-for-sale financial assets - current	60,000	1,778		1,778	
			Available-for-sale financial assets - current	60,000	858		858	
			Available-for-sale financial assets - current	102,000	1,137		1,137	
			Available-for-sale financial assets - current	75,000	1,038		1,038	
			Available-for-sale financial assets - current	56,000	3,212		3,212	
			Available-for-sale financial assets - current	36,000	752		752	
				\$ 76,428		\$ 76,428		
	<u>Beneficial certificate</u> Boci Prudential AM WISE - CSI 300 China		Available-for-sale financial assets - current	75,000	\$ 1,049		\$ 1,049	

(Continued)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	March 31, 2013				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	<u>Rights certificate</u> Global Electronics Terminal (Cayman) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	38,637,184	\$ 2,888,781	100	\$ 2,888,781	Note 2
	Genius Terminal Co., Ltd.	Subsidiary	Investments accounted for using the equity method	750,000	95,331	100	95,331	Note 2
	GEM Terminal (Cayman) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	1,000,000	27,022	100	27,022	Note 2
					<u>\$ 3,011,134</u>		<u>\$ 3,011,134</u>	
Genius Terminal Co., Ltd.	<u>Certificate of incorporation</u> Genius (HK)	Subsidiary	Investments accounted for using the equity method	21,999,998	<u>\$ 82,846</u>	100	<u>\$ 82,846</u>	Note 2
Global Electronics (Cayman) Co., Ltd.	<u>Certificate of incorporation</u> Vibo	Subsidiary	Investments accounted for using the equity method	348,339,366	\$ 2,869,319	100	\$ 2,869,319	Note 2
	Global (HK)	Subsidiary	Investments accounted for using the equity method	1,000,000	4,919	100	4,919	Note 2
					<u>\$ 2,874,238</u>		<u>\$ 2,874,238</u>	
GEM Terminal (Cayman) Co., Ltd.	<u>Rights certificate</u> Ru Zhan Hardware Vn	Subsidiary	Investments accounted for using the equity method	-	<u>\$ 26,835</u>	100	<u>\$ 26,835</u>	Note 2
Vibo	<u>Rights certificate</u> GEM (Suzhou)	Subsidiary	Investments accounted for using the equity method	-	\$ 1,916,702	100	\$ 1,916,702	Note 2
	GEM (Dongguan)	Subsidiary	Investments accounted for using the equity method	-	980,588	100	980,588	Note 2
	You Mao	Subsidiary	Investments accounted for using the equity method	-	-	100	-	Notes 1 and 2
					<u>\$ 2,897,290</u>		<u>\$ 2,897,290</u>	

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

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND INVESTEEES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
THREE MONTHS ENDED MARCH 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Detail			Non-arm's Length Transaction		Notes/Accounts Payable or Receivable		Note	
			Purchases/Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance		% to Total
Genius (HK)	GEM Terminal Ind. Co., Ltd. (the "Company")	Parent	Sales	\$ 137,028 (HK\$36,037 thousand) (Note 1)	15	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	\$ 187,349 (HK\$48,738 thousand) (Note 2)	16	Note 3
GEM Terminal Ind. Co., Ltd. (the "Company")	Genius (HK)	Subsidiary	Purchases	(137,028) (HK\$(36,037) thousand) (Note 1)	(17)	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	(187,349) (HK\$(48,738) thousand) (Note 2)	(31)	Note 3
GEM (Dongguan)	Genius (HK)	Affiliate	Sales	326,835 (HK\$83,627 thousand and US\$243 thousand) (Note 1)	36	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	42,125 (HK\$9,888 thousand and US\$124 thousand) (Note 2)	4	Note 3
Genius (HK)	GEM (Dongguan)	Affiliate	Purchases	(326,835) (HK\$(83,627) thousand and US\$243 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	(42,125) (HK\$(9,888) thousand and US\$(124) thousand) (Note 2)	(7)	Note 3

Note 1: The average conversion rates for the three months ended March 31, 2013 were HK\$1.0000: NT\$3.8024 and US\$1.0000: NT\$29.4699.

Note 2: The conversion rates on March 31, 2013 were HK\$1.000: NT\$3.844; and US\$1.000: NT\$29.82.

Note 3: It was eliminated in the consolidated financial statements.

GEM TERMINAL IND. CO., LTD. AND INVESTEES

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

MARCH 31, 2013

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Year	Allowance for Bad Debt
					Amount	Action Taken		
Genius (HK)	GEM Terminal Ind. Co., Ltd. (the "Company")	Subsidiary	\$187,349 (Note)	3.46	\$ -	-	\$ 44,398	\$ -

Note: It was eliminated in the consolidated financial statements.

GEM TERMINAL IND. CO., LTD. AND INVESTEEES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE THREE MONTHS ENDED MARCH 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2013			Ownership % × Net Worth of Investees	Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Earnings Appropriation		Note
				December 31, 2012 (Foreign Currencies in Thousands)	March 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	US\$ 35,037	US\$ 38,637	38,637,184	100	\$ 2,888,781	\$ 2,888,781	\$ (6,390)	\$ (6,390)	\$ -	\$ -	Note 2
	Genius Terminal	British Virgin Islands	International investment and trading, etc.	US\$ 750	US\$ 750	750,000	100	95,331	95,331	1,638	1,638	-	-	Note 2
	GEM Terminal (Cayman)	Grand Cayman, Cayman Islands	International investment	US\$ 1,000	US\$ 1,000	1,000,000	100	27,022	27,022	(272)	(272)	-	-	Note 2
								<u>\$ 3,011,134</u>	<u>\$ 3,011,134</u>	<u>\$ 5,024</u>	<u>\$ (5,024)</u>			
Genius Terminal	Genius (HK)	Hong Kong	International trading	HK\$ 22,000	HK\$ 22,000	21,999,998	100	\$ 82,846	\$ 82,846	\$ 1,636	\$ 1,636	-	-	Note 2
Global (Cayman)	Vibo	Hong Kong	Investment and trading	HK\$ 320,427	HK\$ 348,339	348,339,966	100	\$ 2,869,319	\$ 2,869,319	\$ (3,264)	\$ (3,264)	-	-	Note 2
	Global (HK)	Hong Kong	International trading	HK\$ 1,000	HK\$ 1,000	1,000,000	100	4,919	4,919	(3,042)	(3,042)	-	-	Note 2
								<u>\$ 2,874,238</u>	<u>\$ 2,874,238</u>	<u>\$ (6,306)</u>	<u>\$ (6,306)</u>			
GEM Terminal (Cayman)	Rui Zhan Hardware VN	Vietnam	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production	US\$ 910	US\$ 910	-	100	\$ 26,835	\$ 26,835	\$ (126)	\$ (126)	-	-	Note 2
Vibo	GEM (Suzhou)	Mainland China	Manufacture of new electronic components and devices (e.g., Opto-Electronic devices and new mechanical/electric components); design and manufacture of stamping molds with the precision that is equal to or greater than 0.02 mm, plastic molds with the precision that is equal to or greater than 0.05 mm, and standard molds; development and production of construction hardware, water heater parts, and general hardware; manufacture of heat-resistant thermal insulation (insulation class: F or H) and insulation molding parts; production of inorganic nonmetal materials and products (special ceramics); development and production of materials for the specific use in semiconductor components and devices; components, devices, and materials for new instrumentation plug-ins (inserts and functional parts of instrument); terminal crimping machines; and equipment for the specific use in electronics and electric appliances and electroplating of hardware accessories; and sale of the Company's own products (under business permits for certain operations.)	US\$ 21,500	US\$ 21,500	-	100	\$ 1,916,702	\$ 1,916,702	\$ 3,810	\$ 3,810	-	-	Note 2
	GEM (Dongguan)	Mainland China	Production and sale of terminals, electric appliance plugs and plastic hardware, terminal crimping machines, molds, computer inserts, electroplating for hardware accessories, ceramic ferrules for optical fiber connection, and machine for hardware, electronics, plastics products manufacturing.	US\$ 10,559	US\$ 14,159	-	100	980,588	980,588	(6,249)	(6,249)	-	-	Note 2
	You Mao	Hong Kong	International trading	Note 1	Note 1	-	100	-	-	-	-	-	-	Note 2
								<u>\$ 2,897,290</u>	<u>\$ 2,897,290</u>	<u>\$ (2,439)</u>	<u>\$ (2,439)</u>			

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

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

GEM TERMINAL IND. CO., LTD. AND INVESTEEES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands) (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2013	Percentage of Ownership	Investment Income (Loss) Recognized (Note 2)	Carrying Amount as of March 31, 2013 (Notes 1 and 2)	Accumulated Inward Remittance of Earnings as of March 31, 2013
					Outflow	Inflow					
GEM (Dongguan)	Production and sale of terminals, electric appliance plugs and plastic hardware, terminal crimping machines, molds, computer inserts, electroplating for hardware accessories, ceramic ferrules for optical fiber connection, and machine for hardware, electronics, plastics products manufacturing.	\$ 814,628 (RMB 169,467)	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	\$ 344,332 (US\$ 10,559 thousand)	\$ 107,798 (US\$ 3,600 thousand)	\$ -	\$ 452,130 (US\$ 14,159 thousand)	100	\$ (6,249) (US\$ (212) thousand)	\$ 980,588 (US\$ 32,884 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 (under business permits for certain operations.)	1,160,294 (RMB 241,376)	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	696,860 (US\$ 21,500 thousand)	-	-	696,860 (US\$ 21,500 thousand)	100	3,810 (US\$ 129 thousand)	1,916,702 (US\$ 64,276 thousand)	-
							\$ 1,148,990 (US\$ 35,659 thousand)				

Accumulated Investment in Mainland China as of March 31, 2013	Investment Amount Authorized by the Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 3)
\$1,148,990 (US\$35,659 thousand)	\$1,780,254 (US\$59,700 thousand)	\$1,730,444

Note 1: The conversion rates on March 31, 2013 were RMB1.0000: NT\$4.807 and US\$1.0000: NT\$29.82.

Note 2: Amount was from financial reports issued by Taiwan independent certified public accountants.

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, 2013 AND 2012
 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

For the three months ended March 31, 2013

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms (Note 2)		
0	GEM Terminal	Genius (HK)	1	Sales	\$ 7,614	Payment terms are four months, no comparable transactions	1	Note 1
		Genius (HK)	1	Accounts receivable	4,642	Payment terms are four months, no comparable transactions	-	Note 1
		Genius (HK)	1	Fixed assets and equipment for sale - current	3,366	Payment terms are four months, no comparable transactions	-	Note 1
		Genius (HK)	1	Other receivable	1,559	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Sales	29,333	Payment terms are four months, no comparable transactions	3	Note 1
		GEM (Suzhou)	1	Fixed assets and equipment for sale - current	5,942	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Expense of patent right	696	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	1	Fixed assets and equipment for sale - current	5,180	Payment terms are four months, no comparable transactions	-	Note 1
1	GEM (Dongguan)	Genius (HK)	3	Sales	326,835	Payment terms are four months, no comparable transactions	36	Note 1
		Genius (HK)	3	Accounts receivable	42,125	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	3	Sales	225	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Accounts receivable	955	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Fixed assets and equipment for sale - current	69	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Other receivable	63	Payment terms are four months, no comparable transactions	-	Note 1
2	Genius (HK)	GEM Terminal	2	Sales	137,028	Payment terms are four months, no comparable transactions	15	Note 1
		GEM Terminal	2	Accounts receivable	187,349	Payment terms are four months, no comparable transactions	3	Note 1
		GEM (Dongguan)	3	Sales	11,164	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Accounts receivable	11,286	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Other receivable	145	Payment terms are four months, no comparable transactions	-	Note 1
3	Global (HK)	GEM Terminal	2	Sales	14,213	Payment terms are four months, no comparable transactions	2	Note 1
		GEM Terminal	2	Accounts receivable	13,755	Payment terms are four months, no comparable transactions	-	Note 1
4	GEM (Suzhou)	GEM Terminal	2	Sales	4,825	Payment terms are four months, no comparable transactions	1	Note 1
		Global (HK)	3	Sales	92,441	Payment terms are four months, no comparable transactions	10	Note 1
		Global (HK)	3	Accounts receivable	17,918	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Sales	10,864	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Accounts receivable	15,724	Payment terms are four months, no comparable transactions	-	Note 1

(Continued)

For the three months ended March 31, 2012

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions				Note
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets	
0	GEM Terminal	Global (HK)	1	Sales	\$ 17,625	Payment terms are four months, no comparable transactions	2	Note 1
		Global (HK)	1	Accounts receivable	11,271	Payment terms are four months, no comparable transactions	-	Note 1
		Genius (HK)	1	Sales	37,865	Payment terms are four months, no comparable transactions	4	Note 1
		Genius (HK)	1	Accounts receivable	408	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	1	Fixed assets and equipment for sale - current	150	Payment terms are four months, no comparable transactions	-	Note 1
		Genius (HK)	1	Fixed assets and equipment for sale - current	8,161	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Fixed assets and equipment for sale - current	12,559	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Other receivable	12,537	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Expense of patent right	726	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	1	Fixed assets and equipment for sale - current	29,848	Payment terms are four months, no comparable transactions	1	Note 1
		1	GEM (Dongguan)	Genius (HK)	3	Sales	387,350	Payment terms are four months, no comparable transactions
Genius (HK)	3			Accounts receivable	210,421	Payment terms are four months, no comparable transactions	4	Note 1
GEM (Suzhou)	3			Sales	357	Payment terms are four months, no comparable transactions	-	Note 1
GEM (Suzhou)	3			Accounts receivable	415	Payment terms are four months, no comparable transactions	-	Note 1
GEM (Suzhou)	3			Fixed assets	1,760	Payment terms are four months, no comparable transactions	-	Note 1
GEM (Suzhou)	3			Other receivable	2,049	Payment terms are four months, no comparable transactions	-	Note 1
2	Genius (HK)			GEM Terminal	2	Sales	151,434	Payment terms are four months, no comparable transactions
		GEM Terminal	2	Accounts receivable	94,607	Payment terms are four months, no comparable transactions	2	Note 1
		GEM Terminal	2	Other receivable	24,962	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Sales	54,628	Payment terms are four months, no comparable transactions	6	Note 1
		GEM (Dongguan)	3	Accounts receivable	30,794	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Other receivable	57	Payment terms are four months, no comparable transactions	-	Note 1
3	Global (HK)	GEM Terminal	2	Sales	7,305	Payment terms are four months, no comparable transactions	1	Note 1
		GEM Terminal	2	Accounts receivable	1,973	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Sales	17,766	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Suzhou)	3	Accounts receivable	15,313	Payment terms are four months, no comparable transactions	-	Note 1
4	GEM (Suzhou)	GEM Terminal	2	Sales	3,887	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Accounts receivable	792	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	3	Sales	89,391	Payment terms are four months, no comparable transactions	10	Note 1
		Global (HK)	3	Accounts receivable	56,037	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Sales	35,981	Payment terms are four months, no comparable transactions	4	Note 1
		GEM (Dongguan)	3	Accounts receivable	145,632	Payment terms are four months, no comparable transactions	3	Note 1

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

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

(Concluded)

TABLE 8

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

ADJUSTMENTS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 JANUARY 1, 2012
 (In Thousands of New Taiwan Dollars)

Assets					Liabilities and Stockholders' Equity							
ROC GAAP		Effects of Transition		IFRSs		ROC GAAP		Effects of Transition		IFRSs		
Items	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Items	Note (Note 1)	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Items	Note (Note 1)
CURRENT ASSETS												
Cash	\$ 1,545,369	\$ (23,356)	\$ -	\$ 1,522,013	Cash	(1)	\$ 709,269	\$ -	\$ -	\$ 709,269	Short-term loans	
Financial assets at fair value through profit or loss - current	37,395	-	-	37,395	Financial assets at fair value through profit or loss - current		1,499	-	-	1,499	Financial liabilities at fair value through profit or loss - current	
Available-for-sale financial assets - current	27,620	-	-	27,620	Available-for-sale financial assets - current		31,039	-	-	31,039	Notes payable	
-	-	23,356	-	23,356	Bond investments with no active market	(1)	335,212	-	-	335,212	Accounts payable	
Notes receivable	146,019	-	-	146,019	Notes receivable		25,315	-	-	25,315	Income tax liabilities	
Accounts receivable, net	1,252,464	-	-	1,252,464	Accounts receivable, net		164,009	50,361	2,963	217,333	Other payables	(9), Notes 2 and 3
Tax refundable	15,551	-	-	15,551	Tax refundable		-	-	-	-	Long-term debts - current portion	
Other receivable	19,625	-	-	19,625	Other receivable		365,074	-	-	365,074	Long-term debts - current portion	
Refundable deposits - current	33,436	-	-	33,436	Refundable deposits		54,712	(50,361)	-	4,351	Other current liabilities	Note 3
Inventories	512,766	-	-	512,766	Inventories		<u>1,686,129</u>	-	<u>2,963</u>	<u>1,689,092</u>		
Deferred income tax assets - current	10,469	(10,469)	-	-	-	(2) and (3)						
Other current assets	80,967	1,575	-	82,542	Other current assets	(6)	<u>702,465</u>	-	-	<u>702,465</u>	LONG-TERM DEBTS	
Total current assets	<u>3,681,681</u>	<u>(8,894)</u>	-	<u>3,672,787</u>								
PROPERTY, PLANT AND EQUIPMENT												
Cost	2,616,921	-	36,456	2,653,377	Cost							
Revaluation increment - land	36,456	-	(36,456)	-	-							
Accumulated depreciation	(1,077,969)	-	-	(1,077,969)	Accumulated depreciation		74,738	-	10,650	85,388	Pension benefit obligations	(10) and (11)
-	1,575,408	-	-	1,575,408	-		52,602	8,406	-	61,008	Deferred income tax liabilities	(2), (3), and (4)
Construction in progress	57,744	-	-	57,744	Construction in progress							
Prepayments for equipment	30,526	(30,526)	-	-	Prepayments for equipment	(5)	<u>127,340</u>	<u>8,406</u>	<u>10,650</u>	<u>146,396</u>		
Total property, plant and equipment, net	<u>1,663,678</u>	<u>(30,526)</u>	-	<u>1,633,152</u>	Property, plant and equipment		<u>2,523,332</u>	<u>1,008</u>	<u>13,613</u>	<u>2,537,953</u>	Total liabilities	
INTANGIBLE ASSETS												
Land use rights	80,202	(80,202)	-	-	-	(6)						
OTHER ASSETS												
-	-	30,526	-	30,526	Prepayments for equipment	(5)						
Refundable deposits - noncurrent	2,895	-	-	2,895	Refundable deposits		25,785	-	(25,785)	-	-	(7)
Deferred income tax assets - noncurrent	27,963	11,477	5,492	44,932	Deferred income tax assets	(2), (3), (9) and (10)	(1,996)	-	-	(1,996)	Unrealized loss on available-for-sale financial assets	
-	-	78,627	-	78,627	Prepayments for long-term rents	(6)	202,948	-	(43)	202,905	Exchange difference	(9)
Other assets	10,619	-	-	10,619	Other noncurrent assets	(8)	(18,205)	-	18,205	-	-	(11)
Total other assets	<u>41,477</u>	<u>120,630</u>	<u>5,492</u>	<u>167,599</u>			<u>208,532</u>	-	<u>(7,623)</u>	<u>200,909</u>		
TOTAL												
	<u>\$ 5,467,038</u>	<u>\$ 1,008</u>	<u>\$ 5,492</u>	<u>\$ 5,473,538</u>	TOTAL		<u>\$ 5,467,038</u>	<u>\$ 1,008</u>	<u>\$ 5,492</u>	<u>\$ 5,473,538</u>	TOTAL	

Note 1: Refer to Note 24 - b.6) Mandatory and optional exemptions under IFRS 1, and 7) and explanation of the effects of the adjustments due to transition from ROC GAAP to IFRSs.

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

Note 3: In accordance with the newly revised "Rules Governing the Preparation of Financial Statements by Securities Issuers", the account Current liabilities - Payable for Equipment \$24,367 thousand and other payable \$25,994 thousand are reclassified to other payables.

TABLE 9

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

ADJUSTMENTS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION
March 31, 2012
(In Thousands of New Taiwan Dollars)

ROC GAAP		ASSETS			IFRSs		ROC GAAP		LIABILITIES AND STOCKHOLDERS' EQUITY			IFRSs	
ITEMS	AMOUNT	EFFECTS OF TRANSITION		AMOUNT	ITEMS	NOTE (Note 1)	ITEMS	AMOUNT	EFFECTS OF TRANSITION		AMOUNT	ITEMS	NOTE (Note 1)
		REPRESENTATION INCONSISTENCY	RECOGNITION MEASUREMENT OR INCONSISTENCY						REPRESENTATION INCONSISTENCY	RECOGNITION MEASUREMENT OR INCONSISTENCY			
CURRENT ASSETS													
Cash	\$ 1,623,393	\$ (202,969)	\$ -	\$ 1,420,424	Cash	(1)	Short-term loans	\$ 535,305	\$ -	\$ -	\$ 535,305	Short-term loans	
Financial assets at fair value through profit or loss - current	39,794	-	-	39,794	Financial assets at fair value through profit or loss - current		Notes payable	25,157	-	-	25,157	Notes payable	
Other financial assets-current	-	202,969	-	202,969	Debt investments with no active market -current	(1)	Accounts payable	371,605	-	-	371,605	Accounts payable	
Notes receivable	160,375	-	-	160,375	Notes receivable		Income tax payable	6,029	-	-	6,029	Income tax liabilities	
Accounts receivable, net	999,589	-	-	999,589	Accounts receivable, net		Accrued expenses	144,074	52,837	2,336	199,247	Other payables	
Tax refundable	6,335	-	-	6,335	Tax refundable		-	-	147	-	147	Provisions	Note 3
Other receivable	10,572	-	-	10,572	Other receivable		Long-term debts - current portion	582,005	-	-	582,005	Long-term debts - current portion	(9) 、 Note2 and 3
Inventories	620,494	-	-	620,494	Inventories		Other current liabilities	56,676	(52,984)	-	3,692	Other current liabilities	Note 3
Deferred income tax assets - current	7,008	(7,008)	-	-	-	(2)and(3)	Total current liabilities	1,720,851	-	2,336	1,723,187		
Refundable deposits - current	34,070	-	-	34,070	Refundable deposits		LONG-TERM DEBTS	636,667	-	-	636,667	LONG-TERM DEBTS	
Other current assets	162,334	1,739	-	164,073	Other current assets	(6)	RESERVE FOR LAND VALUE INCREMENT TAX	7,398	(7,398)	-	-	-	(4)
Total current assets	3,663,964	(5,269)	-	3,658,695			OTHER LIABILITIES						
PROPERTY, PLANT AND EQUIPMENT													
Cost	2,598,440	-	36,456	2,634,896	Cost		Accrued pension cost	75,273	-	10,115	85,388	Pension benefit obligations	(10) and (11)
Revaluation increment - land	36,456	-	(36,456)	-	-		Deferred income tax liabilities	55,107	8,166	-	63,273	Deferred income tax liabilities	(2) 、 (3) and (4)
Accumulated depreciation	(1,079,579)	-	-	(1,079,579)	Accumulated depreciation		Total other liabilities	130,380	8,166	10,115	148,661		
	1,555,317	-	-	1,555,317			Total liabilities	2,495,296	768	12,451	2,508,515	Total liabilities	
Construction in progress	15,645	-	-	15,645	Construction in progress		STOCKHOLDERS' EQUITY						
Prepayments for equipment	50,178	(50,178)	-	-	Prepayments for equipment	(5)	Common stock	1,715,980	-	-	1,715,980	Common stock	
Total property, plant and equipment, net	1,621,140	(50,178)	-	1,570,962	Total property, plant and equipment		Capital surplus	270,187	-	-	270,187	Capital surplus	
							Retained earnings	781,422	-	390	781,812	Retained earnings	(7) 、 (9) and (10)
INTANGIBLE ASSETS													
Land use rights	77,894	(77,894)	-	-	-	(6)	Unrealized revaluation increment	25,785	-	(25,785)	-	-	(7)
							Cumulative translation adjustments	135,530	-	(27)	135,503	Exchange difference	(9)
							Net loss not yet recognized as pension costs increment	(18,205)	-	18,205	-	-	(11)
OTHER ASSETS													
Deferred income tax assets - noncurrent	30,424	50,178	-	80,602	Prepayments For equipment	(5)	Total other equity items	143,110	-	(7,607)	135,503		
Refundable deposits - noncurrent	2,855	7,776	5,234	15,865	Deferred income tax assets	(2) 、 (3) 、 (9) and (10)	Total stockholders' equity	2,910,699	-	(7,217)	2,903,482	Total stockholders' equity	
Prepaid rent - noncurrent	-	76,155	-	76,155	Refundable deposits	(10)							
Other assets	9,718	-	-	9,718	Prepayments for long-term rents	(6)							
Total other assets	42,997	134,109	5,234	182,340	Other noncurrent assets	(8)							
TOTAL	\$ 5,405,995	\$ 768	\$ 5,234	\$ 5,411,997	TOTAL		TOTAL	\$ 5,405,995	\$ 768	\$ 5,234	\$ 5,411,997	TOTAL	

Note 1 : Refer to Note 21 - 5) Mandatory and optional exemptions under IFRS 1, and 6) the effect of the transition from ROC GAAP to IFRSs for explanation for the adjustments.

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

Note 3 : In accordance with the newly revised "Rules Governing the Preparation of Financial Statement by Financial Statement by Securities Issuers", the account Current liabilities – Payable for Equipment \$24,735 thousand and other payables \$28,102 thousand are reclassified to Other payables; the account Current liabilities \$147 thousand is reclassified to Provisions – current.

TABLE 10

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

ADJUSTMENTS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2012
(In Thousands of New Taiwan Dollars)

Assets						Liabilities and Stockholders' Equity							
ROC GAAP		Effects of Transition		IFRSs		ROC GAAP		Effects of Transition		IFRSs			
Items	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Items	Note (Note 1)	Items	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Items	Note (Note 1)
CURRENT ASSETS							CURRENT LIABILITIES						
Cash	\$ 2,621,054	\$ (117,054)	\$ -	\$ 2,504,000	Cash	(1) and Note 2	Short-term loans	\$ 1,386,144	\$ -	\$ -	\$ 1,386,144	Short-term loans	
Financial assets at fair value through profit or loss - current	110,404	-	-	110,404	Financial assets at fair value through profit or loss - current		Notes payable	21,412	-	-	21,412	Notes payable	
Available-for-sale financial assets-current	28,012	-	-	28,012	Available-for-sale financial assets-current		Accounts payable	431,829	-	-	431,829	Accounts payable	
-	-	219,089	-	219,089	Bond investment with no active market	(1) and Note 2	Income tax payable	9,841	-	-	9,841	Income tax liabilities	
Notes receivable	171,259	-	-	171,259	Notes receivable		Accrued expenses	128,412	44,782	2,755	175,949	Other payables	(9) - Notes 3 and 4
Accounts receivable, net	1,040,107	-	-	1,040,107	Accounts receivable, net		-	-	35	-	35	Provisions	Note 4
Tax refundable	4,470	(2,185)	-	2,285	Tax refundable		Long-term debts - current portion	706,490	-	-	706,490	Long-term debts - current portion	
Other receivable	22,196	-	-	22,196	Other receivable		Other current liabilities	47,707	(44,817)	-	2,890	Other current liabilities	Note 4
-	-	2,185	-	2,185	Income tax assets		Total current liabilities	2,731,835	-	2,755	2,734,590		
Refundable deposits - current	1,807	-	-	1,807	Refundable deposits		LONG-TERM DEBTS	720,833	-	-	720,833	LONG-TERM DEBTS	
Inventories	438,841	-	-	438,841	Inventories		RESERVE FOR LAND VALUE INCREMENT TAX	7,398	(7,398)	-	-	-	(4)
Deferred income tax assets - current	12,901	(12,901)	-	-	-	(2) and (3)	OTHER LIABILITIES	-	-	-	-	-	
Restricted assets-current	102,035	(102,035)	-	-	-	Note 2	Accrued pension cost	69,265	-	16,193	85,458	Pension benefit obligations	(10) and (11)
Other current assets	73,999	1,572	-	75,571	Other current assets	(6)	Deferred income tax liabilities	61,735	8,697	-	70,432	Deferred income tax liabilities	(2), (3) and (4)
Total current assets	4,627,085	(11,329)	-	4,615,756			Total other liabilities	131,000	8,697	16,193	155,890		
PROPERTY, PLANT AND EQUIPMENT							Total liabilities	3,591,066	1,299	18,948	3,611,313	Total liabilities	
Cost	2,688,801	-	36,456	2,725,257	Cost	IFRS1	STOCKHOLDERS' EQUITY						
Revaluation increment - land	36,456	-	(36,456)	-	-	IFRS1	Common stock	1,715,980	-	-	1,715,980	Common stock	
Accumulated depreciation	(1,184,922)	-	-	(1,184,922)	Accumulated depreciation		Capital surplus	270,187	-	-	270,187	Capital surplus	
-	1,540,335	-	-	1,540,335	-		Retained earnings	696,673	-	1,411	698,084	Retained earnings	(7), (9) and (10)
Construction in progress	21,426	-	-	21,426	Construction in progress		OTHER EQUITY ITEMS						
Prepayments for equipment	83,427	(83,427)	-	-	Prepayments for equipment	(5)	Unrealized revaluation increment	25,785	-	(25,785)	-	-	(7)
Total property, plant and equipment, net	1,645,188	(83,427)	-	1,561,761	Total property, plant and equipment		Unrealized loss on financial instrument	2,321	-	-	2,321	Unrealized loss on available - for sale financial assets	
INTANGIBLE ASSETS							Cumulative translation adjustments	93,997	-	(18)	93,979	Exchange difference	(9)
Land use rights	68,606	(68,606)	-	-	-	(6)	Net loss not yet recognized as pension costs	(10,522)	-	10,522	-	-	(11)
OTHER ASSETS							Total other equity items	111,581	-	(15,281)	96,300		
-	-	83,427	-	83,427	Prepayments for long-term rents	(6)	Total stockholders' equity	2,794,421	-	(13,870)	2,780,551	Total stockholders' equity	
Refundable deposits - noncurrent	1,732	-	-	1,732	Other noncurrent assets	(8)	TOTAL						
Deferred income tax assets - noncurrent	34,119	14,200	5,078	53,397	Deferred income tax assets	(2), (3), (9) and (10)	TOTAL	\$ 6,385,487	\$ 1,299	\$ 5,078	\$ 6,391,864	TOTAL	
-	-	67,034	-	67,034	-								
Other assets	8,757	-	-	8,757									
Total other assets	44,608	164,661	5,078	214,347									
TOTAL							TOTAL						
	\$ 6,385,487	\$ 1,299	\$ 5,078	\$ 6,391,864				\$ 6,385,487	\$ 1,299	\$ 5,078	\$ 6,391,864		

Note 1: Refer to Note 24 - b.6) Mandatory and optional exemptions under IFRS 1, and 7) and explanation of the effect of the adjustments due to transition from ROC GAAP to IFRSs.

Note 2: In accordance with the newly revised "Rules Governing the Preparation of Financial Statements by Securities Issuers", the account Restricted Assets \$102,035 thousand is reclassified to Bond investment with no active market

Note 3: In accordance with the newly revised "Rules Governing the Preparation of Financial Statements by Securities Issuers", the account Accrued Expenses is combined with Other Payables and are collectively called Other Payables.

Note 4: In accordance with the newly revised "Rules Governing the Preparation of Financial Statements by Securities Issuers", the account Current liabilities - Payable for Equipment \$21,772 thousand and other payable \$23,010 are reclassified to Other payables; the account Current liabilities \$35 thousand is reclassified to Provisions-current.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

**ADJUSTMENTS OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2012
(In Thousands of New Taiwan Dollars)**

ROC GAAP		EFFECTS OF TRANSITION		IFRSs		
ITEMS	AMOUNT	TRANSITION INCONSISTENCY	RECOGNITION AND MEASUREMENT INCONSISTENCY	AMOUNT	ITEMS	NOTE
OPERATING REVENUE, NET	\$ 912,004	\$ -	\$ -	\$ 912,004	OPERATING REVENUE, NET	
OPERATING COSTS	<u>757,231</u>	<u>-</u>	<u>(632)</u>	<u>756,599</u>	OPERATING COSTS	(9) and (10)
GROSS PROFIT	<u>154,773</u>	<u>-</u>	<u>632</u>	<u>155,405</u>	GROSS PROFIT	
OPERATING EXPENSES					OPERATING EXPENSES	
Research and development	6,597	-	(150)	6,447	Research and development	(9) and (10)
Selling	36,421	-	(73)	36,348	Selling	(9) and (10)
General and administrative	<u>50,520</u>	<u>-</u>	<u>(286)</u>	<u>50,234</u>	General and administrative	(9) and (10)
Total operating expenses	<u>93,538</u>	<u>-</u>	<u>(509)</u>	<u>93,029</u>	Total operating expenses	
OPERATING INCOME	<u>61,235</u>	<u>-</u>	<u>1,141</u>	<u>62,376</u>	OPERATING INCOME	
NONOPERATING INCOME AND GAINS					NONOPERATING INCOME AND GAINS	
Interest income	4,549	-	-	4,549	Interest income	
Miscellaneous income	<u>8,531</u>	<u>-</u>	<u>-</u>	<u>8,531</u>	Other income and gains	
Total nonoperating income and gains	<u>13,080</u>	<u>-</u>	<u>-</u>	<u>13,080</u>	Total nonoperating income and gains	
NONOPERATING EXPENSES AND LOSSES					NONOPERATING EXPENSES AND LOSSES	
Interest expense	8,515	-	-	8,515	Interest expense	
Miscellaneous expenses	<u>11,703</u>	<u>-</u>	<u>-</u>	<u>11,703</u>	Other expenses and losses	
Total nonoperating expenses and losses	<u>20,218</u>	<u>-</u>	<u>-</u>	<u>20,218</u>	Total nonoperating expenses and losses	
CONSOLIDATED INCOME BEFORE INCOME TAX	54,097	-	1,141	55,238	CONSOLIDATED INCOME BEFORE INCOME TAX	(9) and (10)
INCOME TAX	<u>21,682</u>	<u>-</u>	<u>253</u>	<u>21,935</u>	INCOME TAX	(9) and (10)
CONSOLIDATED NET INCOME	<u>\$ 32,415</u>	<u>\$ -</u>	<u>\$ 888</u>	33,303	CONSOLIDATED NET INCOME	
				2,176	UNREALIZED PROFIT OR LOSS BY AVAILABLE-FOR-SALE FINANCIAL ASSETS	
				(67,402)	EXCHANGE DIFFERENCE	
				(180)	INCOME TAX RELATED TO OTHER COMPREHENSIVE INCOME	
				<u>\$ (32,103)</u>	TOTAL COMPREHENSIVE INCOME	

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

TABLE 12**GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES****ADJUSTMENTS OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2012
(In Thousands of New Taiwan Dollars)**

ROC GAAP		Effects of Transition		IFRSs		Note
Items	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Items	
OPERATING REVENUE, NET	\$ 3,918,873	\$ -	\$ -	\$ 3,918,873	OPERATING REVENUE, NET	
OPERATING COSTS	<u>3,331,655</u>	-	(456)	<u>3,331,199</u>	OPERATING COSTS	(9) and (10)
GROSS PROFIT	<u>587,218</u>	-	456	<u>587,674</u>	GROSS PROFIT	
OPERATING EXPENSES					OPERATING EXPENSES	
Research and development	42,935	-	(733)	42,202	Research and development	(9) and (10)
Selling	140,610	-	(249)	140,361	Selling	(9) and (10)
General and administrative	<u>214,736</u>	-	<u>(876)</u>	<u>213,860</u>	General and administrative	(9) and (10)
Total operating expenses	<u>398,281</u>	-	<u>(1,858)</u>	<u>396,423</u>	Total operating expenses	
OPERATING INCOME	<u>188,937</u>	-	<u>2,314</u>	<u>191,251</u>	OPERATING INCOME	
NONOPERATING INCOME AND GAINS					NONOPERATING INCOME AND GAINS	
Interest income	27,132	-	-	27,132	Interest income	
Miscellaneous income	<u>7,772</u>	-	-	<u>7,772</u>	Other income and gains	
Total nonoperating income and gains	<u>34,904</u>	-	-	<u>34,904</u>	Total nonoperating income and gains	
NONOPERATING EXPENSES AND LOSSES					NONOPERATING EXPENSES AND LOSSES	
Interest expense	55,149	-	-	55,149	Interest expense	
Exchange loss, net	17,863	-	-	17,863	Exchange loss, net	
Miscellaneous expenses	<u>5,161</u>	-	-	<u>5,161</u>	Other expenses and losses	
Total nonoperating expenses and losses	<u>78,173</u>	-	-	<u>78,173</u>	Total nonoperating expenses and losses	
CONSOLIDATED INCOME BEFORE INCOME TAX	145,668	-	2,314	147,982	CONSOLIDATED INCOME BEFORE INCOME TAX	(9) and (10)
INCOME TAX	<u>60,724</u>	-	<u>405</u>	<u>61,129</u>	INCOME TAX	(9) and (10)
CONSOLIDATED NET INCOME	<u>\$ 84,944</u>	<u>\$ -</u>	<u>\$ 1,909</u>	86,853	CONSOLIDATED NET INCOME	
				4,966	UNREALIZED PROFIT OR LOSS BY AVAILABLE-FOR-SALE FINANCIAL ASSETS	
				(108,926)	EXCHANGE DIFFERENCE	
				(649)	INCOME TAX RELATED TO OTHER COMPREHENSIVE INCOME	
				<u>\$ (17,756)</u>	TOTAL COMPREHENSIVE INCOME	

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