

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

**Consolidated Financial Statements for the
Nine Months Ended September 30, 2014 and 2013 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

We have reviewed the accompanying consolidated balance sheets of GEM Terminal Ind. Co., Ltd. (the "Company") and its subsidiaries as of September 30, 2014 and 2013 and the related consolidated statements of comprehensive income for the three months ended September 30, 2014 and 2013, and for the nine months ended September 30, 2014 and 2013, and changes in equity and cash flows for the nine months ended September 30, 2014 and 2013. 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, "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China ("ROC"). A review consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the ROC, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

November 11, 2014

Notice to Readers

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

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	September 30, 2014		December 31, 2013		September 30, 2013		LIABILITIES AND EQUITY	September 30, 2014		December 31, 2013		September 30, 2013	
	Reviewed	%	Audited	%	Reviewed	%		Reviewed	%	Audited	%	Reviewed	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Note 6)	\$ 1,609,423	26	\$ 1,684,855	28	\$ 1,855,441	29	Short-term loan (Notes 14 and 25)	\$ 816,689	13	\$ 654,451	11	\$ 1,046,386	16
Financial assets at fair value through profit or loss - current (Note 7)	3,098	-	12,292	-	9,901	-	Financial liabilities at fair value through profit or loss - current (Note 7)	-	-	314	-	-	-
Available-for-sale financial assets - current (Note 8)	10,602	-	42,950	1	22,569	-	Notes payable (Note 15)	181,340	3	93,220	2	167,791	3
Debt investments with no active market - current (Notes 9 and 25)	425,020	7	110,618	2	354,335	6	Accounts payable (Note 15)	353,245	5	355,216	6	342,927	5
Notes receivable (Note 10)	234,766	4	238,907	4	209,535	3	Other payables (Note 16)	177,173	3	194,721	3	187,106	3
Accounts receivable, net (Note 10)	1,014,566	16	1,105,315	19	1,040,853	16	Current tax liabilities	16,589	-	5,245	-	4,327	-
Tax refundable	2,327	-	1,481	-	30,913	1	Provisions - current	289	-	932	-	953	-
Other receivables	11,691	-	10,542	-	9,690	-	Long-term borrowings - current portion (Notes 14 and 25)	612,500	10	570,833	10	658,333	10
Current tax assets	2,185	-	3,283	-	5,723	-	Other current liabilities	4,837	-	3,832	-	5,875	-
Inventories (Note 11)	742,440	12	590,151	10	846,669	13	Total current liabilities	2,162,662	34	1,878,764	32	2,413,698	37
Other financial assets - current	507	-	15,554	-	28,603	1	NONCURRENT LIABILITIES						
Other current assets (Notes 13 and 25)	86,776	1	95,162	2	88,244	1	Long-term debts (Notes 14 and 25)	934,585	15	984,566	17	997,026	16
Total current assets	4,143,401	66	3,911,110	66	4,502,476	70	Accrued pension liabilities (Note 4)	84,773	2	85,094	1	85,167	1
NONCURRENT ASSETS							Deferred income tax liabilities (Note 4)	83,013	1	73,048	1	70,895	1
Property, plant and equipment (Notes 12, 25 and 26)	1,785,358	29	1,708,371	29	1,638,778	26	Total noncurrent liabilities	1,102,371	18	1,142,708	19	1,153,088	18
Deferred income tax assets (Note 4)	59,642	1	59,449	1	63,088	1	Total liabilities	3,265,033	52	3,021,472	51	3,566,786	55
Prepayments for equipment (Note 26)	203,206	3	189,398	3	146,408	2	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY						
Refundable deposits - noncurrent	3,308	-	1,831	-	1,804	-	(Note 18)						
Long-term prepaid rent (Notes 13 and 25)	72,085	1	72,747	1	68,170	1	Capital stock	1,715,980	27	1,715,980	29	1,715,980	27
Other noncurrent assets (Note 10)	8,497	-	7,979	-	8,635	-	Capital surplus	270,187	4	270,187	5	270,187	4
Total noncurrent assets	2,132,096	34	2,039,775	34	1,926,883	30	Retained earnings						
TOTAL	\$ 6,275,497	100	\$ 5,950,885	100	\$ 6,429,359	100	Legal reserve	329,878	5	328,406	5	328,406	5
							Unappropriated earnings	410,091	7	344,928	6	328,033	5
							Total retained earnings	739,969	12	673,334	11	656,439	10
							Others	284,328	5	269,912	4	219,967	4
							Total equity	3,010,464	48	2,929,413	49	2,862,573	45
							TOTAL	\$ 6,275,497	100	\$ 5,950,885	100	\$ 6,429,359	100

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE, NET	\$ 1,021,640	100	\$ 1,067,300	100	\$ 2,944,923	100	\$ 2,954,506	100
OPERATING COSTS (Notes 11, 17, 19 and 24)	<u>872,602</u>	<u>85</u>	<u>890,180</u>	<u>83</u>	<u>2,549,532</u>	<u>87</u>	<u>2,626,496</u>	<u>89</u>
GROSS PROFIT	<u>149,038</u>	<u>15</u>	<u>177,120</u>	<u>17</u>	<u>395,391</u>	<u>13</u>	<u>328,010</u>	<u>11</u>
OPERATING EXPENSES (Notes 17, 19 and 24)								
Marketing	35,837	4	34,990	3	107,953	3	103,540	3
General and administrative	55,819	5	60,319	6	148,942	5	163,588	6
Research and development	<u>7,622</u>	<u>1</u>	<u>8,493</u>	<u>1</u>	<u>23,560</u>	<u>1</u>	<u>32,488</u>	<u>1</u>
Total operating expenses	<u>99,278</u>	<u>10</u>	<u>103,802</u>	<u>10</u>	<u>280,455</u>	<u>9</u>	<u>299,616</u>	<u>10</u>
OPERATING INCOME	<u>49,760</u>	<u>5</u>	<u>73,318</u>	<u>7</u>	<u>114,936</u>	<u>4</u>	<u>28,394</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Note 19)								
Other income	5,611	-	7,010	1	22,310	1	29,798	1
Other gains and losses	1,952	-	4,966	-	10,695	-	(12,160)	-
Finance costs	<u>(12,611)</u>	<u>(1)</u>	<u>(15,259)</u>	<u>(1)</u>	<u>(34,581)</u>	<u>(1)</u>	<u>(50,462)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>(5,048)</u>	<u>(1)</u>	<u>(3,283)</u>	<u>-</u>	<u>(1,576)</u>	<u>-</u>	<u>(32,824)</u>	<u>(1)</u>
CONSOLIDATED INCOME (LOSS) BEFORE INCOME TAX	44,712	4	70,035	7	113,360	4	(4,430)	-
INCOME TAX EXPENSE (BENEFIT) (Note 20)	<u>19,607</u>	<u>2</u>	<u>21,146</u>	<u>2</u>	<u>46,725</u>	<u>2</u>	<u>(2,253)</u>	<u>-</u>
CONSOLIDATED NET INCOME (LOSS)	<u>25,105</u>	<u>2</u>	<u>48,889</u>	<u>5</u>	<u>66,635</u>	<u>2</u>	<u>(2,177)</u>	<u>-</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 18 and 20)								
Exchange differences on translating of foreign operations	81,202	8	(33,510)	(3)	16,476	1	126,325	4
Unrealized gain (loss) on available-for-sale financial assets	37	-	3,091	-	(2,070)	-	(3,210)	-
Income tax benefit (expense) relating to components of other comprehensive income	<u>(103)</u>	<u>-</u>	<u>(576)</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>552</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>81,136</u>	<u>8</u>	<u>(30,995)</u>	<u>(3)</u>	<u>14,416</u>	<u>1</u>	<u>123,667</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 106,241</u>	<u>10</u>	<u>\$ 17,894</u>	<u>2</u>	<u>\$ 81,051</u>	<u>3</u>	<u>\$ 121,490</u>	<u>4</u>

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2014		2013		2014		2013	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INCOME (LOSS)								
ATTRIBUTABLE TO:								
Owner of the Company	<u>\$ 25,105</u>	<u>2</u>	<u>\$ 48,889</u>	<u>5</u>	<u>\$ 66,635</u>	<u>2</u>	<u>\$ (2,177)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME								
ATTRIBUTABLE TO:								
Owner of the Company	<u>\$ 106,241</u>	<u>10</u>	<u>\$ 17,894</u>	<u>2</u>	<u>\$ 81,051</u>	<u>3</u>	<u>\$ 121,490</u>	<u>4</u>
EARNINGS (LOSS) PER SHARE (Note 21)								
Basic	<u>\$ 0.15</u>		<u>\$ 0.28</u>		<u>\$ 0.39</u>		<u>\$ (0.01)</u>	
Diluted	<u>\$ 0.15</u>		<u>\$ 0.28</u>		<u>\$ 0.39</u>		<u>\$ (0.01)</u>	

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owner of the Company							Total	Total Equity
	Capital Stock - Common Stock	Capital Surplus- Share Issuance in Excess of Par Value	Legal Reserve	Retained Earnings		Unrealized Gain (Loss) on Available-for- -sale Financial Assets	Other Equity Exchange Differences on Translating Foreign Operations		
				Unappropriated Earnings	Total				
BALANCE, JANUARY 1, 2013	\$ 1,715,980	\$ 270,187	\$ 319,912	\$ 378,172	\$ 698,084	\$ 2,321	\$ 93,979	\$ 96,300	\$ 2,780,551
Appropriation of 2012 earnings (Note 18)									
Legal capital reserve	-	-	8,494	(8,494)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	(39,468)	(39,468)	-	-	-	(39,468)
	-	-	8,494	(47,962)	(39,468)	-	-	-	(39,468)
Net loss for the nine months ended September 30, 2013	-	-	-	(2,177)	(2,177)	-	-	-	(2,177)
Other comprehensive income (loss) for the nine months ended September 30, 2013, net of income tax	-	-	-	-	-	(2,658)	126,325	123,667	123,667
Total comprehensive income (loss) for the nine months ended September 30, 2013	-	-	-	(2,177)	(2,177)	(2,658)	126,325	123,667	121,490
BALANCE, SEPTEMBER 30, 2013	\$ 1,715,980	\$ 270,187	\$ 328,406	\$ 328,033	\$ 656,439	\$ (337)	\$ 220,304	\$ 219,967	\$ 2,862,573
BALANCE, JANUARY 1, 2014	\$ 1,715,980	\$ 270,187	\$ 328,406	\$ 344,928	\$ 673,334	\$ 777	\$ 269,135	\$ 269,912	\$ 2,929,413
Appropriation of 2013 earnings (Note 18)									
Legal capital reserve	-	-	1,472	(1,472)	-	-	-	-	-
Net income for the nine months ended September 30, 2014	-	-	-	66,635	66,635	-	-	-	66,635
Other comprehensive income (loss) for the nine months ended September 30, 2014, net of income tax	-	-	-	-	-	(2,060)	16,476	14,416	14,416
Total comprehensive income (loss) for the nine months ended September 30, 2014	-	-	-	66,635	66,635	(2,060)	16,476	14,416	81,051
BALANCE, SEPTEMBER 30, 2014	\$ 1,715,980	\$ 270,187	\$ 329,878	\$ 410,091	\$ 739,969	\$ (1,283)	\$ 285,611	\$ 284,328	\$ 3,010,464

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income (loss) before income tax	\$ 113,360	\$ (4,430)
Adjustments for:		
Depreciation expense	174,521	162,020
Amortization expense	3,015	3,843
Allowance for doubtful accounts	2,663	3,831
Valuation gain (loss) on financial instruments at fair value through profit or loss, net	(989)	2,484
Finance costs	34,581	50,462
Interest income	(18,468)	(27,223)
Dividend income	(618)	(1,357)
Loss on disposal of property, plant and equipment, net	4,495	3,514
Gain on sale of investments, net	(2,467)	(13,096)
Impairment of non-financial assets	-	2,840
Net loss on foreign currency exchange	962	27
Recognition (reversal) of provisions	(643)	918
Other non-cash items	2,649	9,001
Changes in operating assets and liabilities		
Financial assets held for trading	5,289	4,083
Notes receivable	4,141	(38,276)
Accounts receivable	87,894	(4,879)
Other receivable and tax refundable	(1,995)	(16,122)
Inventories	(151,845)	(411,728)
Other current assets	2,846	(22,001)
Financial liabilities held for trading	(4,808)	(3,659)
Notes payable	88,120	146,379
Accounts payable	(1,971)	(88,902)
Other payables	(11,912)	(17,467)
Other current liabilities	1,005	2,985
Accrued pension liabilities	(321)	(291)
Cash generated from (used in) operations	329,504	(257,044)
Interest received	20,334	27,523
Income tax paid	(24,501)	(15,475)
Net cash generated from (used in) operating activities	<u>325,337</u>	<u>(244,996)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit and loss	-	(16,886)
Proceeds from disposal of financial assets designated as at fair value through profit and loss	9,388	114,481
Acquisition of available-for-sale financial assets	(134,434)	(594,225)
Proceeds from disposal of available-for-sale financial assets	167,244	609,437

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GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2014	2013
Acquisition of debt investments with no active market	\$ (314,402)	\$ (135,246)
Acquisition of property, plant and equipment	(295,401)	(244,386)
Proceeds from disposal of property, plant and equipment	3,764	490
Decrease (increase) in refundable deposits	13,570	(26,868)
Increase in other noncurrent assets	(2,251)	(2,222)
Dividend received	618	1,357
Net cash used in investing activities	<u>(551,904)</u>	<u>(294,068)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	1,893,256	810,948
Decrease in short-term loans	(1,738,979)	(1,193,388)
Proceeds from long-term debts	1,050,000	659,112
Repayment of long-term debts	(1,058,333)	(431,489)
Cash dividend	-	(39,468)
Interest paid	<u>(34,573)</u>	<u>(51,409)</u>
Net cash generated from (used in) financing activities	<u>111,371</u>	<u>(245,694)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>39,764</u>	<u>136,199</u>
NET DECREASE IN CASH AND CASH, EQUIVABLENTS	(75,432)	(648,559)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,684,855</u>	<u>2,504,000</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,609,423</u>	<u>\$ 1,855,441</u>

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014 AND 2013 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors and authorized for issue on November 11, 2014.

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

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

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed by the FSC and the related amendments to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

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

(Continued)

New, Amended and Revised Standards and Interpretations (New IFRSs)	Effective Date Announced by IASB (Note)
Amendment to IFRS 1 “Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters”	July 1, 2010
Amendment to IFRS 1 “Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters”	July 1, 2011
Amendment to IFRS 1 “Government Loans”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Offsetting Financial Assets and Financial Liabilities”	January 1, 2013
Amendment to IFRS 7 “Disclosure - Transfer of Financial Assets”	July 1, 2011
IFRS 10 “Consolidated Financial Statements”	January 1, 2013
IFRS 11 “Joint Arrangements”	January 1, 2013
IFRS 12 “Disclosure of Interests in Other Entities”	January 1, 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12 “Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance”	January 1, 2013
Amendments to IFRS 10 and IFRS 12 and IAS 27 “Investment Entities”	January 1, 2014
IFRS 13 “Fair Value Measurement”	January 1, 2013
Amendment to IAS 1 “Presentation of Other Comprehensive Income”	July 1, 2012
Amendment to IAS 12 “Deferred Tax: Recovery of Underlying Assets”	January 1, 2012
IAS 19 (Revised 2011) “Employee Benefits”	January 1, 2013
IAS 27 (Revised 2011) “Separate Financial Statements”	January 1, 2013
IAS 28 (Revised 2011) “Investments in Associates and Joint Ventures”	January 1, 2013
Amendment to IAS 32 “Offsetting Financial Assets and Financial Liabilities”	January 1, 2014
IFRS 20 “Stripping Costs in Production Phase of a Surface Mine”	January 1, 2013

(Concluded)

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

Except for the following, the initial application of the above 2013 IFRSs version and the related amendments to the Guidelines Governing the Preparation of Financial Reports by Securities Issuers has not had any material impact on the Group’s accounting policies:

1) IFRS 10 “Consolidated Financial Statements”

IFRS 10 replaces IAS 27 “Consolidated and Separate Financial Statements” and SIC 12 “Consolidation - Special Purpose Entities”. The Group considers whether it has control over other entities for consolidation. The Group has control over an investee if and only if it has i) power over the investee; ii) exposure, or rights, to variable returns from its involvement with the investee and iii) the ability to use its power over the investee to affect the amount of its returns. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee.

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

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

3) IFRS 13 “Fair Value Measurement”

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

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

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

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

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

5) Revision to IAS 19 “Employee Benefits”

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

In addition, revised IAS 19 changes the definition of short - term employee benefits. The revised definition is “employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service”. However, this change does not affect unused annual leave to be presented as a current liability in the consolidated balance sheet.

The anticipated impact on retrospective application is set out below:

Impact on assets, liabilities and equity	Carrying Amount	IAS 19 Adjustments	Adjusted Carrying Amount
January 1, 2014			
Deferred tax assets	<u>\$ 59,449</u>	<u>\$ (562)</u>	<u>\$ 58,887</u>

(Continued)

Impact on assets, liabilities and equity	Carrying Amount	IAS 19 Adjustments	Adjusted Carrying Amount
Accrued pension liabilities	<u>\$ 85,094</u>	<u>\$ (3,305)</u>	<u>\$ 81,789</u>
Retained earnings	<u>\$ 673,334</u>	<u>\$ 2,743</u>	<u>\$ 676,077</u>
<u>September 30, 2014</u>			
Deferred tax assets	<u>\$ 59,642</u>	<u>\$ 63</u>	<u>\$ 59,705</u>
Accrued pension liabilities	<u>\$ 84,773</u>	<u>\$ 363</u>	<u>\$ 85,136</u>
Retained earnings	<u>\$ 739,969</u>	<u>\$ (300)</u>	<u>\$ 739,669</u>
<u>Impact on total comprehensive income for the three months ended September 30, 2014</u>			
Operating costs	<u>\$ 872,602</u>	<u>\$ 38</u>	<u>\$ 872,640</u>
Operating expenses	<u>\$ 99,278</u>	<u>\$ 83</u>	<u>\$ 99,361</u>
Income tax expense	<u>\$ 19,607</u>	<u>\$ (21)</u>	<u>\$ 19,586</u>
Net income for the period	<u>\$ 25,105</u>	<u>\$ (100)</u>	<u>\$ 25,005</u>
<u>Impact on total comprehensive income for the nine months ended September 30, 2014</u>			
Operating costs	<u>\$ 2,549,532</u>	<u>\$ 110</u>	<u>\$ 2,549,642</u>
Operating expenses	<u>\$ 280,455</u>	<u>\$ 253</u>	<u>\$ 280,708</u>
Income tax expense	<u>\$ 46,725</u>	<u>\$ (63)</u>	<u>\$ 46,662</u>
Net income for the period	<u>\$ 66,635</u>	<u>\$ (300)</u>	<u>\$ 66,335</u>

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

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

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 4)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	January 1, 2016 (Note 3)
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

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

Note 3: Prospectively applicable to transactions occurring in annual periods beginning on or after January 1, 2016.

Note 4: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

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

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group’s debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows :

- a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;
- b) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the “Expected Credit Losses Model”. The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

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

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

3) IFRIC 21 “Levies”

IFRIC 21 provides guidance on when to recognize a liability for a levy imposed by a government. It addresses the accounting for a liability whose timing and amount is certain and the accounting for a provision whose timing or amount is not certain. The Group accrues related liability when the transaction or activity that triggers the payment of the levy occurs. Therefore, if the obligating event occurs over a period of time (such as generation of revenue over a period of time), the liability is recognized progressively. If an obligation to pay a levy is triggered upon reaching a minimum threshold (such as a minimum amount of revenue or sales generated), the liability is recognized

when that minimum threshold is reached.

4) Annual Improvements to IFRSs: 2010-2012 Cycle

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

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

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

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

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

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

5) Annual Improvements to IFRSs: 2011-2013 Cycle

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

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

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

IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required to determine whether the investment property acquired is acquisition of an asset or a business combination.

6) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 “Property, Plant and Equipment” requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

- a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or
- b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

7) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

8) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulated that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors' interest in the associate or joint venture, i.e. the entity's share of the gain or loss is eliminated.

9) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 "Non-current assets held for sale and discontinued operations", IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset. In addition, the amendments clarify that the offsetting disclosures are not explicitly required for all interim periods; however, the disclosures may need to be included in condensed interim financial statements to comply with IAS 34 under specific conditions.

IAS 34 was amended to clarify that other disclosure information required by IAS 34 should be included in interim financial statements. If the Group includes the information in other statements (such as management commentary or risk report) issued at the same time, it is not required to repeat the disclosure in the interim financial statements. However, it is required to include a cross-reference from the interim financial statements to that issued statements that is available to users on the same terms and at the same time as the interim financial statements.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continually assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of Consolidation

Subsidiary included in consolidated financial statements

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			September 30, 2014	December 31, 2013	September 30, 2013
GEM	Global Electronics Terminal (Cayman) Co., Ltd. (Global (Cayman))	Note 1	100	100	100
	Genius Terminal Co., Ltd. (Genius Terminal)	Notes 1 and 2	100	100	100

(Continued)

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)		
			September 30, 2014	December 31, 2013	September 30, 2013
Global (Cayman)	GEM Terminal (Cayman) Co., Ltd. (GEM Terminal (Cayman))	Note 1	100	100	100
	Vibo Gem International Co., Ltd. (Vibo)	Notes 1 and 2	100	100	100
	Global Electronics Terminal (HK) Co., Ltd. (Global (HK))	Note 2	100	100	100
Genius Terminal	Genius Terminal (HK) Ltd. (Genius (HK))	Note 2	100	100	100
GEM Terminal (Cayman)	Rui Zhan Hardware VN Co., Ltd. (Rui Zhan Hardware VN)	Note 3	100	100	100
Vibo	Suzhou Gem Opto-Electronics Terminal Co., Ltd. (GEM (Suzhou))	Note 3	100	100	100
	Dongguan Gem Electronics & Metal Co., Ltd. (GEM (Dongguan))	Note 3	100	100	100
	You Mao Terminal International Co., Ltd. (You Mao)	Note 2	100	100	100

(Concluded)

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.

c. Other significant accounting policies

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

1) Retirement benefit costs

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

2) Income taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2013.

6. CASH AND CASH EQUIVALENTS

	September 30, 2014	December 31, 2013	September 30, 2013
Cash on hand	\$ 2,068	\$ 4,947	\$ 2,978
Checking accounts and demand deposits	917,788	837,072	891,747
Cash equivalents			
Time deposits with original maturities less than 3 months	<u>689,567</u>	<u>842,836</u>	<u>960,716</u>
	<u>\$ 1,609,423</u>	<u>\$ 1,684,855</u>	<u>\$ 1,855,441</u>

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	September 30, 2014	December 31, 2013	September 30, 2013
Financial assets designated as at FVTPL	\$ 3,098	\$ 12,020	\$ 9,786
Financial assets held for trading	<u>-</u>	<u>272</u>	<u>115</u>
	<u>\$ 3,098</u>	<u>\$ 12,292</u>	<u>\$ 9,901</u>
Financial liabilities held for trading	<u>\$ -</u>	<u>\$ 314</u>	<u>\$ -</u>

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

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

As of September 30, 2014, there was no outstanding futures contracts. Outstanding futures contracts as of December 31 and September 30, 2013 were as follows:

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

(Continued)

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

b. Financial instruments designated as at FVTPL was callable preferred stock with interest.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	September 30, 2014	December 31, 2013	September 30, 2013
Domestic investment			
Quoted stocks	\$ 10,602	\$ 30,140	\$ 5,991
Mutual funds	-	951	586
Overseas investment			
Quoted stocks	-	8,791	13,707
Mutual funds	-	3,068	2,285
	<u>\$ 10,602</u>	<u>\$ 42,950</u>	<u>\$ 22,569</u>

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	September 30, 2014	December 31, 2013	September 30, 2013
Time deposits with original maturities more than 3 months	\$ 306,053	\$ 33,195	\$ 216,696
Pledge time deposits	<u>118,967</u>	<u>77,423</u>	<u>137,639</u>
	<u>\$ 425,020</u>	<u>\$ 110,618</u>	<u>\$ 354,335</u>

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

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	September 30, 2014	December 31, 2013	September 30, 2013
<u>Notes receivable</u>			
Notes receivable - operating	<u>\$ 234,766</u>	<u>\$ 238,907</u>	<u>\$ 209,535</u>

(Continued)

	September 30, 2014	December 31, 2013	September 30, 2013
<u>Accounts receivable</u>			
Accounts receivable	\$ 1,033,221	\$ 1,121,115	\$ 1,056,305
Less: Allowance for doubtful accounts	<u>18,655</u>	<u>15,800</u>	<u>15,452</u>
	<u>\$ 1,014,566</u>	<u>\$ 1,105,315</u>	<u>\$ 1,040,853</u>

(Concluded)

a. Accounts receivable

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

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

Aging analysis of accounts receivable was as follows:

	September 30, 2014	December 31, 2013	September 30, 2013
Neither past due nor impaired	\$ 920,580	\$ 981,173	\$ 936,664
Past due 1-30 days	73,227	60,584	92,970
Past due 31-60 days	15,837	66,417	11,782
Past due 61-90 days	10,319	7,472	7,724
Past due 91-180 days	4,599	956	4,442
Past due 181-360 days	6,030	3,362	1,779
Past due over 360 days	<u>2,629</u>	<u>1,151</u>	<u>944</u>
	<u>\$ 1,033,221</u>	<u>\$ 1,121,115</u>	<u>\$ 1,056,305</u>

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

	<u>Nine Months Ended September 30</u>			
	<u>2014</u>		<u>2013</u>	
	Collectively Assessed for Impairment- Accounts Receivable	Individually Assessed for Impairment- Overdue Receivables	Collectively Assessed for Impairment- Accounts Receivable	Individually Assessed for Impairment- Overdue Receivables
Balance, beginning of period	\$ 15,800	\$ -	\$ 11,319	\$ 1,290
Allowance for doubtful accounts	2,663	-	3,831	-
Effect of exchange rate changes	<u>192</u>	<u>-</u>	<u>302</u>	<u>23</u>
Balance, end of period	<u>\$ 18,655</u>	<u>\$ -</u>	<u>\$ 15,452</u>	<u>\$ 1,313</u>

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

b. Credit risk of notes and accounts receivable

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

The credit risk of the balances of the notes and accounts receivable from customers which is significantly concentrated are shown below:

	September 30, 2014	December 31, 2013	September 30, 2013
Group A	<u>\$ 209,034</u>	<u>\$ 271,399</u>	<u>\$ 230,141</u>

11. INVENTORIES

	September 30, 2014	December 31, 2013	September 30, 2013
Raw materials	\$ 181,793	\$ 248,434	\$ 383,888
Supplies	68,558	29,505	88,359
Work in process	172,763	108,756	191,342
Finished goods	<u>319,326</u>	<u>203,456</u>	<u>233,080</u>
	<u>\$ 742,440</u>	<u>\$ 590,151</u>	<u>\$ 846,669</u>

The cost of inventories recognized as costs of goods sold for the three months ended September 30, 2014 and 2013 and for the nine months ended September 30, 2014 and 2013 were \$872,602 thousand, \$890,180 thousand, \$2,549,532 thousand and \$2,626,496 thousand, respectively, which included the following items:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Unallocated fixed manufacturing cost	\$ 38,181	\$ 26,543	\$ 107,216	\$ 87,649
Write-down of inventories	-	-	-	2,840
Others	<u>171</u>	<u>(15,678)</u>	<u>1,019</u>	<u>1,066</u>
	<u>\$ 38,352</u>	<u>\$ 10,865</u>	<u>\$ 108,235</u>	<u>\$ 91,555</u>

12. PROPERTY, PLANT, AND EQUIPMENT

In the second quarter of 2011 and the fourth quarter of 2013, the Company purchased land for \$6,271 thousand and \$1,637 thousand, respectively. On this land, a resort will be constructed for the employees. However, a part of the land is agricultural land that cannot be transferred to the Company because of statutory limitations; thus, the Company registered the property rights in the name of an individual temporarily. The land is mortgaged to the Company and the agreement stipulated unconditional

conveyance of the land to the Company.

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

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

For the nine months ended September 30, 2013

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>									
Balance on January 1, 2013	\$ 137,388	\$ 743,328	\$ 1,406,754	\$ 65,543	\$ 34,593	\$ 84	\$ 337,567	\$ 21,426	\$ 2,746,683
Additions	7,193	4,994	124,548	4,202	1,328	-	68,635	490	211,390
Disposal	-	-	(29,383)	(86)	(697)	-	(3,394)	-	(33,560)
Effect of exchange rate changes	-	26,273	44,025	2,451	1,368	-	5,521	961	80,599
Balance on September 30, 2013	<u>\$ 144,581</u>	<u>\$ 774,595</u>	<u>\$ 1,545,944</u>	<u>\$ 72,110</u>	<u>\$ 36,592</u>	<u>\$ 84</u>	<u>\$ 408,329</u>	<u>\$ 22,877</u>	<u>\$ 3,005,112</u>
<u>Accumulated depreciation</u>									
Balance on January 1, 2013	\$ -	\$ (272,058)	\$ (665,009)	\$ (46,712)	\$ (23,264)	\$ (33)	\$ (177,846)	\$ -	\$ (1,184,922)
Additions	-	-	26,061	41	477	-	2,977	-	29,556
Disposal	-	(28,033)	(92,532)	(5,027)	(2,339)	(12)	(34,077)	-	(162,020)
Effect of exchange rate changes	-	(7,578)	(32,005)	(1,727)	(1,035)	1	(6,604)	-	(48,948)
Balance on September 30, 2013	<u>\$ -</u>	<u>\$ (307,669)</u>	<u>\$ (763,485)</u>	<u>\$ (53,425)</u>	<u>\$ (26,161)</u>	<u>\$ (44)</u>	<u>\$ (215,550)</u>	<u>\$ -</u>	<u>\$ (1,366,334)</u>
Carrying amount at June 30, 2013	<u>\$ 144,581</u>	<u>\$ 466,926</u>	<u>\$ 782,459</u>	<u>\$ 18,685</u>	<u>\$ 10,431</u>	<u>\$ 40</u>	<u>\$ 192,779</u>	<u>\$ 22,877</u>	<u>\$ 1,638,778</u>

For the nine months ended September 30, 2014

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>									
Balance on January 1, 2014	\$ 146,218	\$ 785,207	\$ 1,611,099	\$ 73,872	\$ 37,185	\$ 84	\$ 429,047	\$ 52,525	\$ 3,135,237
Additions	-	4,585	141,766	3,045	1,189	-	55,025	70,359	275,969
Disposal	-	(2,065)	(35,209)	(17,549)	(278)	-	(3,516)	-	(58,617)
Reclassified	-	-	-	-	34	-	-	-	34
Effect of exchange rate changes	-	6,848	(6,454)	(447)	159	-	2,278	815	3,199
Balance on September 30, 2014	<u>\$ 146,218</u>	<u>\$ 794,575</u>	<u>\$ 1,711,202</u>	<u>\$ 58,921</u>	<u>\$ 38,289</u>	<u>\$ 84</u>	<u>\$ 482,834</u>	<u>\$ 123,699</u>	<u>\$ 3,355,822</u>
<u>Accumulated depreciation</u>									
Balance on January 1, 2014	\$ -	\$ (320,314)	\$ (795,121)	\$ (53,944)	\$ (27,176)	\$ (47)	\$ (230,264)	\$ -	\$ (1,426,866)
Disposal	-	1,814	30,377	14,838	250	-	3,079	-	50,358
Depreciation expenses	-	(28,745)	(100,742)	(4,193)	(1,690)	(12)	(39,139)	-	(174,521)
Effect of exchange rate changes	-	475	(18,696)	140	(122)	1	(1,233)	-	(19,435)
Balance on September 30, 2014	<u>\$ -</u>	<u>\$ (346,770)</u>	<u>\$ (884,182)</u>	<u>\$ (43,159)</u>	<u>\$ (28,738)</u>	<u>\$ (58)</u>	<u>\$ (267,557)</u>	<u>\$ -</u>	<u>\$ (1,570,464)</u>
Carrying amount at January 1, 2014	<u>\$ 146,218</u>	<u>\$ 464,893</u>	<u>\$ 815,978</u>	<u>\$ 19,928</u>	<u>\$ 10,009</u>	<u>\$ 37</u>	<u>\$ 198,783</u>	<u>\$ 52,525</u>	<u>\$ 1,708,371</u>
Carrying amount at September 30, 2014	<u>\$ 146,218</u>	<u>\$ 447,805</u>	<u>\$ 827,020</u>	<u>\$ 15,762</u>	<u>\$ 9,551</u>	<u>\$ 26</u>	<u>\$ 215,277</u>	<u>\$ 123,699</u>	<u>\$ 1,785,358</u>

c. Estimated useful lives

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

Buildings

Factory	10-20 years
Main building	5-20 years
The major component part of the factory	19-20 years
The major component part of the office	10-55 years

(Continued)

Machinery and equipment	4.67-15 years
Transportation equipment	3-12 years
Office equipment	5-10 years
Leasehold improvements	5.75 years
Miscellaneous equipment	2-20 years
	(Concluded)

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

13. PREPAYMENTS FOR LEASE

	September 30, 2014	December 31, 2013	September 30, 2013
Current (included in other current assets)	\$ 1,748	\$ 1,732	\$ 1,627
Noncurrent (included in long-term prepaid rent)	<u>72,085</u>	<u>72,747</u>	<u>68,170</u>
	<u>\$ 73,833</u>	<u>\$ 74,479</u>	<u>\$ 69,797</u>

As of September 30, 2014, December 31, 2013 and September 30, 2013, prepaid lease payments were for properties located in Mainland China and Vietnam. Prepaid lease payments with carrying amount of RMB 1,200 thousand had not obtained the land use right certificate.

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

14. BORROWINGS

- a. Short-term borrowings

	September 30, 2014	December 31, 2013	September 30, 2013
Unsecured borrowings	\$ 539,327	\$ 360,184	\$ 524,441
Secured borrowings	<u>277,362</u>	<u>294,267</u>	<u>521,945</u>
	<u>\$ 816,689</u>	<u>\$ 654,451</u>	<u>\$ 1,046,386</u>

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

	September 30, 2014	December 31, 2013	September 30, 2013
Unsecured borrowings (%)	1.42-6.00	1.25-4.72	1.30-6.00
Secured borrowings (%)	5.40-6.00	5.40-6.00	5.40-6.00

b. Long-term debts

	September 30, 2014	December 31, 2013	September 30, 2013
Unsecured debts	\$ 1,347,500	\$ 1,355,833	\$ 1,455,833
Commercial paper payable	200,000	200,000	200,000
Less: Unamortized discount	<u>415</u>	<u>434</u>	<u>474</u>
	199,585	199,566	199,526
	1,547,085	1,555,399	1,655,359
Less: Current portion	<u>612,500</u>	<u>570,833</u>	<u>658,333</u>
	<u>\$ 934,585</u>	<u>\$ 984,566</u>	<u>\$ 997,026</u>

Unsecured debts

	September 30, 2014	December 31, 2013	September 30, 2013
Debts	\$ 1,347,500	\$ 1,355,833	\$ 1,455,833
Current portion	<u>612,500</u>	<u>570,833</u>	<u>658,333</u>
Long-term debts	<u>\$ 735,000</u>	<u>\$ 785,000</u>	<u>\$ 797,500</u>
Interest rate P.A. (%)	1.66-2.20	1.66-2.20	1.66-2.20

Under the loan agreements with China Development Industrial Bank, Taishin Bank, Bangkok bank, Industrial Bank of Taiwan, CTBC Bank and Taipei Fubon Bank, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. As of December 31, 2013 and June 30, 2014, the Group was in compliance with the above mentioned financial ratio requirements stated in the loan agreements with the banks.

Long-term commercial paper payable

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 December 31, 2013 and June 30, 2014 were in compliance with the requirements stated in the loan agreements with the bank.

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

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms, therefore, no interest was charged on the outstanding trade payables.

16. OTHER PAYABLES

	September 30, 2014	December 31, 2013	September 30, 2013
Payable for purchase of equipment	\$ 41,092	\$ 46,715	\$ 50,633
Payable for salaries or bonus	38,110	39,059	38,862
Payable for utilities expense	11,130	8,747	10,379
Payable for annual leave	3,926	4,354	2,893
Payable for professional service fees	3,687	3,586	4,283
Others	<u>79,228</u>	<u>92,260</u>	<u>80,057</u>
	<u>\$ 177,173</u>	<u>\$ 194,721</u>	<u>\$ 187,106</u>

17. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respects of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2013 and 2012, and recognized in the following line items in their respective periods:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Operating cost	\$ 151	\$ 145	\$ 436	\$ 441
Marketing expenses	50	54	155	158
General and administration expenses	184	209	567	622
Research and development expenses	<u>94</u>	<u>100</u>	<u>278</u>	<u>304</u>
	<u>\$ 479</u>	<u>\$ 508</u>	<u>\$ 1,436</u>	<u>\$ 1,525</u>

18. EQUITY

a. Capital Stock

	September 30, 2014	December 31, 2013	September 30, 2013
Number of shares authorized (in thousands)	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>
Shares authorized	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>	<u>\$ 2,210,000</u>
Number of shares issued (in thousands)	<u>171,598</u>	<u>171,598</u>	<u>171,598</u>
Shares issued	<u>\$ 1,715,980</u>	<u>\$ 1,715,980</u>	<u>\$ 1,715,980</u>

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

b. Capital Surplus

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

c. Appropriation of Earnings and Dividend Policy

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

- 1) 10% as legal reserve, until its balance equals the Company's paid-in capital;
- 2) Special reserve in accordance with relevant laws or regulations or as requested by the authorities in charge;
- 3) The balance of remaining balance should be allocated or retained be board of directors in accordance with the Company's operation. Dividends, bonus to employees, and remuneration to directors and supervisors (bonus to employees should be at least 3%; all of these appropriations should be submitted to the shareholders' meeting for approval).
- 4) If bonus to employees is in the form of stock, affiliates' employees who meet certain requirements may also receive the share bonus. The share 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 shareholders' long-term interests. Thus, the Company adopted Residual dividend policy as its Shareholder dividends' policy. Company's profits may be distributed in the form of cash and/or stock. However, distribution of profits should preferably be in the form of cash dividend. Cash dividends should be at least 10% of total dividends. But if cash dividend is less than \$0.2, the Company may choose to appropriate stock dividends instead.

In consideration of the Company's future operation expansion demand, no bonus to employees and remuneration to directors and supervisors were accrued for the nine months ended September 30, 2014. The Company had incurred net loss for the nine months ended September 30, 2013, hence, no bonus to employees and remuneration to directors and supervisors were accrued for the period. Material differences between such estimated amounts and the amounts proposed by the board of directors in the following year are adjusted in the current year. If the actual amounts subsequently resolved by the shareholders differ from the proposed amounts, the differences are recorded in the year of shareholders' 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 shareholders' meeting.

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

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

The appropriations from the earnings of 2013 and 2012 had been proposed by the board of directors and approved in the shareholders' meetings on June 19, 2014 and June 14, 2013, respectively. The appropriations and dividends per share were as follows:

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

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

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the stockholders' meetings on June 14, 2013 and the amounts recognized in the consolidated financial statements for the year ended December 31, 2012.

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

d. Special Reserves Appropriated Following First-time Adoption of IFRSs

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

e. Other Equity Items

1) Exchange differences on translating foreign operations

	For the Nine Months Ended September 30	
	2014	2013
Balance at January 1	\$ 269,135	\$ 93,979
Exchange differences arising on translating the foreign operations	<u>16,476</u>	<u>126,325</u>
Balance at September 30	<u>\$ 285,611</u>	<u>\$ 220,304</u>

2) Unrealized gain (loss) on available-for-sale financial assets

	For the Nine Months Ended September 30	
	2014	2013
Balance at January 1	\$ 777	\$ 2,321
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	(1,279)	(420)

(Continued)

	For the Nine Months Ended September 30	
	2014	2013
Income tax relating to unrealized gain arising on revaluation of available-for-sale financial assets	\$ -	\$ 83
Cumulative (gain) loss reclassified to profit or loss on sale of available-for-sale financial assets	(791)	(2,790)
Income tax relating to the amounts reclassified to profit or loss on disposal of available-for-sale financial assets	<u>10</u>	<u>469</u>
Balance at September 30	<u><u>\$ (1,283)</u></u>	<u><u>\$ (337)</u></u> (Concluded)

19. CONSOLIDATED INCOME (LOSS) BEFORE INCOME TAX

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

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Interest income	\$ 6,213	\$ 6,469	\$ 18,468	\$ 27,223
Dividend income	368	1,251	618	1,357
Others	<u>(970)</u>	<u>(701)</u>	<u>3,224</u>	<u>1,218</u>
	<u><u>\$ 5,611</u></u>	<u><u>\$ 7,010</u></u>	<u><u>\$ 22,310</u></u>	<u><u>\$ 29,798</u></u>

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Gain/(loss) on sale of investments, net	\$ (501)	\$ 7,590	\$ 2,467	\$ 13,096
Foreign exchange gains (losses), net	5,958	(3,512)	14,173	(17,524)
Loss on disposal of property, plant and equipment, net	(2,759)	(1,411)	(4,495)	(3,514)
Valuation gain (loss) on financial instruments at fair value through profit or loss, net	7	2,678	989	(2,484)
Others	<u>(753)</u>	<u>(379)</u>	<u>(2,439)</u>	<u>(1,734)</u>
	<u><u>\$ 1,952</u></u>	<u><u>\$ 4,966</u></u>	<u><u>\$ 10,695</u></u>	<u><u>\$ (12,160)</u></u>

c. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Interest expense of borrowings	\$ 14,440	\$ 16,627	\$ 39,511	\$ 54,286
Less: Amounts included in the cost of qualifying assets	<u>1,829</u>	<u>1,368</u>	<u>4,930</u>	<u>3,824</u>
	<u>\$ 12,611</u>	<u>\$ 15,259</u>	<u>\$ 34,581</u>	<u>\$ 50,462</u>

Information about capitalized interest was as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 1,829	\$ 1,368	\$ 4,930	\$ 3,824
Capitalization rate (%)	1.77-4.64	1.74-5.45	1.58-5.88	1.55-7.26

d. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Property, plant and equipment	\$ 59,218	\$ 54,996	\$ 174,521	\$ 162,020
Prepayments for lease (current/noncurrent)	432	410	1,300	1,220
Other assets	<u>591</u>	<u>901</u>	<u>1,715</u>	<u>2,623</u>
	<u>\$ 60,241</u>	<u>\$ 56,307</u>	<u>\$ 177,536</u>	<u>\$ 165,863</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Analysis of depreciation by function				
Operating costs	\$ 48,526	\$ 43,147	\$ 141,387	\$ 126,159
Operating expenses	<u>10,692</u>	<u>11,849</u>	<u>33,134</u>	<u>35,861</u>
	<u>\$ 59,218</u>	<u>\$ 54,996</u>	<u>\$ 174,521</u>	<u>\$ 162,020</u>

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Analysis of amortization by function				
Operating costs	\$ 66	\$ 66	\$ 198	\$ 196
Operating expenses	<u>957</u>	<u>1,245</u>	<u>2,817</u>	<u>3,647</u>
	<u>\$ 1,023</u>	<u>\$ 1,311</u>	<u>\$ 3,015</u>	<u>\$ 3,843</u>
				(Concluded)

e. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Short-term employee benefits				
Salary	\$ 122,793	\$ 139,424	\$ 354,420	\$ 389,387
Labor and health insurance	2,212	2,176	6,512	6,688
Other	<u>4,409</u>	<u>2,841</u>	<u>12,330</u>	<u>8,789</u>
	<u>129,414</u>	<u>144,441</u>	<u>373,262</u>	<u>404,864</u>
Post-employment benefits (Note 17)				
Defined contribution plans	10,028	8,073	27,188	21,393
Defined benefit plans	<u>479</u>	<u>508</u>	<u>1,436</u>	<u>1,525</u>
	<u>10,507</u>	<u>8,581</u>	<u>28,624</u>	<u>22,918</u>
	<u>\$ 139,921</u>	<u>\$ 153,022</u>	<u>\$ 401,886</u>	<u>\$ 427,782</u>
Analysis of employee benefits expense by function				
Operating costs	\$ 98,433	\$ 106,496	\$ 285,660	\$ 296,528
Operating expenses	<u>41,488</u>	<u>46,526</u>	<u>116,226</u>	<u>131,254</u>
	<u>\$ 139,921</u>	<u>\$ 153,022</u>	<u>\$ 401,886</u>	<u>\$ 427,782</u>

f. Gain or loss on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Foreign exchange gains	\$ 9,708	\$ 4,711	\$ 31,099	\$ 30,458
Foreign exchange losses	<u>(3,750)</u>	<u>(8,223)</u>	<u>(16,926)</u>	<u>(47,982)</u>
	<u>\$ 5,958</u>	<u>\$ (3,512)</u>	<u>\$ 14,173</u>	<u>\$ (17,524)</u>

20. INCOME TAX

a. Income tax recognized in profit or loss

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Current tax				
In respect of the current year	\$ 15,480	\$ (1,091)	\$ 34,869	\$ 1,022
Additional 10% income tax on unappropriated earnings	-	3,698	1,325	3,698
In respect of prior periods	<u>-</u>	<u>1,181</u>	<u>2,767</u>	<u>2,532</u>
	<u>15,480</u>	<u>3,788</u>	<u>38,961</u>	<u>7,252</u>
Deferred tax				
In respect of the current year	5,405	17,038	9,782	(8,632)
Investment tax credits	-	(313)	-	(313)
Effect of exchange rate changes	<u>(1,278)</u>	<u>633</u>	<u>(2,018)</u>	<u>(560)</u>
	<u>4,127</u>	<u>17,358</u>	<u>7,764</u>	<u>(9,505)</u>
Income tax expense (benefit) recognized in profit or loss	<u>\$ 19,607</u>	<u>\$ 21,146</u>	<u>\$ 46,725</u>	<u>\$ (2,233)</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Deferred tax benefit (expense)				
Income tax recognized in other comprehensive income	<u>\$ (103)</u>	<u>\$ (576)</u>	<u>\$ 10</u>	<u>\$ 552</u>

c. Integrated income tax

	September 30, 2014	December 31, 2013	September 30, 2013
Unappropriated earnings			
Unappropriated earnings generated before January 1, 1998	\$ 6,684	\$ 6,684	\$ 6,684
Unappropriated earnings generated on and after January 1, 1998	<u>403,407</u>	<u>338,244</u>	<u>321,349</u>
	<u>\$ 410,091</u>	<u>\$ 344,928</u>	<u>\$ 328,033</u>
Imputation credits accounts	<u>\$ 26,912</u>	<u>\$ 23,020</u>	<u>\$ 21,854</u>

The creditable ratios for the distribution of the earnings of 2013 and 2012 were 7.96% (estimate) and 6.76% (actual), respectively.

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

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

d. Income tax assessments

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

GEM (Dongguan) and GEM (Suzhou) had completed the filing of their income tax returns through 2013 with the tax authorities.

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

21. EARNINGS PER SHARE (EPS)

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

Net income (loss) for the period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Income (loss) for the period attributable to owners of the Company	<u>\$ 25,105</u>	<u>\$ 48,889</u>	<u>\$ 66,635</u>	<u>\$ (2,177)</u>

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Weighted average number of ordinary shares and dilutive potential ordinary shares used in computation of basic EPS	<u>171,598</u>	<u>171,598</u>	<u>171,598</u>	<u>171,598</u>

In consideration of the Company's future operation expansion demand, no bonus to employees and remuneration to directors and supervisors were accrued for the nine months ended September 30, 2014. There was no effect of dilutive potential ordinary shares for the three months ended September 30, 2014

and for the nine months ended September 30, 2014.

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

22. CAPITAL MANAGEMENT

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

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

23. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

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

Except as detailed in the following table, the management considers that the carrying amounts of financial assets and financial liabilities recognized in the condensed consolidated financial statements approximate their fair values.

	<u>September 30, 2014</u>		<u>December 31, 2013</u>		<u>September 30, 2013</u>	
	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Financial liabilities</u>						
Financial liabilities measured at amortized cost						
Long-term borrowings (including current portion)	\$1,547,085	\$1,518,537	\$1,555,399	\$1,523,480	\$1,655,359	\$1,624,830

2) Fair value measurements recognized in the consolidated balance sheets

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

September 30, 2014

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 3,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,098</u>
Available-for-sale financial assets				
Domestic quoted stocks	<u>\$ 10,602</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,602</u>

December 31, 2013

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

September 30, 2013

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 9,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,786</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial liabilities held for trading				
Copper futures contracts	\$ 59	\$ -	\$ -	\$ 59
Nickel futures contracts	<u>56</u>	<u>-</u>	<u>-</u>	<u>56</u>
	<u>\$ 115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115</u>
Available-for-sale financial assets				
Domestic quoted stocks	\$ 5,991	\$ -	\$ -	\$ 5,991
Overseas quoted stock	13,707	-	-	13,707
Domestic mutual funds	586	-	-	586
Overseas mutual funds	<u>2,285</u>	<u>-</u>	<u>-</u>	<u>2,285</u>
	<u>\$ 22,569</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,569</u>

(Concluded)

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

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

- a) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.
- b) The fair values of derivative instruments were calculated using quoted prices. Where such prices were not available, a discounted cash flow analysis was performed using the applicable yield curve for the duration of the instruments for non-optional derivatives. The fair values of forward exchange contracts were calculated using quoted prices and yields quoted rate during the derivation of the curve with the contractual maturity. The estimates and assumptions used by the Group were consistent with those that market participants would use in setting a price for the financial instrument.

b. Categories of financial instruments

	September 30, 2014	December 31, 2013	September 30, 2013
<hr/> Financial assets <hr/>			
Fair value through profit or loss			
Designated as at FVTPL	\$ 3,098	\$ 12,020	\$ 9,786
Held for trading	-	272	115
Loans and receivables (Note 1)	3,299,281	3,167,622	3,500,261
Available-for-sale financial assets	10,602	42,950	22,569
<hr/> Financial liabilities <hr/>			
Fair value through profit or loss			
Held for trading	-	314	-
Amortized cost (Note 2)	3,075,532	2,853,007	3,399,569

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

receivable, other financial assets - current, other receivables and refundable deposits - noncurrent.

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

c. Financial risk management objectives and policies

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

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

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

1) Market risk

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

a) Foreign currency risk

The Group was exposed to foreign currency risk due to its foreign currency denominated assets and liabilities. Exchange rate exposures were managed within approved policy parameters utilizing forward foreign exchange contracts.

Sensitivity analysis

The Group was mainly exposed to the USD and HKD

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.

	USD impact		HKD impact	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Profit or loss	\$ (3,374)	\$ 2,319	\$ (40)	\$ (191)

b) Interest rate risk

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

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

	September 30, 2014	December 31, 2013	September 30, 2013
Fair value interest rate risk			
Financial assets	\$ 1,114,587	\$ 953,454	\$ 1,315,051
Financial liabilities	2,103,774	1,815,398	2,404,754
Cash flow interest rate risk			
Financial assets	917,585	836,871	891,546
Financial liabilities	260,000	394,452	296,991

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 nine months ended September 30, 2014 and 2013 would have been lower/higher by \$4,932 thousand and \$4,459 thousand, respectively.

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 which are significantly concentrated are disclosed in Note 10.

3) Liquidity risk

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

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

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

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

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<hr/> September 30, 2014 <hr/>					
Fixed interest rate liabilities	1.42-6.00	\$ 115,194	\$ 408,837	\$ 838,372	\$ 786,521
Variable interest rate liabilities	1.90-2.20	688	883	103,108	162,195
Non-interest bearing		306,706	310,509	31,072	186
<hr/> December 31, 2013 <hr/>					
Fixed interest rate liabilities	1.25-6.00	271,697	346,897	494,856	837,378
Variable interest rate liabilities	2.00-4.72	583	26,714	117,240	162,876
Non-interest bearing		329,981	220,432	29,394	524
<hr/> September 30, 2013 <hr/>					
Fixed interest rate liabilities	1.30-6.00	226,521	228,519	1,091,831	850,134
Variable interest rate liabilities	2.00-2.20	583	1,788	141,974	163,726
Non-interest bearing		301,150	270,411	65,763	252

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

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

24. TRANSACTIONS WITH RELATED PARTIES

All transactions, balances, and revenues and expenses between the Company and its subsidiaries are eliminated on consolidation, so the information is not disclosed in this note. Except Note 12, transactions of the consolidated companies and other related parties were as follows:

a. Compensation of key management personnel

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2014	2013	2014	2013
Short-term benefits (including salary and bonuses)	\$ 3,601	\$ 2,120	\$ 9,164	\$ 8,829
Post-employment benefits	<u>65</u>	<u>79</u>	<u>195</u>	<u>237</u>
	<u>\$ 3,666</u>	<u>\$ 2,199</u>	<u>\$ 9,359</u>	<u>\$ 9,066</u>

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

b. Property lease

The Company leased its Taipei office, factories and storehouse from Su, Tun-Jen and Su, Tun-Li, Su, Tun-I and employment dormitory from director Yu Feng Investment Company under one-year operating lease contracts. The rentals for the three months ended September 30, 2014 and 2013 were \$493 thousand, respectively; for the nine months ended September 30, 2014 and 2013 were \$1,478 thousand, respectively, and were recorded as operating expenses and manufacturing cost.

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

c. Guarantees

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

25. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

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

	September 30, 2014	December 31, 2013	September 30, 2013
Property, plant and equipment - buildings	\$ 373,173	\$ 395,862	\$ 395,984
Deposit account (under debt investments with no active market-current)	118,967	77,423	137,639
Prepaid rental (under other current assets)	<u>41,077</u>	<u>30,163</u>	<u>29,873</u>
	<u>\$ 533,217</u>	<u>\$ 503,448</u>	<u>\$ 563,496</u>

26. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

In addition to those disclosed in Note 14 to the consolidated financial statements, as of September 30, 2014 were as follows:

- a. Under unused letters of credit for purchasing equipment amounted to JPY 3,720 thousand.
- b. The amounts of contracts for the Group's purchases of properties and materials were \$326,326 thousand, of which \$175,677 thousand had not been paid.

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

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

	Foreign Currencies	Exchange Rate	Carrying Amount
September 30, 2014			
Financial assets			
Monetary items			
USD	\$ 25,051	30.420	\$ 762,048
HKD	51,916	3.920	203,510
Nonmonetary items			
USD	102	30.420	3,098
HKD	1,383	3.920	5,422
Financial liabilities			
Monetary items			
USD	13,960	30.420	424,660
HKD	52,947	3.920	207,552
December 31, 2013			
Financial assets			
Monetary items			
USD	25,111	29.770	747,566
HKD	50,925	3.841	195,604
Nonmonetary items			
USD	472	29.770	14,037
HKD	2,633	3.841	10,114
Financial liabilities			
Monetary items			
USD	10,263	29.770	305,516
HKD	48,741	3.841	187,218

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
September 30, 2013			
Financial assets			
Monetary items			
USD	\$ 19,575	29.565	\$ 578,741
HKD	46,624	3.815	177,870
Nonmonetary items			
USD	515	29.565	15,213
HKD	2,860	3.815	10,911
Financial liabilities			
Monetary items			
USD	11,730	29.565	346,811
HKD	51,621	3.815	196,933 (Concluded)

28. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investments:

- 1) Financing provided: Table 1 (attached).
- 2) Endorsement/guarantee provided: None.
- 3) Marketable securities held (excluding investment in subsidiaries): Table 2 (attached).
- 4) Marketable securities acquired and disposed at cost or price at least NT\$300 million or 20% of the paid-in capital: None.
- 5) Acquisition of individual real estate at cost of at least NT\$300 million or 20% of the paid-in capital: None.
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 3 (attached).
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached).
- 9) Trading in derivative instruments: Note 7.
- 10) Intercompany relationships and significant intercompany transactions: Table 7(attached).
- 11) Information on investees: Table 5 (attached).

b. Information on investments in Mainland China

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

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

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

29. SEGMENT INFORMATION

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

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

Segment revenues and results, segment assets and liabilities

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

	GEM Terminal, GEM (Dongguan)& Genius (HK)	GEM (Suzhou)	Others	Adjustment and Elimination	Consolidated Amount
<u>Nine months ended September 30, 2014</u>					
Revenue generated from third parties	\$ 1,627,234	\$ 1,143,741	\$ 173,948	\$ -	\$ 2,944,923
Revenue generated from the Company and subsidiaries	<u>48,358</u>	<u>320,359</u>	<u>68,649</u>	<u>(437,366)</u>	<u>-</u>
Segment revenues	<u>\$ 1,675,592</u>	<u>\$ 1,464,100</u>	<u>\$ 242,597</u>	<u>\$ (437,366)</u>	<u>\$ 2,944,923</u>
Total segment income (loss)	<u>\$ 53,427</u>	<u>\$ 48,111</u>	<u>\$ (2,242)</u>	<u>\$ 15,640</u>	\$ 114,936
Other income					22,310
Other gains and losses					10,695
Finance cost					<u>(34,581)</u>
Net gain of operating units (pretax)					113,360
Income tax					<u>46,725</u>
Consolidated net gain					<u>\$ 66,635</u>
Total segment assets	<u>\$ 6,885,903</u>	<u>\$ 2,601,366</u>	<u>\$ 343,126</u>	<u>\$ (3,554,898)</u>	<u>\$ 6,275,497</u>
Total segment liabilities	<u>\$ 2,708,867</u>	<u>\$ 543,286</u>	<u>\$ 175,140</u>	<u>\$ (162,260)</u>	<u>\$ 3,265,033</u>
<u>Nine months ended September 30, 2013</u>					
Revenue generated from third parties	\$ 1,640,168	\$ 1,118,215	\$ 196,123	\$ -	\$ 2,954,506
Revenue generated from the Company and subsidiaries	<u>65,059</u>	<u>324,699</u>	<u>72,604</u>	<u>(462,362)</u>	<u>-</u>
Segment revenues	<u>\$ 1,705,227</u>	<u>\$ 1,442,914</u>	<u>\$ 268,727</u>	<u>\$ (462,362)</u>	<u>\$ 2,954,506</u>
Total segment income (loss)	<u>\$ (24,339)</u>	<u>\$ 6,687</u>	<u>\$ 734</u>	<u>\$ 45,312</u>	\$ 28,394
Other income					29,798
Other gains and losses					(12,160)
Finance cost					<u>(50,462)</u>
Net loss of operating units (pretax)					(4,430)
Income tax					<u>(2,253)</u>
Consolidated net loss					<u>\$ (2,177)</u>
Total segment assets	<u>\$ 6,859,910</u>	<u>\$ 2,709,239</u>	<u>\$ 3,252,396</u>	<u>\$ (6,392,186)</u>	<u>\$ 6,429,359</u>
Total segment liabilities	<u>\$ 2,931,593</u>	<u>\$ 742,037</u>	<u>\$ 202,108</u>	<u>\$ (308,952)</u>	<u>\$ 3,566,786</u>

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

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

No.	Financing Company	Borrowing Company	Financial Statement Account	Related Parties	Maximum Balance for the Period	Ending Balance (Note 2)	Actual Borrowing Amount (Notes 2 and 3)	Interest Rate	Type of Financing	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	The Company	Vibo	Other receivables - related parties	Yes	\$ 151,500 (US\$ 5,000 thousand)	\$ -	\$ -	2.80	Short-term financing	Operating capital	\$ -	\$ -	\$ -	\$ 602,093 (Note 1)	\$ 1,204,186 (Note 1)
		Vibo	Other receivables - related parties	Yes	60,930 (US\$ 2,000 thousand)	60,840 (US\$ 2,000 thousand)	-	2.80	Short-term financing	Operating capital	-	-	-	602,093 (Note 1)	1,204,186 (Note 1)
1	Vibo	GEM (Dongguan)	Other receivables - related parties	Yes	151,500 (US\$ 5,000 thousand)	-	-	2.80	Short-term financing	Operating capital	-	-	-	618,524 (Note 1)	1,237,048 (Note 1)
		GEM (Dongguan)	Other receivables - related parties	Yes	91,395 (US\$ 3,000 thousand)	91,260 (US\$ 3,000 thousand)	30,420 (US\$ 1,000 thousand)	2.80	Short-term financing	Operating capital	-	-	-	618,524 (Note 1)	1,237,048 (Note 1)
2	Global (Cayman)	Global (HK)	Other receivables - related parties	Yes	12,816 (US\$ 400 thousand)	-	-	2.00	Short-term financing	Operating capital	-	-	-	622,651 (Note 1)	1,245,302 (Note 1)
		Global (HK)	Other receivables - related parties	Yes	12,168 (US\$ 400 thousand)	12,168 (US\$ 400 thousand)	12,168 (US\$ 400 thousand)	2.00	Short-term financing	Operating capital	-	-	-	622,651 (Note 1)	1,245,302 (Note 1)

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

Note 2: The conversion rates on September 30, 2014 were US\$1.0000: NT\$30.42.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

September 30, 2014

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2014				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Fair Value	
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	<u>\$ 3,098</u>	-	<u>\$ 3,098</u>	
	<u>Stock</u> Cheng Shin Rubber Ind. Co., Ltd.	-	Available-for-sale financial assets - current	158,000	<u>\$ 10,602</u>	-	<u>\$ 10,602</u>	

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationship	Transaction Detail			Non-arm's Length Transaction		Notes/Accounts (Payable) or Receivable		Note	
			Purchases/Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance		% to Total
Genius (HK)	The Company	Subsidiary	Sales	\$ 404,487 (HK\$ 104,084 thousand)	39	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	\$ 185,184 (HK\$ 47,241 thousand)	44	Note
GEM (Dongguan)	Genius (HK)	Affiliate	Sales	1,008,608 (HK\$ 214,877 thousand and US\$ 5,900 thousand)	69	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	124,981 (HK\$ 26,297 thousand and US\$ 731 thousand)	40	Note
GEM (Suzhou)	Global (HK)	Affiliate	Sales	220,079 (HK\$ 7,670 thousand and US\$ 6,343 thousand)	15	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	62,806 (HK\$ 3,118 thousand and US\$ 1,668 thousand)	11	Note

Note: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2014

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

Company Name	Related Party	Nature of Relationship	Ending Balance (Note)	Turnover Rate	Overdue		Amount Received in Subsequent Year	Allowance for Bad Debt
					Amount	Action Taken		
Genius (HK)	The Company	Subsidiary	\$185,184 (HK\$47,241 thousand)	3.08	\$ -	-	\$ 51,232	\$ -
GEM (Dongguan)	Genius (HK)	Affiliate	124,981 (HK\$26,297 thousand and US\$ 731 thousand)	9.58	-	-	124,981	-

Note : It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2014			Net Income (Loss) of the Investee	Share of profit (Loss)	Earnings Appropriation		Note
				September 30, 2014 (Foreign Currencies in Thousands)	December 31, 2013 (Foreign Currencies in Thousands)	Shares/Units	Percentage of Ownership	Carrying Amount			Stock	Cash	
The Company	Global (Cayman)	Grand Cayman, Cayman Islands	International investment	\$ 1,295,208 (US\$ 40,137)	\$ 1,295,208 (US\$ 40,137)	40,137,184	100	\$ 3,009,130	\$ 90,909	\$ 90,909	\$ -	\$ -	Note 2
	Genius Terminal	British Virgin Islands	International investment and trading, etc.	23,282 (US\$ 750)	23,282 (US\$ 750)	750,000	100	69,364	(6,204)	(6,204)	-	-	Note 2
	GEM Terminal (Cayman)	Grand Cayman, Cayman Islands	International investment	164,107 (US\$ 5,510)	118,957 (US\$ 4,010)	5,510,000	100	157,491	(1,670)	(1,670)	-	-	Note 2
								<u>\$ 3,235,985</u>	<u>\$ 83,035</u>	<u>\$ 83,035</u>			
Genius Terminal	Genius (HK)	Hong Kong	International trading	90,134 (HK\$ 22,000)	90,134 (HK\$ 22,000)	21,999,998	100	<u>\$ 85,007</u>	<u>\$ (5,733)</u>	<u>\$ (6,189)</u>	-	-	Note 2 and 3
Global (Cayman)	Vibo	Hong Kong	Investment and trading	1,541,063 (HK\$ 359,973)	1,541,063 (HK\$ 359,973)	359,972,616	100	\$ 3,092,620	\$ 91,306	\$ 91,306	-	-	Note 2
	Global (HK)	Hong Kong	International trading	3,747 (HK\$ 1,000)	3,747 (HK\$ 1,000)	1,000,000	100	5,664	(6,211)	(432)	-	-	Note 2 and 3
								<u>\$ 3,098,284</u>	<u>\$ 85,095</u>	<u>\$ 90,874</u>			
GEM Terminal (Cayman)	Rui Zhan Hardware VN	Vietnam	Production of hardware; machine processing; electroplating for hardware processing; production and processing of molds and related accessories; plastic products and related plastic accessory production;	161,503 (US\$ 5,410)	86,076 (US\$ 2,910)	-	100	<u>\$ 157,213</u>	<u>\$ (1,515)</u>	<u>\$ (1,515)</u>	-	-	Note 2
Vibo	You Mao	Hong Kong	International trading	Note1	Note1	-	100	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	-	-	Note 2

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

Note 2: It was eliminated on consolidation.

Note 3: Net of unrealized profits.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands)	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2014	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2014	Net Gain of the Investee	% of Ownership of Direct or Indirect Investment	Investment Income (Note 1)	Carrying Amount as of September 30, 2014 (Note 1)	Accumulated Repatriation of Investment Income as of September 30, 2014
					Outward	Inward						
GEM (Dongguan)	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	\$ 815,052 (RMB 169,467 thousand)	The investment was made through vibo, established in a third country to invest in companies located in Mainland China.	\$ 452,130 (US\$ 14,159 thousand)	\$ -	\$ -	\$ 452,130 (US\$ 14,159 thousand)	\$ 72,934	100	\$ 62,791 (US\$ 2,090 thousand)	\$ 1,070,551 (US\$ 35,192 thousand)	\$ -
GEM (Suzhou)	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production.	1,205,641 (RMB 250,679 thousand)	The investment was made through vibo, established in a third country to invest in companies located in Mainland China.	741,320 (US\$ 23,000 thousand)	-	-	741,320 (US\$ 23,000 thousand)	35,540	100	34,839 (US\$ 1,159 thousand)	2,057,374 (US\$ 67,632 thousand)	-
							\$ 1,193,450 (US\$ 37,159 thousand)					

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2014	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 2)
\$1,193,450 (US\$37,159 thousand)	\$1,724,814 (US\$56,700 thousand)	\$1,806,278

Note 1: Amount was recognized based on the reviewed financial statement.

Note 2: Under the "Principles Governing the Review of Investments or Technical Cooperation in Mainland China" issued by the Investment Commission on August 29, 2008, the maximum amount that can be invested in companies located in mainland China is 60% of the Company's net value.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014

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

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms		
0	GEM Terminal	Genius (HK)	1	Sales	\$ 21,461	Payment terms are four months, no comparable transactions	1	Note 1
		Genius (HK)	1	Property, plant and equipment for sale - current	8,838	Payment terms are four months, no comparable transactions	-	Note 1
		Genius (HK)	1	Accounts receivable	7,262	Payment terms are four months, no comparable transactions	-	Note 1
		Genius (HK)	1	Receivables	1,306	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Sales	15,215	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	1	Property, plant and equipment for sale - current	36,776	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	1	Expense of patent right	718	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	1	Property, plant and equipment for sale - current	20,370	Payment terms are four months, no comparable transactions	1	Note 1
		Global (HK)	1	Sales	17,559	Payment terms are four months, no comparable transactions	1	Note 1
		Global (HK)	1	Property, plant and equipment for sale - current	3,807	Payment terms are four months, no comparable transactions	-	Note 1
1	GEM (Dongguan)	Genius (HK)	3	Sales	1,008,608	Payment terms are four months, no comparable transactions	34	Note 1
		Genius (HK)	3	Accounts receivable	124,981	Payment terms are four months, no comparable transactions	4	Note 1
		GEM (Suzhou)	3	Sales	15,584	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Accounts receivable	12,176	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Sales	46	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Accounts receivable	8	Payment terms are four months, no comparable transactions	-	Note 1
2	Genius (HK)	GEM Terminal	2	Sales	404,487	Payment terms are four months, no comparable transactions	14	Note 1
		GEM Terminal	2	Accounts receivable	185,184	Payment terms are four months, no comparable transactions	3	Note 1
		GEM Terminal	2	Receivables	19,346	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Sales	30,765	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Accounts receivable	3,013	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Other receivable	414	Payment terms are four months, no comparable transactions	-	Note 1
3	Global (HK)	GEM Terminal	2	Sales	46,869	Payment terms are four months, no comparable transactions	2	Note 1
		GEM Terminal	2	Accounts receivable	1,437	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Sales	21,549	Payment terms are four months, no comparable transactions	1	Note 1
4	GEM (Suzhou)	GEM Terminal	2	Sales	19,708	Payment terms are four months, no comparable transactions	1	Note 1
		GEM Terminal	2	Accounts receivable	2,325	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	3	Sales	220,079	Payment terms are four months, no comparable transactions	7	Note 1
		Global (HK)	3	Accounts receivable	62,806	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Sales	80,572	Payment terms are four months, no comparable transactions	3	Note 1
		GEM (Dongguan)	3	Accounts receivable	43,533	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Property, plant and equipment	1,719	Payment terms are four months, no comparable transactions	-	Note 1

Note 1: It was eliminated on consolidation.

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