

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

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

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

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

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

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

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

August 9, 2013

Notice to Readers

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

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

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

(Reviewed, Not Audited)

ASSETS	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012		LIABILITIES AND EQUITY	June 30, 2013		December 31, 2012		June 30, 2012		January 1, 2012	
	Amount	%	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%
CURRENT ASSETS									CURRENT LIABILITIES								
Cash and cash equivalents (Notes 6 and 23)	\$ 1,668,475	27	\$ 2,504,000	39	\$ 1,695,134	30	\$ 1,522,013	28	Short-term loans (Notes 14, 23 and 25)	\$ 785,619	13	\$ 1,386,144	22	\$ 736,149	13	\$ 709,269	13
Financial assets at fair value through profit or loss - current (Notes 7 and 23)	4,783	-	110,404	2	26,601	-	37,395	1	Financial liabilities at fair value through profit or loss - current (Notes 7 and 23)	331	-	-	-	-	-	1,499	-
Available-for-sale financial assets - current (Notes 8 and 23)	123,278	2	28,012	1	-	-	27,620	-	Notes payable (Notes 15 and 23)	177,349	3	21,412	-	30,811	1	31,039	1
Debt investments with no active market - current (Notes 6, 9, 23 and 25)	225,351	4	219,089	3	245,846	4	23,356	-	Accounts payable (Notes 15 and 23)	460,639	8	431,829	7	249,121	4	335,212	6
Notes receivable (Notes 10 and 23)	198,450	3	171,259	3	202,890	4	146,019	3	Other payables (Notes 16 and 23)	252,968	4	175,949	3	361,512	6	217,333	4
Accounts receivable, net (Notes 10 and 23)	1,021,222	17	1,040,107	16	1,048,173	19	1,252,464	23	Current tax liabilities	-	-	9,841	-	3,431	-	25,315	-
Tax refundable	32,257	-	2,285	-	7,956	-	15,551	-	Provisions - current	17,402	-	35	-	1,894	-	-	-
Other receivables (Note 23)	16,679	-	22,196	-	26,178	-	19,625	-	Long-term debts - current portion (Notes 14, 23 and 25)	572,917	9	706,490	11	548,324	10	365,074	7
Current tax assets	4,851	-	2,185	-	-	-	-	-	Other current liabilities	3,568	-	2,890	-	3,301	-	4,351	-
Inventories (Note 11)	801,205	13	438,841	7	500,475	9	512,766	9	Total current liabilities	2,270,793	37	2,734,590	43	1,934,543	34	1,689,092	31
Refundable deposits - current (Note 23)	13,412	-	1,807	-	11,498	-	33,436	1	NONCURRENT LIABILITIES								
Other current assets (Notes 13 and 25)	99,246	2	75,571	1	87,516	2	82,542	2	Long-term debts (Notes 14, 23 and 25)	880,756	14	720,833	11	741,667	13	702,465	13
Total current assets	4,209,209	68	4,615,756	72	3,852,267	68	3,672,787	67	Accrued pension liabilities (Note 17)	85,248	2	85,458	2	85,395	2	85,388	1
NONCURRENT ASSETS									Deferred income tax liabilities (Note 20)	72,678	1	70,432	1	67,357	1	61,008	1
Property, plant and equipment (Notes 12, 25 and 26)	1,615,103	26	1,561,761	25	1,567,277	28	1,633,152	30	Total noncurrent liabilities	1,038,682	17	876,723	14	894,419	16	848,861	15
Deferred income tax assets (Note 20)	82,441	2	53,397	1	47,317	1	44,932	1	Total liabilities	3,309,475	54	3,611,313	57	2,828,962	50	2,537,953	46
Prepayments for equipment (Note 26)	166,671	3	83,427	1	95,572	2	30,526	1	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT								
Refundable deposits - noncurrent (Note 23)	1,821	-	1,732	-	2,868	-	2,895	-	(Note 18)								
Long-term prepaid rent (Notes 13 and 25)	69,397	1	67,034	1	76,380	1	78,627	1	Capital stock	1,715,980	28	1,715,980	27	1,715,980	30	1,715,980	31
Other noncurrent assets (Note 10)	9,512	-	8,757	-	9,889	-	10,619	-	Capital surplus	270,187	4	270,187	4	270,187	5	270,187	5
Total noncurrent assets	1,944,945	32	1,776,108	28	1,799,303	32	1,800,751	33	Retained earnings	607,550	10	698,084	11	678,793	12	748,509	14
TOTAL	\$ 6,154,154	100	\$ 6,391,864	100	\$ 5,651,570	100	\$ 5,473,538	100	Others	250,962	4	96,300	1	157,648	3	200,909	4
									Total equity	2,844,679	46	2,780,551	43	2,822,608	50	2,935,585	54
									TOTAL	\$ 6,154,154	100	\$ 6,391,864	100	\$ 5,651,570	100	\$ 5,473,538	100

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
GROSS OPERATING REVENUE	\$ 986,680	100	\$ 1,021,140	100	\$ 1,887,234	100	\$ 1,933,317	100
LESS: SALES RETURNS	7	-	2,120	-	20	-	2,187	-
SALES ALLOWANCES	7	-	28	-	8	-	134	-
OPERATING REVENUE, NET	986,666	100	1,018,992	100	1,887,206	100	1,930,996	100
OPERATING COSTS (Notes 11, 17, 19 and 24)	938,677	95	865,852	85	1,736,316	92	1,622,451	84
GROSS PROFIT	47,989	5	153,140	15	150,890	8	308,545	16
OPERATING EXPENSES (Notes 17, 19 and 24)								
Marketing	37,994	4	33,625	4	68,550	4	69,973	4
General and administrative	54,973	6	53,676	5	103,269	5	103,910	5
Research and development	12,299	1	12,404	1	23,995	1	18,851	1
Total operating expenses	105,266	11	99,705	10	195,814	10	192,734	10
OPERATING INCOME (LOSS)	(57,277)	(6)	53,435	5	(44,924)	(2)	115,811	6
NON-OPERATING INCOME AND EXPENSES (Notes 7 and 19)								
Other income	13,006	2	8,058	1	22,788	1	14,977	1
Other gains and losses	(8,990)	(1)	4,519	1	(17,126)	(1)	(1,023)	-
Financial costs	(16,765)	(2)	(9,860)	(1)	(35,203)	(2)	(18,375)	(1)
Total non-operating income and expenses	(12,749)	(1)	2,717	1	(29,541)	(2)	(4,421)	-
CONSOLIDATED INCOME (LOSS) BEFORE INCOME TAX	(70,026)	(7)	56,152	6	(74,465)	(4)	111,390	6
INCOME TAX EXPENSE (REVENUE) (Note 20)	(24,323)	(2)	21,893	2	(23,399)	(1)	43,828	3
CONSOLIDATED NET INCOME (LOSS)	(45,703)	(5)	34,259	4	(51,066)	(3)	67,562	3
OTHER COMPREHENSIVE INCOME (LOSS) (Note 18)								
Exchange differences arising on translation of foreign operations	48,313	5	22,145	2	159,835	8	(45,257)	(2)
Unrealized gain (loss) on available-for-sale financial assets	(3,090)	-	-	-	(6,301)	-	2,176	-

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2013		2012		2013		2012	
	Amount	%	Amount	%	Amount	%	Amount	%
Income tax benefit (expense) relating to components of other comprehensive income	\$ 553	-	\$ -	-	\$ 1,128	-	\$ (180)	-
Other comprehensive income (loss), net of income tax	45,776	5	22,145	2	154,662	8	(43,261)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 73</u>	<u>-</u>	<u>\$ 56,404</u>	<u>6</u>	<u>\$ 103,596</u>	<u>5</u>	<u>\$ 24,301</u>	<u>1</u>
NET INCOME (LOSS) ATTRIBUTABLE TO:								
Stockholders of the parent	<u>\$ (45,703)</u>	<u>(5)</u>	<u>\$ 34,259</u>	<u>3</u>	<u>\$ (51,066)</u>	<u>(3)</u>	<u>\$ 67,562</u>	<u>4</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Stockholders of the parent	<u>\$ 73</u>	<u>-</u>	<u>\$ 56,404</u>	<u>6</u>	<u>\$ 103,596</u>	<u>5</u>	<u>\$ 24,301</u>	<u>1</u>
EARNINGS PER SHARE (Note 21)								
Basic	<u>\$ (0.27)</u>		<u>\$ 0.20</u>		<u>\$ (0.30)</u>		<u>\$ 0.39</u>	
Diluted	<u>\$ (0.27)</u>		<u>\$ 0.20</u>		<u>\$ (0.30)</u>		<u>\$ 0.39</u>	

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

(Concluded)

GEM TERMINAL IND. CO., LTD.

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

	Equity Attributable to Stockholders of the Parent						Others		Total Equity	
	Capital Stock - Common Stock		Capital Surplus- Share Issuance in Excess of Par	Retained Earnings			Unrealized Gain (loss) from Available-for-sale Financial Assets	Foreign Currency Translation Reserve		
	Shares(In Thousands)	Amount		Legal Capital Reserve	Unappropriated Earnings	Total				Total
BALANCE, JANUARY 1, 2012	171,598	\$ 1,715,980	\$ 270,187	\$ 301,382	\$ 447,127	\$ 748,509	\$ (1,996)	\$ 202,905	\$ 200,909	\$ 2,935,585
Appropriation of 2011 earnings (Note 18)										
Legal capital reserve	-	-	-	18,530	(18,530)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(137,278)	(137,278)	-	-	-	(137,278)
	-	-	-	18,530	(155,808)	(137,278)	-	-	-	(137,278)
Net income for the six months ended June 30, 2012	-	-	-	-	67,562	67,562	-	-	-	67,562
Other comprehensive income (loss) for the six months ended June 30, 2012, net of income tax	-	-	-	-	-	-	1,996	(45,257)	(43,261)	(43,261)
Total comprehensive income (loss) for the six months ended June 30, 2012	-	-	-	-	67,562	67,562	1,996	(45,257)	(43,261)	24,301
BALANCE, JUNE 30, 2012	171,598	\$ 1,715,980	\$ 270,187	\$ 319,912	\$ 358,881	\$ 678,793	\$ -	\$ 157,648	\$ 157,648	\$ 2,822,608
BALANCE, JANUARY 1, 2013	171,598	\$ 1,715,980	\$ 270,187	\$ 319,912	\$ 378,172	\$ 698,084	\$ 2,321	\$ 93,979	\$ 96,300	\$ 2,780,551
Appropriation of 2012 earnings (Note 18)										
Legal capital reserve	-	-	-	8,494	(8,494)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(39,468)	(39,468)	-	-	-	(39,468)
	-	-	-	8,494	(47,962)	(39,468)	-	-	-	(39,468)
Net loss for the six months ended June 30, 2013	-	-	-	-	(51,066)	(51,066)	-	-	-	(51,066)
Other comprehensive income (loss) for the six months ended June 30, 2013, net of income tax	-	-	-	-	-	-	(5,173)	159,835	154,662	154,662
Total comprehensive income (loss) for the six months ended June 30, 2013	-	-	-	-	(51,066)	(51,066)	(5,173)	159,835	154,662	103,596
BALANCE, JUNE 30, 2013	171,598	\$ 1,715,980	\$ 270,187	\$ 328,406	\$ 279,144	\$ 607,550	\$ (2,852)	\$ 253,814	\$ 250,962	\$ 2,844,679

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Consolidated income (loss) before income tax	\$ (74,465)	\$ 111,390
Adjustments for:		
Depreciation expense	107,024	98,724
Amortization expense	2,532	2,373
Reversal of allowance for doubtful accounts	(873)	(4,129)
Valuation loss (gain) on financial instruments at fair value through profit or loss, net	5,162	(4,949)
Finance costs	35,203	18,375
Interest income	(20,754)	(9,631)
Dividend income	(106)	(138)
Loss on disposal of property, plant and equipment, net	2,103	1,172
Loss (gain) on sale of investments, net	(5,506)	1,467
Impairment of non-financial assets	47,244	1,810
Net loss on foreign currency exchange	35	12,116
Recognition of provisions	17,367	1,894
Other non-cash items	3,013	(6,566)
Changes in operating assets and liabilities		
Decrease in financial assets held for trading	1,324	2,242
Increase in notes receivable	(27,191)	(56,871)
Decrease in accounts receivable	19,315	208,571
Decrease (increase) in other receivable and tax refundable	(24,455)	1,042
Decrease (increase) in inventories	(410,940)	10,797
Increase in other current assets	(26,670)	(9,880)
Decrease in financial liabilities held for trading	(3,219)	(667)
Increase (decrease) in notes payable	155,937	(228)
Increase (decrease) in accounts payable	28,810	(86,091)
Increase (decrease) in other payables	13,840	(14,322)
Increase (decrease) in other current liabilities	678	(1,050)
Increase (decrease) in accrued pension liabilities	(210)	7
Cash generated from (used in) operations	(154,802)	277,458
Interest received	20,701	9,440
Income tax paid	(14,778)	(61,933)
Net cash generated from (used in) operating activities	<u>(148,879)</u>	<u>224,965</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets designated as at fair value through profit and loss	(11,796)	-
Proceeds from disposal of financial assets designated as at fair value through profit and loss	114,481	12,634
Acquisition of available-for-sale financial assets	(479,631)	-
Proceeds from disposal of available-for-sale financial assets	383,473	28,164
Purchase of debt investments with no active market	(6,262)	(222,490)

(Continued)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

	2013	2012
Payments for property, plant and equipment	\$ (81,421)	\$ (54,444)
Proceeds from disposal of property, plant and equipment	691	118
Increase in refundable deposits	(11,694)	-
Decrease in refundable deposits	-	21,978
Increase in other noncurrent assets	(2,006)	(224)
Decrease in other noncurrent assets	-	42
Increase in prepayments for equipment	(83,244)	(65,046)
Dividend received	<u>106</u>	<u>138</u>
Net cash used in investing activities	<u>(177,303)</u>	<u>(279,130)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	576,450	652,863
Decrease in short-term loans	(1,237,496)	(478,727)
Proceeds from long-term debts	349,112	400,000
Repayment of long-term debts	(323,156)	(177,445)
Interest paid	<u>(36,788)</u>	<u>(19,148)</u>
Net cash generated from (used in) financing activities	<u>(671,878)</u>	<u>377,543</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>162,535</u>	<u>(150,257)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(835,525)	173,121
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>2,504,000</u>	<u>1,522,013</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,668,475</u>	<u>\$ 1,695,134</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 SIX MONTHS ENDED JUNE 30, 2013 AND 2012 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

AS of June 30, 2013 and 2012, the Company had 2,103 and 1,881 employees, respectively.

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 August 9, 2013.

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Statement of Compliance

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

Basis of Consolidation

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

Subsidiaries included in the consolidated financial statements

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

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

Note 1: International investment.

Note 2: International trading.

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

Note 4: Manufacture of new electronic components and devices (e.g., Opto-Electronic devices and new mechanical/electric components); design and manufacture of stamping molds with the precision that is equal to or greater than 0.02 mm, plastic molds with the precision that is equal to or greater than 0.05 mm, and standard molds; development and production of construction hardware, water heater parts, and general hardware; manufacture of heat-resistant thermal insulation (insulation class: F or H) and insulation molding parts; production of inorganic nonmetal materials and products (special ceramics); development and production of materials for the specific use in semiconductor components and devices; components, devices, and materials for new instrumentation plug-ins (inserts and functional parts of instrument); terminal crimping machines; and equipment for the specific use in electronics and electric appliances and electroplating of hardware accessories; and sale of the Company's own products (under business permits for certain operations.).

Note 5: Production and sale of terminals, electric appliance plugs and plastic hardware, terminal crimping machines, molds, computer inserts, electroplating for hardware accessories, ceramic ferrules for optical fiber connection, and machine for hardware, electronics, plastics products manufacturing.

Other Significant Accounting Policies Instructions

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

6. CASH AND CASH EQUIVALENTS

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Cash on hand	\$ 1,554	\$ 2,526	\$ 2,266	\$ 2,384
Demand deposits	819,921	960,742	904,861	1,068,413
Checking accounts	201	201	201	201
Cash equivalents				
Time deposits with original maturities less than three months	<u>846,799</u>	<u>1,540,531</u>	<u>787,806</u>	<u>451,015</u>
	<u>\$ 1,668,475</u>	<u>\$ 2,504,000</u>	<u>\$ 1,695,134</u>	<u>\$ 1,522,013</u>

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

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

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

7. FINANCIAL INSTRUMENTS AT FVTPL - CURRENT

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets held for trading	\$ -	\$ 106,467	\$ 23,297	\$ 24,540
Financial assets designated as at FVTPL	<u>4,783</u>	<u>3,937</u>	<u>3,304</u>	<u>12,855</u>
	<u>\$ 4,783</u>	<u>\$ 110,404</u>	<u>\$ 26,601</u>	<u>\$ 37,395</u>
Financial liabilities held for trading	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,499</u>

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
<u>Financial assets held for trading</u>				
Derivative financial assets (not under hedge accounting)				
Foreign exchange forward contracts	\$ -	\$ -	\$ -	\$ 995
Non-derivative financial assets				
Gold passbook	<u>-</u>	<u>106,467</u>	<u>23,297</u>	<u>23,545</u>
	<u>\$ -</u>	<u>\$ 106,467</u>	<u>\$ 23,297</u>	<u>\$ 24,540</u>
<u>Financial liabilities held for trading</u>				
Derivative financial liabilities (not under hedge accounting)				
Foreign exchange forward contracts	\$ -	\$ -	\$ -	\$ 1,499
Copper futures contracts	180	-	-	-
Nickel futures contracts	<u>151</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,499</u>

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

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

	Futures Month	Lots	Contract Amount (In Thousands)
<u>June 30, 2013</u>			
Copper futures contracts			
Refined copper	September, 2013	12	USD 923
Nickel futures contracts			
Nickel	September, 2013	4	USD 335

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

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

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Net gain (loss)	<u>\$ (4,665)</u>	<u>\$ (1,137)</u>	<u>\$ (5,204)</u>	<u>\$ 1,866</u>

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Financial assets designated <u>as at FVTPL</u>				
Callable preferred stock with interest	<u>\$ 4,783</u>	<u>\$ 3,937</u>	<u>\$ 3,304</u>	<u>\$ 12,855</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Net gain (loss)	<u>\$ (72)</u>	<u>\$ (75)</u>	<u>\$ 42</u>	<u>\$ 3,083</u>

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Domestic quoted stocks	\$ 60,681	\$ 1,484	\$ -	\$ 18,752
Overseas quoted stocks	43,663	20,212	-	7,564
Domestic mutual funds	6,381	-	-	-
Overseas mutual funds	<u>12,553</u>	<u>6,316</u>	<u>-</u>	<u>1,304</u>
	<u>\$ 123,278</u>	<u>\$ 28,012</u>	<u>\$ -</u>	<u>\$ 27,620</u>

9. DEBT INVESTMENTS WITH NO ACTIVE MARKET - CURRENT

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Time deposits with original maturities more than 3 months	\$ 83,535	\$ 117,054	\$ 245,846	\$ 23,356
Pledge time deposits	<u>141,816</u>	<u>102,035</u>	<u>-</u>	<u>-</u>
	<u>\$ 225,351</u>	<u>\$ 219,089</u>	<u>\$ 245,846</u>	<u>\$ 23,356</u>

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

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

10. NOTES AND ACCOUNTS RECEIVABLE, NET

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
<u>Notes receivable</u>				
Notes receivable - operating	<u>\$ 198,450</u>	<u>\$ 171,259</u>	<u>\$ 202,890</u>	<u>\$ 146,019</u>
<u>Accounts receivable</u>				
Accounts receivable	\$ 1,032,111	\$ 1,051,426	\$ 1,057,556	\$ 1,266,127
Less: Allowance for impairment loss	<u>10,889</u>	<u>11,319</u>	<u>9,383</u>	<u>13,663</u>
	<u>\$ 1,021,222</u>	<u>\$ 1,040,107</u>	<u>\$ 1,048,173</u>	<u>\$ 1,252,464</u>

a. Accounts receivable

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

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

Aging analysis of accounts receivable:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Neither past due nor impaired	\$ 899,342	\$ 916,221	\$ 957,122	\$ 1,087,187
1-30 days	118,509	47,840	84,214	63,438
31-60 days	4,236	67,706	7,246	104,003
61-90 days	6,771	17,550	7,536	9,998
91-180 days	1,722	1,178	-	53
181-360 days	579	-	16	-
over 360 days	<u>952</u>	<u>931</u>	<u>1,422</u>	<u>1,448</u>
	<u>\$ 1,032,111</u>	<u>\$ 1,051,426</u>	<u>\$ 1,057,556</u>	<u>\$ 1,266,127</u>

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

Movements of the allowance for doubtful receivables:

	For the Six Months Ended June 30			
	2013		2012	
	Accounts Receivable	Overdue Receivables	Accounts Receivable	Overdue Receivables
Balance, beginning of period	\$ 11,319	\$ 1,290	\$ 13,663	\$ 1,408
Reversal	(873)	-	(4,065)	(64)
Foreign exchange translation loss(gain)	<u>443</u>	<u>41</u>	<u>(215)</u>	<u>(17)</u>
Balance, end of period	<u>\$ 10,889</u>	<u>\$ 1,331</u>	<u>\$ 9,383</u>	<u>\$ 1,327</u>

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

b. Credit risk of notes and accounts receivable

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

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Group A	\$ 212,537	\$ 229,192	\$ 270,469	\$ 365,605
Group B	<u>69,979</u>	<u>75,877</u>	<u>58,937</u>	<u>82,397</u>
	<u>\$ 282,516</u>	<u>\$ 305,069</u>	<u>\$ 329,406</u>	<u>\$ 448,002</u>

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

11. INVENTORIES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Raw materials	\$ 435,091	\$ 159,321	\$ 197,658	\$ 205,800
Supplies	39,730	23,092	20,584	15,820
Work in process	111,693	87,978	93,001	110,816
Finished goods	<u>214,691</u>	<u>168,450</u>	<u>189,232</u>	<u>180,330</u>
	<u>\$ 801,205</u>	<u>\$ 438,841</u>	<u>\$ 500,475</u>	<u>\$ 512,766</u>

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, the allowances for inventory devaluation were \$68,604 thousand, \$20,028 thousand, \$27,117 thousand and \$25,623 thousand, respectively, which were recorded as reduction of inventories.

The cost of inventories recognized as costs of goods sold for the three months ended June, 2013 and 2012 and for the six months ended June 30, 2013 and 2012 were \$938,677 thousand, \$865,852 thousand, \$1,736,316 thousand and \$1,622,451 thousand, respectively, which included the following items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Unallocated fixed manufacturing cost	\$ 28,546	\$ 14,653	\$ 61,106	\$ 32,294
Write - down of inventories	43,390	12,151	47,244	1,810
Others	<u>7,842</u>	<u>2,925</u>	<u>17,091</u>	<u>3,170</u>
	<u>\$ 79,778</u>	<u>\$ 29,729</u>	<u>\$ 125,441</u>	<u>\$ 37,274</u>

12. PROPERTY, PLANT, AND EQUIPMENT

a. Carrying amount

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Land	\$ 144,581	\$ 137,388	\$ 137,388	\$ 137,388
Buildings	479,036	471,270	495,768	520,673
Machinery and equipment	761,125	741,745	739,886	738,884
Transportation equipment	16,836	18,831	21,673	21,640
Office equipment	10,614	11,329	12,761	14,240
Leasehold improvements	44	51	58	66
Miscellaneous equipment	180,179	159,721	150,278	142,517
Construction in progress	<u>22,688</u>	<u>21,426</u>	<u>9,465</u>	<u>57,744</u>
	<u>\$ 1,615,103</u>	<u>\$ 1,561,761</u>	<u>\$ 1,567,277</u>	<u>\$ 1,633,152</u>

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

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

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
<u>Cost</u>									
Balance on January 1, 2013	\$ 137,388	\$ 743,328	\$ 1,406,754	\$ 65,543	\$ 34,593	\$ 84	\$ 337,567	\$ 21,426	\$ 2,746,683
Additions	7,193	3,192	59,934	530	688	-	35,519	55	107,111
Disposal	-	-	(22,732)	(43)	(392)	-	(4,291)	-	(27,458)
Effect of foreign currency exchange differences	-	32,811	67,194	3,061	1,532	-	18,267	1,207	124,072
Balance on June 30, 2013	<u>\$ 144,581</u>	<u>\$ 779,331</u>	<u>\$ 1,511,150</u>	<u>\$ 69,091</u>	<u>\$ 36,421</u>	<u>\$ 84</u>	<u>\$ 387,062</u>	<u>\$ 22,688</u>	<u>\$ 2,950,408</u>
Balance on January 1, 2012	\$ 137,388	\$ 763,598	\$ 1,345,831	\$ 64,152	\$ 36,148	\$ 84	\$ 306,176	\$ 57,744	\$ 2,711,121
Additions	-	805	78,241	4,341	1,023	-	33,690	(41,634)	76,466
Disposal	-	(605)	(100,107)	(757)	(1,075)	-	(14,557)	-	(117,101)
Effect of foreign currency exchange differences	-	(10,359)	41,148	(879)	(532)	-	272	(6,645)	23,005
Balance on June 30, 2012	<u>\$ 137,388</u>	<u>\$ 753,439</u>	<u>\$ 1,365,113</u>	<u>\$ 66,857</u>	<u>\$ 35,564</u>	<u>\$ 84</u>	<u>\$ 325,581</u>	<u>\$ 9,465</u>	<u>\$ 2,693,491</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Leasehold Improvements	Miscellaneous Equipment	Construction in Progress	Total
<i>Accumulated depreciation</i>									
Balance on January 1, 2013	\$ -	\$ (272,058)	\$ (665,009)	\$ (46,712)	\$ (23,264)	\$ (33)	\$ (177,846)	\$ -	\$ (1,184,922)
Additions	-	-	20,539	36	343	-	3,540	-	24,458
Disposal	-	(18,577)	(61,118)	(3,387)	(1,605)	(8)	(22,329)	-	(107,024)
Effect of foreign currency exchange differences	-	(9,660)	(44,437)	(2,192)	(1,281)	1	(10,248)	-	(67,817)
Balance on June 30, 2013	<u>\$ -</u>	<u>\$ (300,295)</u>	<u>\$ (750,025)</u>	<u>\$ (52,255)</u>	<u>\$ (25,807)</u>	<u>\$ (40)</u>	<u>\$ (206,883)</u>	<u>\$ -</u>	<u>\$ (1,335,305)</u>
Balance on January 1, 2012	\$ -	\$ (242,925)	\$ (606,947)	\$ (42,512)	\$ (21,908)	\$ (18)	\$ (163,659)	\$ -	\$ (1,077,969)
Additions	-	504	40,910	681	937	-	3,902	-	46,934
Disposal	-	(17,884)	(56,460)	(3,919)	(2,189)	(8)	(18,264)	-	(98,724)
Effect of foreign currency exchange differences	-	2,634	(2,730)	566	357	-	2,718	-	3,545
Balance on June 30, 2012	<u>\$ -</u>	<u>\$ (257,671)</u>	<u>\$ (625,227)</u>	<u>\$ (45,184)</u>	<u>\$ (22,803)</u>	<u>\$ (26)</u>	<u>\$ (175,303)</u>	<u>\$ -</u>	<u>\$ (1,126,214)</u>

(Concluded)

c. Estimated useful lives

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

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

- 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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Current (included in other current assets)	\$ 1,086	\$ 1,572	\$ 1,753	\$ 1,575
Noncurrent (included in long-term prepaid rent)	<u>69,397</u>	<u>67,034</u>	<u>76,380</u>	<u>78,627</u>
	<u>\$ 70,483</u>	<u>\$ 68,606</u>	<u>\$ 78,133</u>	<u>\$ 80,202</u>

Movements of prepayments for lease were as follows :

	<u>Six Months Ended June 30</u>	
	2013	2012
Balance, beginning of period	\$ 68,606	\$ 80,202
Less: Amortization	810	839
Effect of foreign currency exchange difference	<u>2,687</u>	<u>(1,230)</u>
Balance, end of period	<u>\$ 70,483</u>	<u>\$ 78,133</u>

As of June 30, 2013, December 31, 2012, June 30, 2012 and January 1, 2012, prepaid lease payments are for properties located in mainland China and Vietnam. Land use right with carrying amount of \$5,768 thousand (RMB 1,200 thousand) is in the process of obtaining the land use right certificate. GEM (Suzhou) had overpaid the price of its land use right to the local government and the overpayment of \$6,930 thousand (RMB 1,500 thousand) was refunded and accounted for as a deduction of land use right in November, 2012.

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

14. BORROWINGS

a. Short-term loans

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unsecured loans	\$ 501,303 (including RMB28,000 thousand, US\$5,000 thousand and HK\$55,500 thousand)	\$ 887,060 (including RMB28,000 thousand, US\$17,000 thousand and HK\$70,500 thousand)	\$ 391,116 (including HK\$70,500 thousand and US\$4,000 thousand)	\$ 670,289 (including RMB6,000 thousand, HK\$48,000 thousand and US\$15,000 thousand)
Secured loans	284,316 (RMB 58,200 thousand)	499,084 (RMB 108,000 thousand)	345,033 (RMB 73,000 thousand)	1,949 (HK\$ 500 thousand)
Purchase loans	-	-	-	37,031 (HK\$ 9,500 thousand)
	<u>\$ 785,619</u>	<u>\$ 1,386,144</u>	<u>\$ 736,149</u>	<u>\$ 709,269</u>

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unsecured loans (%)	1.27-6.00	1.35-6.31	1.35-2.00	1.30-6.56
Secured loans (%)	5.40-6.00	6.00-6.56	6.31-6.56	2.33
Purchase loans (%)	-	-	-	1.74

b. Long-term debts

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unsecured debts	<u>\$ 1,254,167</u>	<u>\$ 1,277,500</u>	<u>\$ 1,140,000</u>	<u>\$ 917,574</u>
Commercial paper payable	200,000	150,000	150,000	150,000
Less: Unamortized discount	494	177	9	35
	<u>199,506</u>	<u>149,823</u>	<u>149,991</u>	<u>149,965</u>
	1,453,673	1,427,323	1,289,991	1,067,539

(Continued)

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Less: Current portion	\$ 572,917	\$ 706,490	\$ 548,324	\$ 365,074
	<u>\$ 880,756</u>	<u>\$ 720,833</u>	<u>\$ 741,667</u>	<u>\$ 702,465</u> (Concluded)

Unsecured debts

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Borrowings	\$ 1,254,167	\$ 1,277,500	\$ 1,140,000	\$ 917,574
Less: Current portion	<u>572,917</u>	<u>556,667</u>	<u>398,333</u>	<u>365,074</u>
Long-term debts	<u>\$ 681,250</u>	<u>\$ 720,833</u>	<u>\$ 741,667</u>	<u>\$ 552,500</u>
Interest rate P.A. (%)	1.66-2.09	1.66-2.20	1.61-2.20	1.60-2.30

Under the loan agreements with China Development Industrial Bank, Taishin Bank, Bangkok Bank and Taipei Fubon Bank, the Company should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. As of June 30, 2013, the Company was in compliance with the financial ratio requirements of China Development Industrial Bank, Taishin Bank and Bangkok Bank. The Company did not comply with Taipei Fubon Bank financing contract interest coverage ratio restrictions, but Taipei Fubon Bank agrees to obtain exemption in August 9, 2013.

Commercial paper payable

Acceptance Bank	Interest Rate P.A. (%)	Credit Line	Maturity	Amount
<u>June 30, 2013</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.20	\$ 200,000	February 2016	\$ 200,000
Less: Unamortized discounts				<u>494</u> 199,506
Less: Current portion				<u>-</u>
				<u>\$ 199,506</u>

December 31, 2012

International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.55	150,000	January 2013	\$ 150,000
Less: Unamortized discounts				<u>177</u> 149,823
				(Continued)

Acceptance Bank	Interest Rate P.A. (%)	Credit Line	Maturity	Amount
Less: Current portion				\$ 149,823
				<u>\$ -</u>
<u>June 30, 2012</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.55	\$ 150,000	January 2013	\$ 150,000
Less: Unamortized discounts				<u>9</u>
				149,991
Less: Current portion				<u>149,991</u>
				<u>\$ -</u>
<u>January 1, 2012</u>				
International Bills Finance Corporation/Ta Chong Bank Ltd. (TC Bank)	1.55	150,000	January 2013	\$ 150,000
Less: Unamortized discounts				<u>35</u>
				149,965
Less: Current portion				<u>-</u>
				<u>\$ 149,965</u>
				(Concluded)

Under the loan agreements with TC Bank, the Group should maintain certain financial ratios based on reviewed semiannual and audited annual consolidated financial statements. As of December 31, 2012, the Group was not in compliance with TC Bank's debts ratio requirement; however, the loan was repaid on January 21, 2013. Except for the above, the Group was in compliance with TC Bank's financial ratio on June 30, 2013, June 30, 2012, and January 1, 2012.

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

15. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

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

16. OTHER PAYABLES

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Payable for purchase of equipment	\$ 47,462	\$ 21,772	\$ 46,389	\$ 24,367
Salaries or bonus	39,729	45,485	38,779	47,001
Payable for dividends	39,468	-	137,278	-
Payable for utilities expense	9,335	8,000	8,322	7,686
Payable for bonus to employees and remuneration to directors and supervisors	6,100	6,100	12,462	10,100
Payable for professional service fees	4,437	4,223	4,450	7,633
Payable for annual leave	2,785	3,743	2,450	2,963
Others	<u>103,652</u>	<u>86,626</u>	<u>111,382</u>	<u>117,583</u>
	<u>\$ 252,968</u>	<u>\$ 175,949</u>	<u>\$ 361,512</u>	<u>\$ 217,333</u>

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

17. RETIREMENT BENEFIT PLANS

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

Employee benefit expenses were included in the following line items:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Operating cost	\$ 146	\$ 209	\$ 296	\$ 491
Marketing expenses	53	66	104	137
Administration expenses	208	229	413	478
Research and development expenses	<u>102</u>	<u>145</u>	<u>204</u>	<u>192</u>
	<u>\$ 509</u>	<u>\$ 649</u>	<u>\$ 1,017</u>	<u>\$ 1,298</u>

18. EQUITY

Capital Stock

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Number of shares authorized (in thousands)	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>	<u>221,000</u>

(Continued)

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

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

Capital Surplus

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

The Company's capital surplus is additional paid-in capital from issuance of common shares.

Appropriation of Earnings and Dividend Policy

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

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

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

The Company had incurred net loss for the six months ended June 30, 2013, so no bonus to employees and remuneration to directors and supervisors were accrued for the period. For the six months ended June 30, 2012, the bonus to employees and the remuneration to directors and supervisors were estimated at \$1,312 thousand and \$1,050 thousand, respectively. The bonus to employees and remuneration to directors and

supervisors were 2.16% and 1.73% for the six months ended June 30, 2012, respectively. Material differences between such estimated amounts and the amounts proposed by the board of directors in the following year are adjusted in the current year. If the actual amounts subsequently resolved by the stockholders differ from the proposed amounts, the differences are recorded in the year of stockholders' resolution as a change in accounting estimate. If a share bonus is resolved to be distributed to employees, the number of shares is determined by dividing the amount of the share bonus by the closing price (after considering the effect of cash and stock dividends) of the shares of the day immediately preceding the stockholders' meeting.

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

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

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

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

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

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

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

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

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

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

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

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

Special Reserves Appropriated Following First-time Adoption of IFRSs

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

Other Equity Items

a. Foreign currency translation reserve

	2013	2012
Balance at January 1	\$ 93,979	\$ 202,905
Exchange differences arising on translating the foreign operations	<u>159,835</u>	<u>(45,257)</u>
Balance at June 30	<u>\$ 253,814</u>	<u>\$ 157,648</u>

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

	2013	2012
Balance at January 1	\$ 2,321	\$ (1,996)
Unrealized gain arising on revaluation of available-for-sale financial assets	(3,511)	-
Income tax relating to unrealized loss arising on revaluation of available-for-sale financial assets	659	-
Cumulative (gain)/loss reclassified to profit or loss on sale of available-for-sale financial assets	(2,790)	2,176
Income tax relating to the amounts reclassified to profit or loss on disposal of available-for-sale financial assets	<u>469</u>	<u>(180)</u>
Balance at June 30	<u>\$ (2,852)</u>	<u>\$ -</u>

19. CONSOLIDATED INCOME (LOSS) BEFORE INCOME TAX

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

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Interest income	\$ 11,505	\$ 5,082	\$ 20,754	\$ 9,631
Dividends income	105	-	106	138
Others	1,396	2,976	1,928	5,208
	\$ 13,006	\$ 8,058	\$ 22,788	\$ 14,977

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Gain (loss) on disposal of investments, net	\$ 1,350	\$ -	\$ 5,506	\$ (1,467)
Foreign exchange gains (losses), net	(3,779)	6,284	(14,012)	(2,464)
Loss on disposal of property, plant and equipment, net	(626)	(230)	(2,103)	(1,172)
Valuation gain (loss) on financial instruments at fair value through profit or loss, net	(4,737)	(1,212)	(5,162)	4,949
Others	(1,198)	(323)	(1,355)	(869)
	\$ (8,990)	\$ 4,519	\$ (17,126)	\$ (1,023)

c. Financial costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Interest expense of loans	\$ 17,335	\$ 10,053	\$ 36,114	\$ 18,681
Less: Amounts included in the cost of qualifying assets	570	193	911	306
	\$ 16,765	\$ 9,860	\$ 35,203	\$ 18,375

Information about capitalized interest was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Capitalized interest (classified under property, plant and equipment and prepayments for equipment)	\$ 2,115	\$ 193	\$ 2,456	\$ 306
Capitalization rate	1.80%-7.20%	1.88%-5.88%	1.56%-7.20%	1.86%-5.88%

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Property, plant and equipment	\$ 53,870	\$ 50,531	\$ 107,024	\$ 98,724
Prepayments for lease (current/noncurrent)	410	436	810	839
Other assets	<u>912</u>	<u>784</u>	<u>1,722</u>	<u>1,534</u>
	<u>\$ 55,192</u>	<u>\$ 51,751</u>	<u>\$ 109,556</u>	<u>\$ 101,097</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Analysis of depreciation by function				
Operating costs	\$ 42,045	\$ 38,706	\$ 83,012	\$ 77,644
Operating expenses	<u>11,825</u>	<u>11,825</u>	<u>24,012</u>	<u>21,080</u>
	<u>\$ 53,870</u>	<u>\$ 50,531</u>	<u>\$ 107,024</u>	<u>\$ 98,724</u>
Analysis of amortization by function				
Operating costs	\$ 66	\$ 9	\$ 130	\$ 42
Operating expenses	<u>1,256</u>	<u>1,211</u>	<u>2,402</u>	<u>2,331</u>
	<u>\$ 1,322</u>	<u>\$ 1,220</u>	<u>\$ 2,532</u>	<u>\$ 2,373</u>

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Post-employment benefits (Note 17)				
Defined contribution plans	\$ 7,223	\$ 6,262	\$ 13,320	\$ 11,897
Defined benefit plans	<u>509</u>	<u>649</u>	<u>1,017</u>	<u>1,298</u>
	7,732	6,911	14,337	13,195

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Other employee benefits	\$ 136,516	\$ 119,374	\$ 260,423	\$ 231,853
	<u>\$ 144,248</u>	<u>\$ 126,285</u>	<u>\$ 274,760</u>	<u>\$ 245,048</u>
Analysis of employee benefits expense by function				
Operating costs	\$ 101,149	\$ 83,563	\$ 190,032	\$ 163,856
Operating expenses	<u>43,099</u>	<u>42,722</u>	<u>84,728</u>	<u>81,192</u>
	<u>\$ 144,248</u>	<u>\$ 126,285</u>	<u>\$ 274,760</u>	<u>\$ 245,048</u>

(Concluded)

f. Gain or loss on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Foreign exchange gains	\$ 7,349	\$ 8,238	\$ 25,747	\$ 15,350
Foreign exchange losses	<u>(11,128)</u>	<u>(1,954)</u>	<u>(39,759)</u>	<u>(17,814)</u>
	<u>\$ (3,779)</u>	<u>\$ 6,284</u>	<u>\$ (14,012)</u>	<u>\$ (2,464)</u>

20. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Current tax				
In respect of the current period	\$ (1,804)	\$ 15,374	\$ 2,113	\$ 32,447
Additional 10% income tax on unappropriated earnings	-	2,949	-	2,949
In respect of prior period	<u>536</u>	<u>3,212</u>	<u>1,351</u>	<u>4,304</u>
	<u>(1,268)</u>	<u>21,535</u>	<u>3,464</u>	<u>39,700</u>

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Deferred income tax				
In respect of the current period	\$ (20,495)	\$ 1,447	\$ (25,670)	\$ 3,784
Exchange rate influence	<u>(2,560)</u>	<u>(1,089)</u>	<u>(1,193)</u>	<u>344</u>
	<u>(23,055)</u>	<u>358</u>	<u>(26,863)</u>	<u>4,128</u>
Income tax expense (income) recognized in profit or loss	<u>\$ (24,323)</u>	<u>\$ 21,893</u>	<u>\$ (23,399)</u>	<u>\$ 43,828</u> (Concluded)

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

	For the Six Months Ended June 30	
	2013	2012
Profit (loss) before income tax from continuing operations	<u>\$ (74,465)</u>	<u>\$ 111,390</u>
Income tax expense (income) at statutory rates (17%)	\$ (12,659)	\$ 18,936
Tax effect of adjustment items		
Permanent differences		
Tax-exempt income	-	(185)
Others	79	210
Temporary differences	14,634	2,669
Additional income tax on unappropriated earnings	<u>-</u>	<u>2,949</u>
In respect of the current period	2,054	24,579
Deferred income tax expense		
Temporary difference	(17,175)	10,512
Effect of different tax rate of group entities jurisdictions	(8,452)	3,974
Withholding tax on overseas investment income	16	115
In respect of the prior period	1,351	4,304
Exchange rate influence	<u>(1,193)</u>	<u>344</u>
Income tax expense (income)	<u>\$ (23,399)</u>	<u>\$ 43,828</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Deferred tax				
Income tax recognized in other comprehensive income (loss)	<u>\$ 553</u>	<u>\$ -</u>	<u>\$ 1,128</u>	<u>\$ (180)</u>

c. Integrated income tax

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Unappropriated earnings				
Unappropriated earnings generated before January 1, 1998	\$ 6,684	\$ 6,684	\$ 6,684	\$ 6,684
Unappropriated earnings generated on and after January 1, 1998	<u>272,460</u>	<u>371,488</u>	<u>352,197</u>	<u>440,443</u>
	<u>\$ 279,144</u>	<u>\$ 378,172</u>	<u>\$ 358,881</u>	<u>\$ 447,127</u>
Imputation credits accounts	<u>\$ 25,106</u>	<u>\$ 25,262</u>	<u>\$ 31,957</u>	<u>\$ 20,911</u>

The creditable ratios for the distribution of earnings of 2012 and 2011 were 6.78% (estimate) and 7.25% (actual), respectively.

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

The expected creditable ratio for distribution of earnings of 2012 was 6.78%, which was calculated based on the draft amendments to Income Tax Law. As of the date that these consolidated financial statements were approved and authorized for issue, the draft amendments had not been approved by the Legislative Yuan. The actual imputation credits allocated to stockholders of the Company was based on the balance of the ICA as of the date of dividend distribution. Therefore, the expected creditable ratio for the 2012 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the stockholders.

d. Income tax assessments

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

- e. Under the laws of the British Virgin Islands, the income of Genius, Global (Cayman) and GEM (Cayman) is exempt from income tax. Under the laws of Hong Kong, because the subsidiaries in Hong Kong - Genius (HK), Vibo 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.
- f. Under the income tax law of the PRC, the highest tax rate of GEM (Dongguan) and GEM (Suzhou) was 25%.
- g. Under the revised PRC income tax laws, the distribution overseas of retained earnings generated after January 1, 2008 is subject to a 10% withholding tax. Foreign companies which have tax treaties with the PRC may apply for lower withholding tax rates.
- h. GEM (Dongguan) and GEM (Suzhou) had completed the filing of their income tax returns through 2012 with the tax authorities.

21. EARNINGS PER SHARE (EPS)

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

Net profit (loss) for the period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Profit (loss) for the period attributable to owners of the Company	<u>\$ (45,703)</u>	<u>\$ 34,259</u>	<u>\$ (51,066)</u>	<u>\$ 67,562</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Weighted average number of ordinary shares in computation of basic earnings per share	171,598	171,598	171,598	171,598
Effect of dilutive potential ordinary shares				
Bonus issue to employee	<u>291</u>	<u>634</u>	<u>324</u>	<u>701</u>
Weighted average number of ordinary shares outstanding in computation of dilutive earnings per share	<u>171,889</u>	<u>172,232</u>	<u>171,922</u>	<u>172,299</u>

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

22. CAPITAL MANAGEMENT

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

23. FINANCIAL INSTRUMENTS

a. Fair values of financial instruments

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

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

	June 30, 2013		December 31, 2012		June 30 2012		January 1, 2012	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities measured at amortized cost								
Long-term debts (including current portion)	\$ 1,453,673	\$ 1,421,306	\$ 1,427,323	\$ 1,398,135	\$ 1,289,991	\$ 1,273,889	\$ 1,067,539	\$ 1,055,298

2) Fair value measurements recognized in the consolidated balance sheets

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

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

June 30, 2013

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 4,783</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,783</u>
Financial liabilities held for trading				
Copper futures contracts	\$ 180	\$ -	\$ -	\$ 180
Nickel futures contracts	<u>151</u>	<u>-</u>	<u>-</u>	<u>151</u>
	<u>\$ 331</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 331</u>
Available for sale financial assets				
Domestic quoted stocks	\$ 60,681	\$ -	\$ -	\$ 60,681
Overseas quoted stock	43,663	-	-	43,663
Domestic mutual funds	6,381	-	-	6,381
Overseas mutual funds	<u>12,553</u>	<u>-</u>	<u>-</u>	<u>12,553</u>
	<u>\$ 123,278</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,278</u>

December 31, 2012

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

June 30, 2012

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 3,304</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,304</u>
Financial assets held for trading				
Gold passbook	<u>\$ 23,297</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,297</u>

January 1, 2012

	Level 1	Level 2	Level 3	Total
Financial assets designated as at FVTPL				
Callable preferred stock with interest	<u>\$ 12,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,855</u>
Financial assets held for trading				
Gold passbook	\$ 23,545	\$ -	\$ -	\$ 23,545
Forward exchange contracts	<u>-</u>	<u>995</u>	<u>-</u>	<u>995</u>
	<u>\$ 23,545</u>	<u>\$ 995</u>	<u>\$ -</u>	<u>\$ 24,540</u>
Financial liabilities held for trading				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 1,499</u>	<u>\$ -</u>	<u>\$ 1,499</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Available for sale financial assets				
Domestic quoted stocks	\$ 18,752	\$ -	\$ -	\$ 18,752
Overseas quoted stocks	7,564	-	-	7,564
Overseas mutual funds	<u>1,304</u>	<u>-</u>	<u>-</u>	<u>1,304</u>
	<u>\$ 27,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,620</u> (Concluded)

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

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

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

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

b. Categories of financial instruments

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
<u>Financial assets</u>				
Fair value through profit or loss				
Designated as at FVTPL	\$ 4,783	\$ 3,937	\$ 3,304	\$ 12,855
Held for trading	-	106,467	23,297	24,540
Loans and receivables (Note 1)	3,145,410	3,960,190	3,232,587	2,999,808
Available for sale financial assets	123,278	28,012	-	27,620
<u>Financial liabilities</u>				
Held for trading	331	-	-	1,499
Amortized cost (Note 2)	3,130,248	3,442,657	2,667,584	2,360,392

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

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

c. Financial risk management objectives and policies

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

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

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

1) Market risk

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

a) Foreign currency risk

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

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Assets				
USD	\$ 594,549	\$ 964,823	\$ 647,348	\$ 717,745
HKD	195,454	173,147	193,119	430,217
JPY	19,755	-	86,521	30,512
CAD	824	75,197	42,687	29,839
GBP	795	133,227	99,875	57,626
Liabilities				
USD	279,469	628,634	202,112	802,320
HKD	224,510	133,340	124,379	155,921

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Assets				
USD	\$ -	\$ -	\$ -	\$ 995
Liabilities				
USD	331	-	-	1,499

Sensitivity analysis

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

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

	<u>USD impact</u>		<u>HKD impact</u>		<u>JPY impact</u>		<u>CAD impact</u>		<u>GBP impact</u>	
	<u>Six Months Ended June 30</u>		<u>Six Months Ended June 30</u>		<u>Six Months Ended June 30</u>		<u>Six Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
Profit or loss	\$ 3,151	\$ 4,452	\$ (291)	\$ 687	\$ 198	\$ 865	\$ 8	\$ 427	\$ 8	\$ 999

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:

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Fair value interest rate risk				
Financial assets	\$ 1,072,150	\$ 1,759,620	\$ 1,033,652	\$ 474,371
Financial liabilities	2,151,359	2,730,287	1,976,140	988,814
Cash flow interest rate risk				
Financial assets	819,922	960,742	904,861	1,068,413
Financial liabilities	87,933	83,180	50,000	787,994

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2013 and 2012 would have been higher/lower by \$3,660 thousand and \$4,274 thousand, respectively.

c) Other price risk

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

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended June 30, 2013 would have been higher/lower by \$48 thousand as a result of the changes in fair value of held-for-trading investments, and the pre-tax other comprehensive income for the six months ended June 30, 2013 would have been higher/lower by \$1,233 thousand as a result of the changes in fair value of available-for-sale shares.

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended June 30, 2012 would have been higher/lower by \$266 thousand as a result of the changes in fair value of held-for-trading investments.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to the counterparties' failure to discharge an obligation and because of financial guarantees provided by the Group is the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

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

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

3) Liquidity risk

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

Liquidity and interest risk rate tables

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

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

	Weighted Average Effective Interest Rate (%)	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>June 30, 2013</u>					
Fixed interest rate liabilities	1.27-6.00	\$ 196,207	\$ 287,127	\$ 816,699	\$ 889,240
Variable interest rate liabilities	5.56	-	1,250	91,641	-
Non-interest bearing		376,216	189,538	27,554	5
<u>December 31, 2012</u>					
Fixed interest rate liabilities	1.35-6.56	308,877	962,540	773,207	731,528
Variable interest rate liabilities	4.89	1,039	-	84,952	-
Non-interest bearing		273,516	183,902	18,820	23
<u>June 30, 2012</u>					
Fixed interest rate liabilities	1.35-6.56	\$ 314,884	\$ 301,596	\$ 606,418	\$ 790,905
Variable interest rate liabilities	1.61	128	136	50,009	-
Non-interest bearing		209,112	227,201	28,005	-
<u>January 1, 2012</u>					
Fixed interest rate liabilities	1.30-6.56	27,163	23,013	251,523	710,486
Variable interest rate liabilities	1.60-2.16	254,114	191,172	348,314	-
Non-interest bearing		203,922	154,400	33,013	438

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

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

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

June 30, 2013

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
<u>Net settled</u>					
Futures					
Outflows	\$ (147)	\$ (184)	\$ -	\$ -	\$ -

January 1, 2012

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

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

24. TRANSACTIONS WITH RELATED PARTIES

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

a. Compensation of key management personnel

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2013	2012	2013	2012
Short-term benefits (including salary, bonuses and allowances)	\$ 2,850	\$ 3,621	\$ 6,788	\$ 8,509
Post-employment benefits	<u>79</u>	<u>79</u>	<u>158</u>	<u>158</u>
	<u>\$ 2,929</u>	<u>\$ 3,700</u>	<u>\$ 6,946</u>	<u>\$ 8,667</u>

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

b. Property lease

The Company leased its Taipei office, factories and storehouse from Su, Tun-Jen and Su, Tun-Li under one-year operating lease contracts. The rentals for the three months ended June 30, 2013 and 2012 were both \$456 thousand; for the six months ended June 30, 2013 and 2012 were both \$913 thousand and were recorded as operating expenses and manufacturing cost on the basis of the size of the areas actually used.

The Company leased employment quarters from director Yu Feng Investment Company under one-year operating lease contracts. The rentals for the three months ended June 30, 2013 was \$36 thousand; for the six months ended June 30, 2013 was \$72 thousand.

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-Ren jointly provided the guarantee for the loans of Genius (HK); Su, Tun-Ren provided the guarantee for Genius (HK)'s loans from Shing Kong Bank.

25. ASSETS PLEDGED AS COLLATERAL FOR SECURITY

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

	June 30, 2013	December 31, 2012	June 30, 2012	January 1, 2012
Property, plant and equipment - buildings	\$ 406,582	\$ 397,602	\$ 225,414	\$ 237,217
Deposit account (under bond investment without market price - current)	141,816	102,035	-	-
Prepaid rent (under current asset)	<u>30,399</u>	<u>40,275</u>	<u>20,096</u>	<u>20,726</u>
	<u>\$ 578,797</u>	<u>\$ 539,912</u>	<u>\$ 245,510</u>	<u>\$ 257,943</u>

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in Note 14, as of June 30, 2013. The amounts of contracts for the Group's purchases of properties and materials were \$184,693 thousand, of which \$107,998 thousand had not been paid.

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

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

	Original Currency	Exchange Rate	New Taiwan Dollars
<u>June 30, 2013</u>			
Financial assets			
Monetary items			
USD	\$ 19,832	29.98	\$ 594,549
HKD	50,544	3.867	195,454
GBP	17	45.721	795
JPY	65,133	0.3033	19,755
CAD	29	28.633	824
			(Continued)

	Original Currency	Exchange Rate	New Taiwan Dollars
Nonmonetary items			
USD	\$ 657	29.98	\$ 19,698
HKD	11,652	3.867	45,060
Financial liabilities			
Monetary items			
USD	9,322	29.98	279,469
HKD	58,058	3.867	224,510
<u>December 31, 2012</u>			
Financial assets			
Monetary items			
USD	33,233	29.032	964,823
HKD	46,210	3.747	173,147
GBP	2,847	46.802	133,227
CAD	2,576	29.194	75,197
Nonmonetary items			
USD	701	29.032	20,359
HKD	2,697	3.747	10,106
Financial liabilities			
Monetary items			
USD	21,653	29.032	628,634
HKD	35,586	3.747	133,340
<u>June 30, 2012</u>			
Financial assets			
Monetary items			
USD	21,568	29.870	644,245
HKD	50,122	3.853	193,119
GBP	2,138	46.705	99,875
JPY	230,662	0.3751	86,521
CAD	1,465	29.136	42,687
Nonmonetary items			
USD	104	29.870	3,103
Financial liabilities			
Monetary items			
USD	6,767	29.870	202,112
HKD	32,281	3.853	124,379
<u>January 1, 2012</u>			
Financial assets			
Monetary items			
USD	27,704	30.270	838,598
HKD	129,302	3.898	504,019
GBP	1,234	46.711	57,626

(Continued)

	Original Currency	Exchange Rate	New Taiwan Dollars
JPY	\$ 78,135	0.3905	\$ 30,512
CAD	1,006	29.661	29,839
Nonmonetary items			
USD	551	30.270	16,676
HKD	1,295	3.898	5,048
Financial liabilities			
Monetary items			
USD	26,505	30.270	802,320
HKD	40,000	3.898	155,921
Derivative contract			
Forward exchange contract			
USD	4,000	29.413-31.305	120,853
HKD	19,000	3.780-3.924	73,802
			(Concluded)

28. ADDITIONAL DISCLOSURES

The following are additional disclosures for the six months ended June 30, 2013:

a. Information on significant transactions and information on investees:

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

b. Investments in Mainland China

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

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

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

29. SEGMENT INFORMATION

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

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

Segment revenues and results, segment assets and liabilities

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

	GEM Terminal, GEM (Dongguan)& Genius (HK)	GEM (Suzhou)	Others	Adjustment and Elimination	Consolidated Amount
<u>Six months ended June 30, 2013</u>					
Revenue generated from third parties	\$ 1,021,583	\$ 731,287	\$ 134,195	\$ 141	\$ 1,887,206
Revenue generated from the Company and subsidiaries	<u>50,283</u>	<u>199,381</u>	<u>48,021</u>	<u>(297,685)</u>	<u>-</u>
Segment revenues	<u>\$ 1,071,866</u>	<u>\$ 930,668</u>	<u>\$ 182,216</u>	<u>\$ (297,544)</u>	<u>\$ 1,887,206</u>
Total segment income (loss)	<u>\$ (56,837)</u>	<u>\$ 9,706</u>	<u>\$ (430)</u>	<u>\$ 2,637</u>	\$ (44,924)
Other income					22,788
Other gains and losses					(17,126)
Financial costs					<u>(35,203)</u>
Net loss of operating units (pre tax)					(74,465)
Income tax					<u>(23,399)</u>
Consolidated net loss					<u>\$ (51,066)</u>
Total segment assets before investments	\$ 4,711,445	\$ 2,543,099	\$ 3,238,319	\$ (4,338,709)	\$ 6,154,154
Investments accounted for using equity method	<u>2,002,405</u>	<u>-</u>	<u>-</u>	<u>(2,002,405)</u>	<u>-</u>
Total segment assets	<u>\$ 6,713,850</u>	<u>\$ 2,543,099</u>	<u>\$ 3,238,319</u>	<u>\$ (6,341,114)</u>	<u>\$ 6,154,154</u>
Total segment liabilities	<u>\$ 2,817,064</u>	<u>\$ 573,689</u>	<u>\$ 198,932</u>	<u>\$ (280,210)</u>	<u>\$ 3,309,475</u>
<u>Six months ended June 30, 2012</u>					
Revenue generated from third parties	\$ 904,455	\$ 838,175	\$ 187,624	\$ 742	\$ 1,930,996
Revenue generated from the Company and subsidiaries	<u>1,218,383</u>	<u>258,181</u>	<u>59,990</u>	<u>(1,536,554)</u>	<u>-</u>
Segment revenues	<u>\$ 2,122,838</u>	<u>\$ 1,096,356</u>	<u>\$ 247,614</u>	<u>\$ (1,535,812)</u>	<u>\$ 1,930,996</u>
Total segment income (loss)	<u>\$ 19,128</u>	<u>\$ 82,106</u>	<u>\$ (820)</u>	<u>\$ 15,397</u>	\$ 115,811
Other income					14,977
Other gains and losses					(1,023)
Financial costs					<u>(18,375)</u>
Net income of operating units (pre tax)					111,390
Income tax					<u>43,828</u>
Consolidated net income					<u>\$ 67,562</u>
Total segment assets before investments	\$ 3,572,850	\$ 2,231,417	\$ 2,980,354	\$ (3,133,051)	\$ 5,651,570
Investments accounted for using equity method	<u>2,488,277</u>	<u>-</u>	<u>-</u>	<u>(2,488,277)</u>	<u>-</u>
Total segment assets	<u>\$ 6,061,127</u>	<u>\$ 2,231,417</u>	<u>\$ 2,980,354</u>	<u>\$ (5,621,328)</u>	<u>\$ 5,651,570</u>
Total segment liabilities	<u>\$ 2,342,453</u>	<u>\$ 468,790</u>	<u>\$ 220,646</u>	<u>\$ (202,927)</u>	<u>\$ 2,828,962</u>

30. FIRST-TIME ADOPTION OF IFRSs

Basis of the preparation for financial information under IFRSs

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

Effects of transition to IFRSs

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

- a. Reconciliation of consolidated balance sheet as of June 30, 2012: Table 8 (attached).
- b. Reconciliation of consolidated statement of comprehensive income for the six months ended June 30, 2012: Table 9 (attached).
- c. Reconciliation of consolidated statement of comprehensive income for the three months ended June 30, 2012: Table 10 (attached).
- d. Exemptions from IFRS 1

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

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

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

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

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

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

As of June 30, 2012, the Group's time deposits with maturity of more than 3 months from the date of acquisition were reclassified under IFRSs; the reclassification adjustment resulted in a decrease of cash and cash equivalents by \$245,846 thousand.

- 2) Offset of deferred tax liabilities and assets

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

- 3) Reclassification of deferred income tax assets and liabilities

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

settled.

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

Accordingly, as of June 30, 2012, the reclassification adjustment resulted in an increase of noncurrent deferred income tax assets by \$9,390 thousand. Under IFRSs, the Group's deferred tax assets and liabilities cannot be offset against each other, thus, deferred tax assets and liabilities both increased by \$983 thousand at June 30, 2012.

4) Reclassification of reserve for land value increment tax

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

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

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

5) Reclassification of prepayments for equipment

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

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

Accordingly, as of June 30, 2012, the reclassification adjustment resulted in an increase of noncurrent other assets - prepayments for equipment by \$95,572 thousand.

6) Reclassification of land use rights

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

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

Accordingly, as of June 30, 2012, the reclassification adjustment resulted in an increase of prepaid rent (under other current assets) by \$1,753 thousand, an increase of long-term prepaid rent by \$76,380 thousand.

7) Measurement of property, plant and equipment

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

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

disposal and is included in retained earnings rather than current profit or loss.

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

8) Reclassification of deferred charges

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

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

Accordingly, as of June 30, 2012, the reclassification adjustment resulted in an increase of long-term prepaid expenses (under noncurrent other assets) by \$7,431 thousand.

9) Employee benefit - short-term employee benefit

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

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

Accordingly, as of June 30, 2012, the adjustment resulted in an increase of payroll payable (under accrued expenses) by \$2,448 thousand; an increase of deferred income tax assets by \$450 thousand; a decrease of cumulative translation adjustments by \$29 thousand. For the three months ended June 30, 2012, and the six months ended June 30, 2012, the adjustment resulted in an increase of consolidated income by \$231 thousand (net of \$91 thousand tax effect), and \$363 thousand (net of \$133 thousand tax effect), respectively.

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

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

Accordingly, as of June 30, 2012, the Group elected to recognize all cumulative actuarial losses relating to employee benefits of \$25,420 thousand in retained earnings at the date of transition to IFRSs, and recognized pension costs of \$3,435 thousand in accordance with the actuarial report. As of June 30, 2012, foregoing adjustment also resulted in an increase of accrued pension costs by \$27,785 thousand; an increase of deferred income tax assets by \$4,722 thousand; a decrease of retained earnings by \$2,852 thousand (net of \$583 thousand tax effect). For the three months ended June 30, 2012, and the six months ended June 30, 2012, the adjustment resulted in an increase of consolidated income by \$444 thousand (net of \$90 thousand tax effect) and \$888 thousand (net of \$182 thousand tax effect).

11) Minimum pension liability

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

However, minimum pension liability is not addressed in IFRSs.

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED

JUNE 30, 2013

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

No.	Financing Company	Borrowing Company	Financial Statement Account	Maximum Balance for the Period	Ending Balance (Notes 2 and 5)	Interest Rate	Type of Financing	Transaction Amount	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limit
											Item	Value		
0	GEM Terminal Ind. Co., Ltd. (the "Company")	Global (Cayman)	Other receivables - related parties	\$ 148,300 (US\$ 5,000 thousand)	\$ -	2.80	Short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 568,936 (Note 1)	\$ 1,137,872 (Note 1)
		Vibo	Other receivables - related parties	149,900 (US\$ 5,000 thousand)	149,900 (US\$ 5,000 thousand) (Note 3)	2.80	Short-term financing	-	Operating capital	-	-	-	568,936 (Note 1)	1,137,872 (Note 1)
1	Vibo	GEM (Suzhou)	Other receivables - related parties	29,820 (US\$ 1,000 thousand)	-	2.80	Short-term financing	-	Operating capital	-	-	-	581,418 (Note 1)	1,162,836 (Note 1)
		GEM (Dongguan)	Other receivables - related parties	149,900 (US\$ 5,000 thousand)	149,900 (US\$ 5,000 thousand) (Note 4)	2.80	Short-term financing	-	Operating capital	-	-	-	581,418 (Note 1)	1,162,836 (Note 1)
2	Global (Cayman)	Global (HK)	Other receivables - related parties	11,992 (US\$ 400 thousand)	11,992 (US\$ 400 thousand) (Note 5)	2.00	Short-term financing	-	Operating capital	-	-	-	585,594 (Note 1)	1,171,188 (Note 1)
		GEM (Dongguan)	Other receivables - related parties	97,380 (RMB20,000 thousand)	-	4.50	Short-term financing	-	Operating capital	-	-	-	585,594 (Note 1)	1,171,188 (Note 1)
		GEM Terminal	Other receivables - related parties	74,950 (US\$ 2,500 thousand)	74,950 (US\$ 2,500 thousand) (Note 6)	2.80	Short-term financing	-	Operating capital	-	-	-	585,594 (Note 1)	1,171,188 (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 June 30, 2013 were US\$1: NT\$29.98 and RMB1: NT\$4.885.

Note 3: The amount that had been used as of June 30, 2013 was \$29,980 thousand (US\$1,000 thousand).

Note 4: The amount that had been used as of June 30, 2013 was \$59,960 thousand (US\$2,000 thousand).

Note 5: The amount that had been used as of June 30, 2013 was \$11,992 thousand (US\$400 thousand).

Note 6: The amount had been unused as of June 30, 2013.

Note 7: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2013

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

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
GEM Terminal Ind. Co., Ltd. (the "Company")	<u>Callable preferred stock with interest</u> USD Standard Chart Reg S 9.5% Perpetual		Financial assets designated as at fair value through profit or loss - current	1,000	\$ 3,223	-	\$ 3,223	
	Goldman Sachs Gp \$25 Par Senior Notes 6.5% Due 11/1/2061		Financial assets designated as at fair value through profit or loss - current	2,000	1,560	-	1,560	
					<u>\$ 4,783</u>		<u>\$ 4,783</u>	
	<u>Stock</u>							
	Mega Financial Holding Company Ltd.		Available-for-sale financial assets - current	385,000	\$ 8,759	-	\$ 8,759	
	Chinatrust Financial Holding Company Ltd.		Available-for-sale financial assets - current	280,000	5,194	-	5,194	
	Cathay Financial Holding Co., Ltd.		Available-for-sale financial assets - current	75,000	3,067	-	3,067	
	Fubon Financial Holding Co., Ltd.		Available-for-sale financial assets - current	235,000	9,600	-	9,600	
	First Financial Holding Co., Ltd.		Available-for-sale financial assets - current	290,000	5,147	-	5,147	
	Taiwan Cooperative Financial Holding Co., Ltd.		Available-for-sale financial assets - current	200,000	3,320	-	3,320	
	Taishin Financial Holding Co., Ltd.		Available-for-sale financial assets - current	105,000	1,386	-	1,386	
	Sing Kong Financial Holding Co., Ltd.		Available-for-sale financial assets - current	280,000	2,828	-	2,828	
	Yang Ming Marine Transport Corp.		Available-for-sale financial assets - current	154,000	1,917	-	1,917	
	Wistron Corporation		Available-for-sale financial assets - current	75,000	2,269	-	2,269	
	Taiwan Way Co., Ltd.		Available-for-sale financial assets - current	3,000	51	-	51	
	Hon Hai Precision Ind. Co., Ltd.		Available-for-sale financial assets - current	70,000	5,180	-	5,180	
	Chang Hwa Bank		Available-for-sale financial assets - current	130,000	2,151	-	2,151	
	Formosa Plastics Co. Ltd.		Available-for-sale financial assets - current	85,000	6,163	-	6,163	
	Simplo Technology Co., Ltd.		Available-for-sale financial assets - current	25,000	3,250	-	3,250	
	Hua Eng Wrie & Cable Co., Ltd.		Available-for-sale financial assets - current	35,000	399	-	399	
	China National Offshore Oil Corporation		Available-for-sale financial assets - current	65,000	3,308	-	3,308	
	Glencore International Plc		Available-for-sale financial assets - current	51,900	6,613	-	6,613	
	China National Petroleum Corporation		Available-for-sale financial assets - current	180,000	5,742	-	5,742	
	Lenovo Group		Available-for-sale financial assets - current	72,000	1,957	-	1,957	
	Geely Holding Group		Available-for-sale financial assets - current	200,000	2,599	-	2,599	
	China Construction Bank		Available-for-sale financial assets - current	128,000	2,717	-	2,717	
	Bank of China		Available-for-sale financial assets - current	185,000	2,282	-	2,282	
	Agricultural Bank of China		Available-for-sale financial assets - current	200,000	2,475	-	2,475	
	Industrial & Commercial Bank of China		Available-for-sale financial assets - current	138,000	2,610	-	2,610	
	Uni-President China Holdings		Available-for-sale financial assets - current	90,000	2,742	-	2,742	
	China Mobile Ltd.		Available-for-sale financial assets - current	3,000	940	-	940	
	Arm Holdings Plc		Available-for-sale financial assets - current	4,600	4,997	-	4,997	
	Bank of America		Available-for-sale financial assets - current	3,000	1,157	-	1,157	
	Facebook Inc.		Available-for-sale financial assets - current	2,000	1,492	-	1,492	
	Hewlett Packard Corporation		Available-for-sale financial assets - current	1,000	743	-	743	

(Continued)

Holding Company	Marketable Securities Type and Issuer/Name	Security Issuer's Relationship with the Holding Company	Financial Statement Account	June 30, 2013				Note
				Shares/Units	Carrying Amount	Percentage of Ownership	Market Value or Net Asset Value	
	Micron Technology Inc.		Available-for-sale financial assets - current	3,000	\$ 1,289 \$ 104,344	-	\$ 1,289 \$ 104,344	
	<u>Beneficial certificate</u> Boci Prudential AM WISE - CSI 300 China Morgan Stanley China A Sh Fd Inc Equity 100% Prudential AM WISE-CSI 300 China Ishares Asia Trust ETF UNITS		Available-for-sale financial assets - current	515,000	\$ 6,381	-	\$ 6,381	
			Available-for-sale financial assets - current	8,000	4,607	-	4,607	
			Available-for-sale financial assets - current	45,000	4,211	-	4,211	
			Available-for-sale financial assets - current	107,200	3,735 \$ 18,934	-	3,735 \$ 18,934	
	<u>Rights certificate</u> Global Electronics Terminal (Cayman) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	40,137,184	\$ 2,927,970	100	\$ 2,927,970	Note 2
	Genius Terminal Co., Ltd.	Subsidiary	Investments accounted for using the equity method	750,000	100,378	100	100,378	Note 2
	GEM Terminal (Cayman) Co., Ltd.	Subsidiary	Investments accounted for using the equity method	1,000,000	26,918 \$ 3,055,266	100	26,918 \$ 3,055,266	Note 2
Genius Terminal Co., Ltd.	<u>Certificate of incorporation</u> Genius (HK)	Subsidiary	Investments accounted for using the equity method	21,999,998	\$ 88,150	100	\$ 88,150	Note 2
Global Electronics (Cayman) Co., Ltd.	<u>Certificate of incorporation</u> Vibo	Subsidiary	Investments accounted for using the equity method	359,972,616	\$ 2,907,091	100	\$ 2,907,091	Note 2
	Global (HK)	Subsidiary	Investments accounted for using the equity method	1,000,000	6,197 \$ 2,913,288	100	6,197 \$ 2,913,288	Note 2
GEM Terminal (Cayman) Co., Ltd.	<u>Rights certificate</u> Ru Zhan Hardware Vn	Subsidiary	Investments accounted for using the equity method	-	\$ 26,730	100	\$ 26,730	Note 2
Vibo	<u>Rights certificate</u> GEM (Suzhou)	Subsidiary	Investments accounted for using the equity method	-	\$ 1,969,410	100	\$ 1,969,410	Note 2
	GEM (Dongguan)	Subsidiary	Investments accounted for using the equity method	-	964,711	100	964,711	Note 2
	You Mao	Subsidiary	Investments accounted for using the equity method	-	- \$ 2,934,121	100	- \$ 2,934,121	Notes 1 and 2

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

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

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

Company Name	Related Party	Nature of Relationship	Transaction Detail				Non-arm's Length Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
Genius (HK)	GEM Terminal Ind. Co., Ltd. (the "Company")	Parent	Sales	\$ 276,689 (HK\$72,345 thousand) (Note 1)	37	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	\$ 169,761 (HK\$43,900 thousand) (Note 2)	37	Note 3
GEM Terminal Ind. Co., Ltd. (the "Company")	Genius (HK)	Subsidiary	Purchases	(276,689) (HK\$(72,345) thousand) (Note 1)	(69)	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	(169,761) (HK\$(43,900) thousand) (Note 2)	(69)	Note 3
GEM (Dongguan)	Genius (HK)	Affiliate	Sales	681,455 (HK\$155,670 thousand and US\$2,715 thousand) (Note 1)	77	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	139,767 (HK\$28,264 thousand and US\$987 thousand) (Note 2)	54	Note 3
Genius (HK)	GEM (Dongguan)	Affiliate	Purchases	(681,455) (HK\$(155,670) thousand and US\$(2,715) thousand) (Note 1)	(95)	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	(139,767) (HK\$(28,264) thousand and US\$(987) thousand) (Note 2)	(84)	Note 3
GEM (Suzhou)	Global (HK)	Affiliate	Sales	163,073 (HK\$4,416 thousand and US\$4,893 thousand) (Note 1)	18	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	6,413 (HK\$882 thousand and US\$99 thousand) (Note 2)	1	Note 3
Global (HK)	GEM (Suzhou)	Affiliate	Purchases	(163,073) (HK\$(4,416) thousand and US\$(4,893) thousand) (Note 1)	(98)	120 days after monthly closing	No comparable transactions with those in the market	No comparable transactions with those in the market	(6,413) (HK\$(882) thousand and US\$(99) thousand) (Note 2)	(76)	Note 3

Note 1: The average conversion rates for the six months ended June 30, 2013 were HK\$1.0000: NT\$3.8244 and US\$1.0000: NT\$29.6557.

Note 2: The conversion rates on June 30, 2013 were HK\$1.000: NT\$3.867; and US\$1.000: NT\$29.98.

Note 3: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

JUNE 30, 2013

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

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Year	Allowance for Bad Debt
					Amount	Action Taken		
Genius (HK)	GEM Terminal Ind. Co., Ltd. (the "Company")	Subsidiary	\$ 169,761 (Note)	3.70	\$ -	-	\$ 43,773	\$ -
GEM (Dongguan)	Genius (HK)	Affiliate	139,767 (Note)	12.08	-	-	139,767	-

Note: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE SIX MONTHS ENDED JUNE 30, 2013
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2013			Ownership % × Net Worth of Investees	Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Earnings Appropriation		Note
				December 31, 2012 (Foreign Currencies in Thousands)	June 30, 2013 (Foreign Currencies in Thousands)	Shares/Units	Percentage of Ownership	Carrying Amount				Stock	Cash	
GEM Terminal Ind. Co., Ltd. (the "company")	Global (Cayman)	Grand Cayman, Cayman Islands	International investment	US\$ 35,037	US\$ 40,137	40,137,184	100	\$ 2,927,970	\$ 2,927,970	\$ (59,342)	\$ (59,342)	\$ -	\$ -	Note 2
	Genius Terminal	British Virgin Islands	International investment and trading, etc.	US\$ 750	US\$ 750	750,000	100	100,378	100,378	6,099	6,099	-	-	Note 2
	GEM Terminal (Cayman)	Grand Cayman, Cayman Islands	International investment	US\$ 1,000	US\$ 1,000	1,000,000	100	26,918	26,918	(422)	(422)	-	-	Note 2
								<u>\$ 3,055,266</u>	<u>\$ 3,055,266</u>	<u>\$ (53,665)</u>	<u>\$ (53,665)</u>			
Genius Terminal	Genius (HK)	Hong Kong	International trading	HK\$ 22,000	HK\$ 22,000	21,999,998	100	\$ 88,150	\$ 88,150	\$ 6,419	\$ 6,419	-	-	Note 2
Global (Cayman)	Vibo	Hong Kong	Investment and trading	HK\$ 320,427	HK\$ 359,973	359,972,616	100	\$ 2,907,091	\$ 2,907,091	\$ (57,519)	\$ (57,519)	-	-	Note 2
	Global (HK)	Hong Kong	International trading	HK\$ 1,000	HK\$ 1,000	1,000,000	100	6,197	6,197	(1,799)	(1,799)	-	-	Note 2
								<u>\$ 2,913,288</u>	<u>\$ 2,913,288</u>	<u>\$ (59,318)</u>	<u>\$ (59,318)</u>			
GEM Terminal (Cayman)	Rui Zhan Hardware VN	Vietnam	Production of hardware; machine processing; electroplating for metal processing; production and processing of molds and related accessories; plastic products and related plastic accessory production	US\$ 910	US\$ 910	-	100	\$ 26,730	\$ 26,730	\$ (276)	\$ (276)	-	-	Note 2
Vibo	GEM (Suzhou)	Mainland China	Manufacture of new electronic components and devices (e.g., Opto-Electronic devices and new mechanical/electric components); design and manufacture of stamping molds with the precision that is equal to or greater than 0.02 mm, plastic molds with the precision that is equal to or greater than 0.05 mm, and standard molds; development and production of construction hardware, water heater parts, and general hardware; manufacture of heat-resistant thermal insulation (insulation class: F or H) and insulation molding parts; production of inorganic nonmetal materials and products (special ceramics); development and production of materials for the specific use in semiconductor components and devices; components, devices, and materials for new instrumentation plug-ins (inserts and functional parts of instrument); terminal crimping machines; and equipment for the specific use in electronics and electric appliances and electroplating of hardware accessories; and sale of the Company's own products (under business permits for certain operations.)	US\$ 21,500	US\$ 23,000	-	100	\$ 1,969,410	\$ 1,969,410	(\$ 19,953)	(\$ 19,953)	-	-	Note 2
	GEM (Dongguan)	Mainland China	Production and sale of terminals, electric appliance plugs and plastic hardware, terminal crimping machines, molds, computer inserts, electroplating for hardware accessories, ceramic ferrules for optical fiber connection, and machine for hardware, electronics, plastics products manufacturing.	US\$ 10,559	US\$ 14,159	-	100	964,711	964,711	(37,858)	(37,858)	-	-	Note 2
	You Mao	Hong Kong	International trading	Note 1	Note 1	-	100	-	-	-	-	-	-	Note 2
								<u>\$ 2,934,121</u>	<u>\$ 2,934,121</u>	<u>\$ (57,811)</u>	<u>\$ (57,811)</u>			

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

Note 2: It was eliminated on consolidation.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2013

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

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (RMB in Thousands) (Note 1)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2013	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2013	Percentage of Ownership	Investment Income (Loss) Recognized (Note 2)	Carrying Amount as of June 30, 2013 (Notes 1 and 2)	Accumulated Inward Remittance of Earnings as of June 30, 2013
					Outflow	Inflow					
GEM (Dongguan)	Production and sale of terminals, electric appliance plugs and plastic hardware, terminal crimping machines, molds, computer inserts, electroplating for hardware accessories, ceramic ferrules for optical fiber connection, and machine for hardware, electronics, plastics products manufacturing.	\$ 827,846 (RMB 169,467)	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	\$ 344,332 (US\$ 10,559 thousand)	\$ 107,798 (US\$ 3,600 thousand)	\$ -	\$ 452,130 (US\$ 14,159 thousand)	100	\$ (37,858) (US\$ (1,271) thousand)	\$ 964,711 (US\$ 32,178 thousand)	\$ -
GEM (Suzhou)	Manufacture of new electronic components and devices (e.g., Opto-Electronic devices and new mechanical/electric components); design and manufacture of stamping molds with the precision that is equal to or greater than 0.02 mm, plastic molds with the precision that is equal to or greater than 0.05 mm, and standard molds; development and production of construction hardware, water heater parts, and general hardware; manufacture of heat-resistant thermal insulation (insulation class: F or H) and insulation molding parts; production of inorganic nonmetal materials and products (special ceramics); development and production of materials for the specific use in semiconductor components and devices; components, devices, and materials for new instrumentation plug-ins (inserts and functional parts of instrument); terminal crimping machines; and equipment for the specific use in electronics and electric appliances and electroplating of hardware accessories; and sale of the Company's own products (under business permits for certain operations.)	1,224,567 (RMB 250,679)	The investment was made through a corporation established in a third country to invest in companies located in Mainland China.	696,860 (US\$ 21,500 thousand)	44,460 (US\$ 1,500 thousand)	-	741,320 (US\$ 23,000 thousand)	100	(19,953) (US\$ (667) thousand)	1,969,410 (US\$ 65,691 thousand)	-
							\$ 1,193,450 (US\$ 37,159 thousand)				

Accumulated Investment in Mainland China as of June 30, 2013	Investment Amount Authorized by the Investment Commission, MOEA (Note 1)	Upper Limit on Investment (Note 3)
\$1,193,450 (US\$37,159 thousand)	\$1,789,806 (US\$59,700 thousand)	\$1,706,807

Note 1: The conversion rates on June 30, 2013 were RMB1.0000: NT\$4.885 and US\$1.0000: NT\$29.98

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

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

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

For the six months ended June 30, 2013

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms (Note 2)		
0	GEM Terminal	Genius (HK)	1	Sales	\$ 24,193	Payment terms are four months, no comparable transactions	1	Note 1
		Genius (HK)	1	Accounts receivable	17,721	Payment terms are four months, no comparable transactions	-	Note 1
		Genius (HK)	1	Property, plant and equipment for sale - current	32,110	Payment terms are four months, no comparable transactions	2	Note 1
		Genius (HK)	1	Other receivable	9,831	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Sales	45,382	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Suzhou)	1	Property, plant and equipment for sale - current	19,145	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	1	Expense of patent right	696	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Accounts receivable	1,915	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	1	Property, plant and equipment for sale - current	7,369	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	1	Other receivable	1,861	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	1	Sales	3,671	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	1	Property, plant and equipment for sale - current	16,060	Payment terms are four months, no comparable transactions	1	Note 1
		Global (HK)	1	Other receivable	1,026	Payment terms are four months, no comparable transactions	-	Note 1
1	GEM (Dongguan)	Genius (HK)	3	Sales	681,455	Payment terms are four months, no comparable transactions	36	Note 1
		Genius (HK)	3	Accounts receivable	139,767	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Suzhou)	3	Sales	1,230	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Accounts receivable	1,339	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Other receivable	5,556	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Property, plant and equipment	4,756	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Sales	12	Payment terms are four months, no comparable transactions	-	Note 1
		GEM Terminal	2	Accounts receivable	12	Payment terms are four months, no comparable transactions	-	Note 1
2	Genius (HK)	GEM Terminal	2	Sales	276,689	Payment terms are four months, no comparable transactions	15	Note 1
		GEM Terminal	2	Accounts receivable	169,761	Payment terms are four months, no comparable transactions	3	Note 1
		GEM Terminal	2	Other receivable	33,715	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Sales	57,880	Payment terms are four months, no comparable transactions	3	Note 1
		GEM (Dongguan)	3	Accounts receivable	19,159	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Other receivable	25	Payment terms are four months, no comparable transactions	-	Note 1
3	Global (HK)	GEM Terminal	2	Sales	27,671	Payment terms are four months, no comparable transactions	1	Note 1
		GEM Terminal	2	Accounts receivable	16,858	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Sales	20,350	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Suzhou)	3	Accounts receivable	1,047	Payment terms are four months, no comparable transactions	-	Note 1

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms (Note 2)		
4	GEM (Suzhou)	GEM Terminal	2	Sales	\$ 12,668	Payment terms are four months, no comparable transactions	1	Note 1
		GEM Terminal	2	Accounts receivable	1,926	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	3	Sales	163,073	Payment terms are four months, no comparable transactions	9	Note 1
		Global (HK)	3	Accounts receivable	6,413	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Sales	23,640	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Accounts receivable	30,909	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Property, plant and equipment	6,733	Payment terms are four months, no comparable transactions	-	Note 1

For the six months ended June 30, 2012

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions			Percentage of Consolidated Total Gross Sales or Total Assets	Note
				Financial Statement Item	Amount	Terms		
0	GEM Terminal	Global (HK)	1	Sales	\$ 32,900	Payment terms are four months, no comparable transactions	2	Note 1
		Global (HK)	1	Accounts receivable	7,576	Payment terms are four months, no comparable transactions	-	Note 1
		Genius (HK)	1	Sales	51,325	Payment terms are four months, no comparable transactions	3	Note 1
		Global (HK)	1	Property, plant and equipment for sale - current	11,029	Payment terms are four months, no comparable transactions	1	Note 1
		Genius (HK)	1	Property, plant and equipment for sale - current	22,055	Payment terms are four months, no comparable transactions	1	Note 1
		Genius (HK)	1	Other receivable	2,043	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Sales	4,594	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Accounts receivable	638	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Property, plant and equipment for sale - current	32,220	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Suzhou)	1	Other receivable	2,541	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	1	Expense of patent right	726	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	1	Property, plant and equipment for sale - current	42,663	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Dongguan)	1	Other receivable	13,096	Payment terms are four months, no comparable transactions	-	Note 1
		1	GEM (Dongguan)	Genius (HK)	3	Sales	769,847	Payment terms are four months, no comparable transactions
Genius (HK)	3			Accounts receivable	71,050	Payment terms are four months, no comparable transactions	1	Note 1
GEM (Suzhou)	3			Sales	571	Payment terms are four months, no comparable transactions	-	Note 1
GEM (Suzhou)	3			Accounts receivable	438	Payment terms are four months, no comparable transactions	-	Note 1
GEM (Suzhou)	3			Property, plant and equipment	2,042	Payment terms are four months, no comparable transactions	-	Note 1
GEM (Suzhou)	3			Other receivable	1,997	Payment terms are four months, no comparable transactions	-	Note 1
2	Genius (HK)	GEM Terminal	2	Sales	311,838	Payment terms are four months, no comparable transactions	16	Note 1
		GEM Terminal	2	Accounts receivable	62,608	Payment terms are four months, no comparable transactions	1	Note 1
		GEM Terminal	2	Other receivable	14,909	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Sales	88,054	Payment terms are four months, no comparable transactions	5	Note 1
		GEM (Dongguan)	3	Accounts receivable	33,946	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Other receivable	239	Payment terms are four months, no comparable transactions	-	Note 1

(Continued)

No.	Company Name	Counterparty	Nature of Relationship (Note 2)	Intercompany Transactions				Note
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets	
3	Global (HK)	GEM Terminal	2	Sales	\$ 15,135	Payment terms are four months, no comparable transactions	1	Note 1
		GEM Terminal	2	Accounts receivable	1,350	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Suzhou)	3	Sales	44,855	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Suzhou)	3	Accounts receivable	16,585	Payment terms are four months, no comparable transactions	-	Note 1
4	GEM (Suzhou)	GEM Terminal	2	Sales	7,602	Payment terms are four months, no comparable transactions	-	Note 1
		Global (HK)	3	Sales	202,948	Payment terms are four months, no comparable transactions	11	Note 1
		Global (HK)	3	Accounts receivable	23,755	Payment terms are four months, no comparable transactions	-	Note 1
		GEM (Dongguan)	3	Sales	47,631	Payment terms are four months, no comparable transactions	2	Note 1
		GEM (Dongguan)	3	Accounts receivable	42,375	Payment terms are four months, no comparable transactions	1	Note 1
		GEM (Dongguan)	3	Property, plant and equipment	238	Payment terms are four months, no comparable transactions	-	Note 1

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

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

(Concluded)

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED BALANCE SHEET

JUNE 30, 2012

(In Thousands of New Taiwan Dollars)

ROC GAAP		Assets			IFRSs		ROC GAAP		Liabilities and Stockholders' Equity			
		Effects of Transition		Recognition or Measurement Difference					Effects of Transition		Recognition or Measurement	IFRSs
Items	Amount	Presentation Difference	Amount		Items	Note (Note 1)	Amount	Presentation	Amount	Amount		
CURRENT ASSETS												
Cash	\$ 1,940,980	\$ (245,846)	\$ -	\$ 1,695,134	Cash	(1)	\$ 736,149	\$ -	\$ -	\$ 736,149	Short-term loans	
Financial assets at fair value through profit or loss - current	26,601	-	-	26,601	Financial assets at fair value through profit or loss - current		30,811	-	-	30,811	Notes payable	
Notes receivable	202,890	245,846	-	245,846	Bond investments with no active market	(1)	249,121	-	-	249,121	Accounts payable	
Accounts receivable, net	1,048,173	-	-	1,048,173	Notes receivable		3,431	-	-	3,431	Income tax liabilities	
Tax refundable	7,956	-	-	7,956	Accounts receivable, net		128,618	230,446	2,448	361,512	Other payables	
Other receivable	26,178	-	-	26,178	Tax refundable		137,278	(137,278)	-	-	Dividend payable	
Inventories	500,475	-	-	500,475	Other receivable		-	-	1,894	1,894	Long-term debts - current portion	
Deferred income tax assets - current	9,390	(9,390)	-	-	Inventories		548,324	-	-	548,324	Other current liabilities	
Refundable deposits - current	11,498	-	-	11,498	Refundable deposits	(2) and (3)	98,363	(95,062)	-	3,301	Other current liabilities	
Other current assets	85,763	1,753	-	87,516	Other current assets	(6)	1,932,095	(1,894)	4,342	1,934,543		
Total current assets	3,859,904	(7,637)	-	3,852,267								
PROPERTY, PLANT AND EQUIPMENT												
Cost	2,647,574	-	36,456	2,684,030	Cost		741,667	-	-	741,667	LONG-TERM DEBTS	
Revaluation increment - land	36,456	-	(36,456)	-	Accumulated depreciation	IFRS 1	RESERVE FOR LAND VALUE INCREMENT TAX	(7,398)	-	-		
Accumulated depreciation	(1,126,218)	-	-	(1,126,218)	Construction in progress	IFRS 1	OTHER LIABILITIES					
Construction in progress	9,465	-	-	9,465	Property, plant and equipment	(5)	Accrued pension cost	75,815	-	9,580	85,395	Pension benefit obligations
Prepayments for equipment	95,572	(95,572)	-	-			Deferred income tax liabilities	58,976	7,398	983	67,357	Deferred income tax liabilities
Total property, plant and equipment, net	1,662,849	(95,572)	-	1,567,277			Total other liabilities	134,791	7,398	10,563	152,752	
INTANGIBLE ASSETS												
Land use rights	78,133	(78,133)	-	-			Total liabilities	2,815,951	(1,894)	14,905	2,828,962	Total liabilities
OTHER ASSETS												
Deferred income tax assets - noncurrent	31,772	10,373	5,172	47,317	Deferred income tax assets	(2), (3), (9) and (10)	STOCKHOLDERS' EQUITY					
Refundable deposits - noncurrent	2,868	95,572	-	95,572	Refundable deposits	(5)	Common stock	1,715,980	-	-	1,715,980	Common stock
Prepayments for long-term rents	-	76,380	-	76,380	Prepayments for long-term rents	(6)	Capital surplus	270,187	-	-	270,187	Capital surplus
Other assets	9,889	-	-	9,889	Other noncurrent assets	(8)	Retained earnings	678,040	-	753	678,793	Retained earnings
Total other assets	44,529	182,325	5,172	232,026			OTHER EQUITY ITEMS					
							Cumulative translation adjustments	157,677	-	(29)	157,648	Exchange difference
							Net loss not yet recognized as pension costs	(18,205)	-	18,205	-	
							Unrealized revaluation increment	25,785	-	(25,785)	-	
							Total other equity items	165,257	-	(7,609)	157,648	
							Total stockholders' equity	2,829,464	-	(6,856)	2,822,608	Total stockholders' equity
TOTAL	\$ 5,645,415	\$ 983	\$ 5,172	\$ 5,651,570	TOTAL		TOTAL	\$ 5,645,415	\$ (1,894)	\$ 8,049	\$ 5,651,570	TOTAL

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

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

Note 3: In accordance with the newly revised "Rules Governing the Preparation of Financial Statements by Securities Issuers", the account Current liabilities - Payable for Equipment \$46,389 thousand, Dividend payable \$137,278 thousand and other payable \$46,779 thousand are reclassified to other payables; the account Current liabilities-Payable \$1,894 thousand are reclassified to Current liabilities-Prepared.

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

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

ROC GAAP		EFFECTS OF TRANSITION		IFRSs		NOTE
ITEMS	AMOUNT	TRANSITION INCONSISTENCY	RECOGNITION AND MEASUREMENT INCONSISTENCY	AMOUNT	ITEMS	
OPERATING REVENUE, NET	\$ 1,930,996	\$ -	\$ -	\$ 1,930,996	OPERATING REVENUE, NET	
OPERATING COSTS	<u>1,623,071</u>	<u>-</u>	<u>(620)</u>	<u>1,622,451</u>	OPERATING COSTS	(9) and (10)
GROSS PROFIT	<u>307,925</u>	<u>-</u>	<u>620</u>	<u>308,545</u>	GROSS PROFIT	
OPERATING EXPENSES					OPERATING EXPENSES	
Selling	70,101	-	(128)	69,973	Selling	(9) and (10)
General and administrative	104,387	-	(477)	103,910	General and administrative	(9) and (10)
Research and development	<u>19,192</u>	<u>-</u>	<u>(341)</u>	<u>18,851</u>	Research and development	(9) and (10)
Total operating expenses	<u>193,680</u>	<u>-</u>	<u>(946)</u>	<u>192,734</u>	Total operating expenses	
OPERATING INCOME	<u>114,245</u>	<u>-</u>	<u>1,566</u>	<u>115,811</u>	OPERATING INCOME	
NONOPERATING INCOME AND GAINS					NONOPERATING INCOME AND GAINS	
Interest income	9,631	-	-	9,631	Interest income	
Miscellaneous income	<u>10,367</u>	<u>-</u>	<u>-</u>	<u>10,367</u>	Other income and gains	
Total nonoperating income and gains	<u>19,998</u>	<u>-</u>	<u>-</u>	<u>19,998</u>	Total nonoperating income and gains	
NONOPERATING EXPENSES AND LOSSES					NONOPERATING EXPENSES AND LOSSES	
Interest expense	18,375	-	-	18,375	Finance costs	
Miscellaneous expenses	<u>6,044</u>	<u>-</u>	<u>-</u>	<u>6,044</u>	Other expenses and losses	
Total nonoperating expenses and losses	<u>24,419</u>	<u>-</u>	<u>-</u>	<u>24,419</u>	Total nonoperating expenses and losses	
CONSOLIDATED INCOME BEFORE INCOME TAX	109,824	-	1,566	111,390	CONSOLIDATED INCOME BEFORE INCOME TAX	(9) and (10)
INCOME TAX	<u>43,513</u>	<u>-</u>	<u>315</u>	<u>43,828</u>	INCOME TAX	(9) and (10)
CONSOLIDATED NET INCOME	<u>\$ 66,311</u>	<u>\$ -</u>	<u>\$ 1,251</u>	67,562	CONSOLIDATED NET INCOME	
				(45,257)	EXCHANGE DIFFERENCES ARISING ON TRANSITION OF FOREIGN OPERATIONS	
				2,176	UNREALIZED GAIN (LOSS) ON AVAILABLE-FOR-SALE FINANCIAL ASSETS	
				(180)	INCOME TAX BENEFIT (EXPENSE) RELATING TO COMPONENTS OF OTHER COMPREHENSIVE INCOME	
				<u>(43,261)</u>	OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX	
				<u>\$ 24,301</u>	TOTAL COMPREHENSIVE INCOME	

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

GEM TERMINAL IND. CO., LTD. AND SUBSIDIARIES

RECONCILIATION OF CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED JUNE 30, 2013

(In Thousands of New Taiwan Dollars)

ROC GAAP		Effects of Transition		IFRSs		Note
Items	Amount	Presentation Difference	Recognition or Measurement Difference	Amount	Items	
OPERATING REVENUE, NET	\$ 1,018,992	\$ -	\$ -	\$ 1,018,992	OPERATING REVENUE, NET	
OPERATING COSTS	865,840	-	12	865,852	OPERATING COSTS	(9) and (10)
GROSS PROFIT	153,152	-	(12)	153,140	GROSS PROFIT	
OPERATING EXPENSES					OPERATING EXPENSES	
Selling	33,680	-	(55)	33,625	Research and development	(9) and (10)
General and administrative	53,867	-	(191)	53,676	Selling	(9) and (10)
Research and development	12,595	-	(191)	12,404	General and administrative	(9) and (10)
Total operating expenses	100,142	-	(437)	99,705	Total operating expenses	
OPERATING INCOME	53,010	-	425	53,435	OPERATING INCOME	
NONOPERATING INCOME AND GAINS					NONOPERATING INCOME AND GAINS	
Interest income	5,082	-	-	5,082	Interest income	
Miscellaneous income	1,836	-	-	1,836	Other income and gains	
Total nonoperating income and gains	6,918	-	-	6,918	Total nonoperating income and gains	
NONOPERATING EXPENSES AND LOSSES					NONOPERATING EXPENSES AND LOSSES	
Interest expense	9,860	-	-	9,860	Finance costs	
Miscellaneous expenses	(5,659)	-	-	(5,659)	Other expenses and losses	
Total nonoperating expenses and losses	4,201	-	-	4,201	Total nonoperating expenses and losses	
CONSOLIDATED INCOME BEFORE INCOME TAX	55,727	-	425	56,152	CONSOLIDATED INCOME BEFORE INCOME TAX	(9) and (10)
INCOME TAX	21,831	-	62	21,893	INCOME TAX	(9) and (10)
CONSOLIDATED NET INCOME	\$ 33,896	\$ -	\$ 363	34,259	CONSOLIDATED NET INCOME	
				22,145	EXCHANGE DIFFERENCES ARISING ON TRANSIATION OF FOREIGN OPERATIONS	
				22,145	OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX	
				\$ 56,404	TOTAL COMPREHENSIVE INCOME	

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