

TSE: 4906

Gemtek Technology Co., Ltd.

Quarterly Financial Report
2009

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Gemtek Technology Co., Ltd.

Balance Sheet
December 31st of 2009 and 2008
(Reviewed but Un-audited)

Unit: \$NT '000

Code	Assets	Dec. 31 st 2009		Dec. 31 st 2008		Code	Liabilities and Stockholders' Equity	Dec. 31 st 2009		Dec. 31 st 2008	
		Amount	%	Amount	%			Amount	%	Amount	%
	Current Assets						Current Liabilities				
1100	Cash & Cash Equivalents	\$ 2,574,056	18	\$ 3,205,868	23	2100	Short-term Debt	\$ 799,750	5	\$ -	-
1310	Financial Assets at Fair Value Through Profit or Loss - Current	476,721	3	41,899	-	2120	Notes Payable	45,378	-	134,692	1
1120	Note Receivable (Net)	-	-	57,195	1	2140	Accounts Payable	3,391,220	24	3,825,598	27
1140	Account Receivable (Net)	4,303,806	30	4,288,652	30	2160	Income Tax Payable	103,470	1	114,584	1
						2170	Expense Payable	428,867	3	469,739	3
1160	Other Receivables, related parties	3,709	-	48,194	-		Financial liabilities designated as at fair value through profit or loss – current portion	211	-	-	-
1210	Inventories	1,234,985	9	1,399,073	10	2180	Long-term liabilities – current portion	735,981	5	548,080	4
1298	Other Current Assets	224,715	2	320,161	2	2270	Other Current Liabilities	374,670	3	368,541	2
11XX	Total Current Assets	8,855,962	62	9,361,042	66	21XX	Total Current Liabilities	5,879,547	41	5,461,234	38
	Funds & Long-term Investments						Long-Term Liabilities				
1430	Financial Assets Measured Fair Value Profit Loss - Non Current	15,086	-	62,862	1	2410	Bonds Payable	408,590	3	936,942	7
1450	Financial Products in available-for-sale (non-currnet)	404,293	3	20,373	-	28XX	Other Liabilities	187,922	1	295,846	2
1480	Long-term investments under cost Method	260,460	2	50,512	-	2XXX	Total Liabilities	6,476,059	45	6,694,022	47
1421	Long-term investment under equity Method	365,761	2	653,803	5						
14XX	Total Long-term investments	1,045,600	7	787,550	6						
	Property, plant & Equipment Cost						Stockholders' Equity of Parent Company				
1501	Land	328,168	2	328,168	2	3110	Capital				
1521	Buildings	2,087,718	15	1,232,974	9		Common Stock	2,767,123	19	2,563,412	18
1531	Machinery & Equipment	2,086,006	14	2,233,961	16	3140	Capital Collected in Advance	-	-	19,023	-
1681	Other Equipment	810,331	6	699,675	5	32XX	Capital Reserve	4,206,447	29	4,124,011	29
15X1	Total at Cost	5,312,223	37	4,494,778	32		Retained Earnings				
15X9	Less: Accumulated Depreciation	(1,401,283)	(10)	(1,248,465)	(9)	3310	Legal Reserve	562,763	4	456,159	3
	Add: Construction in progress & prepayments	49,855	1	555,805	4	3351	Undistributed Earnings	549,985	4	1,066,041	8
1670	Property, plant & Equipment Net	3,960,795	28	3,802,118	27		Adjusting Items in stockholders' equity				
18XX	Other Assets	485,683	3	190,174	1	3450	Financial Product pending gain/loss	290,853	2	(38,311)	-
							Cumulative translation adjustments	181,206	1	262,619	2
1XXX	Total Assets	\$ 14,348,040	100	\$ 14,140,884	100	3480	Treasury Stock	(755,649)	(5)	(1,075,812)	(8)
							Total Stockholders' Equity of Parent Company	7,802,728	54	7,377,142	52
						3610	Minority Interest	69,253	1	69,720	1
						3XXX	Total Stockholders' Equity	7,871,981	55	7,446,862	53
							Total Liabilities & Stockholders' equity	\$ 14,348,040	100	\$ 14,140,884	100

Gemtek Technology Co., Ltd
Income Statement
Quarter ended December 31 of 2009
(Reviewed but Un-audited)

Unit: NT\$'000, EPS in NT\$1

Code		D e c . 3 1 ^{s t} 2 0 0 9		D e c . 3 1 ^{s t} 2 0 0 8	
		A m o u n t	%	A m o u n t	%
4000	Sales Revenue	\$ 17,913,736	100	\$21,534,698	100
5000	Operating Cost	(15,651,235)	(87)	(18,752,222)	(87)
5910	Gross Profit	2,262,501	13	2,782,476	13
5920	Unrealized profit between subsidiaries	-	-	(1,795)	-
5930	Realized profit between subsidiaries	<u>1,795</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Realized gross profit	<u>2,264,296</u>	<u>13</u>	<u>2,780,681</u>	<u>13</u>
	Operating Expenses				
6100	Sales & marketing expense	(353,215)	(2)	(289,782)	(1)
6200	Administration Expense	(324,412)	(2)	(317,813)	(2)
6300	R&D Expense	(864,957)	(5)	(751,475)	(4)
6000	Sub Total	<u>(1,542,584)</u>	<u>(9)</u>	<u>(1,359,070)</u>	<u>(7)</u>
6900	Operating Income	<u>721,712</u>	<u>4</u>	<u>1,421,611</u>	<u>6</u>
	Non-Operating Income				
7110	Interest Revenue	14,013	-	44,630	-
7122	Dividend Revenue	5,696	-	3,530	-
7140	Gain on disposal of investments	61,760	-	136,278	1
7160	Foreign exchange gain	17,943	-	152,566	1
7310	Gains from Financial Assets Adjustments	98,266	1	-	-
7480	Other Income	<u>137,354</u>	<u>1</u>	<u>55,717</u>	<u>-</u>
7100	Sub Total	<u>335,032</u>	<u>2</u>	<u>392,721</u>	<u>2</u>
	Non-Operating Expenses				
7510	Interest expense	(47,190)	-	(51,531)	-
7521	Investment loss under Equity Method	(135,799)	(1)	(123,361)	(1)

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Code		D e c . 3 1 ^{s t} 2 0 0 9		D e c . 3 1 ^{s t} 2 0 0 8	
		A m o u n t	%	A m o u n t	%
7522	Other Investment Losses	(42,755)	-	(2,749)	-
7530	Loss from Disposal of Fixed Assets	(8,624)	-	(11,873)	-
7650	Valuation loss on financial liabilities, net	-	-	(37,195)	-
7880	Other Expenses	(3,752)	-	(36,188)	-
7500	Sub Total	(238,120)	(1)	(262,897)	(1)
7900	Net Profit Before Tax	818,624	5	1,551,435	7
8110	Tax gains (expense)	(162,201)	(1)	(385,007)	(2)
9600	Net Profit after Tax	<u>\$ 656,423</u>	<u>4</u>	<u>\$ 1,166,428</u>	<u>5</u>
	Attributed from				
9601	Mother Company	\$ 653,027	4	\$ 1,136,552	5
9602	Minority Interest	<u>3,396</u>	<u>-</u>	<u>29,876</u>	<u>-</u>
		<u>\$ 656,423</u>	<u>4</u>	<u>\$ 1,166,428</u>	<u>5</u>
		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
	Consolidated Net Profit per Share				
9750	Base EPS	<u>\$ 3.00</u>	<u>\$ 2.55</u>	<u>\$ 5.70</u>	<u>\$ 4.61</u>
9850	Diluted EPS	<u>\$ 2.71</u>	<u>\$ 2.30</u>	<u>\$ 5.04</u>	<u>\$ 4.06</u>

Gemtek Technology Co., Ltd
Consolidated Statement of Changes in Equity
Period from Jan. 1 to Dec. 31 of 2009 & 2008

	<u>C a p i t a l</u>			<u>R e t a i n e d E a r n i n g s</u>		<u>O t h e r I t e m s o f O w n e r s ' E q u i t y</u>				
	Share Capital	Capital Collected in Advance	Capital Reserves	Legal Reserves	Profit to be Distributed	Unrealized Financial Products Gain/Loss	Accumulated Conversion Adjustments	Treasury Stock	Minority Interests	Total
Balance on Jan. 1 st 2008	\$ 2,411,851	\$ -	\$ 3,877,320	\$ 355,822	\$ 1015,168	\$ 4,170	\$ 94,301	(\$ 112,421)	\$ 83,846	\$ 7,729,557
Earnings Distribution of 2007										
Legal Retained Earning Reserves	-	-	-	100,837	(100,837)	-	-	-	-	-
Cash Dividends	-	-	-	-	(705,562)	-	-	-	-	(705,562)
Stock Dividends	44,098	-	-	-	(44,098)	-	-	-	-	-
Bonus for Employees	-	-	-	-	(63,980)	-	-	-	-	(63,980)
Issuance of common stock from employee stock bonuses	72,150	-	-	-	(72,150)	-	-	-	-	-
BOD remuneration	-	-	-	-	(18,151)	-	-	-	-	(18,151)
Bonds Conversion	47,853	18,783	197,966	-	-	-	-	-	-	264,602
Adjustment arising from changes in percentage of ownership in investees	-	-	10,748	-	-	-	-	-	-	10,748
Valuation of compound financial products' equity factors	-	-	53,727	-	-	-	-	-	-	53,727
Employee stock options exercised	9,640	240	21,186	-	-	-	-	-	-	31,066
Net Profit of 2008	-	-	-	-	1,136,552	-	-	-	29,876	1,166,428
Change of unrealized profit of sellable financial products	-	-	-	-	-	(42,481)	-	-	-	(42,481)
Accumulated Conversion Adjustments	-	-	-	-	-	-	168,318	-	-	168,318
Buy back Treasury Stock —21,164,000 shares	-	-	-	-	-	-	-	(1,103,408)	-	(1,103,408)
Disposal of Treasury Stock—2,218,000 shares	(22,180)	-	(36,936)	-	(80,901)	-	-	140,017	-	-
Change of Minority Interests	-	-	-	-	-	-	-	-	(44,002)	(44,002)
Balance on Dec. 31 st 2008	2,563,412	19,023	4,124,011	456,159	1,066,041	(38,311)	262,619	(1,075,812)	69,720	7,446,862
Earnings Distribution of 2009										
Legal Retained Earning Reserve	-	-	-	106,604	(106,604)	-	-	-	-	-
Cash Dividends	-	-	-	-	(891,979)	-	-	-	-	(891,979)
Stock Dividends	48,215	-	-	-	(48,215)	-	-	-	-	-
Issuance of common stock from employee stock bonuses	15,427	-	56,572	-	(63,980)	-	-	-	-	71,999
Issuance of common stock from capital surplus	72,323	-	(72,323)	-	(18,151)	-	-	-	-	-
Bonds Conversion	47,603	-	104,437	-	-	-	-	-	-	152,040
Pending changeover capital stock to common stock	19,023	(19,023)	-	-	-	-	-	-	-	-
CB converted at treasury stock method—6,250,000 shares	-	-	(24,990)	-	(88,264)	-	-	320,163	-	207,009
Adjustment of change of long-term equity holding ratio	-	-	16,986	-	(34,121)	-	-	-	-	(17,135)
Employee stock option	1,120	-	1,754	-	-	-	-	-	-	2,874

Net Profit of 2009	-	-	-	-	653,027	-	-	-	3,396	656,423
Change of unrealized profit of sellable financial products	-	-	-	-	-	329,164	-	-	-	329,164
Accumulated Conversion Adjustments	-	-	-	-	-	-	(81,413)	-	-	(81,413)
Change of Minority Interests	-	-	-	-	-	-	-	-	(3,863)	(3,863)
Balance on Dec. 31 st 2009	<u>\$ 2,767,123</u>	<u>\$</u>	<u>\$ 4,206,447</u>	<u>\$ 562,763</u>	<u>\$ 549,985</u>	<u>\$ 290,853</u>	<u>\$ 181,206</u>	<u>(\$ 755,649</u>	<u>\$ 69,253</u>	<u>\$ 7,871,981</u>

Gemtek Technology Co., Ltd
Statement of Cash Flows
Jan 1st to Dec 31st of 2009
(Reviewed, but Un-Audited)

Unit: NT\$'000

	Dec. 31 st 2009	Dec. 31 st 2009
Cash flows from operating activities		
Net income	\$ 656,423	\$ 1,166,428
Bad Debt Expense	11,100	15,672
Depreciation and various amortization	515,720	436,513
Loss (Gains) on physical inventory	2,996	(5,296)
Loss for market price decline and obsolete and slow-moving inventories	56,121	80,607
Other investment loss	42,755	2,749
Foreign Exchange Gain/Loss of Unrealized CB Payables	(10,537)	-
Investment Loss under equity Method	135,799	123,361
Gains from Disposal of Investment, Net	(61,760)	(136,278)
Loss (Gains) from Disposal of Fixed Assets, Net	8,624	11,873
Loss on valuation of financing instruments	(98,266)	(35,620)
Discount amortization on CB payable	47,091	51,531
Deferred Income Tax	37,451	112,555
Realized (Unrealized) sales profits	(1,795)	1,795
Changes in Assets & Liabilities		
Financial products of trading purpose	(329,015)	-
Accounts and notes receivable	(4,082)	(952,235)
Other receivables – related parties	48,410	8,693
Inventory	86,602	217,598
Other current assets	(38,305)	(6,332)
Accounts and notes payable, including related parties	(399,521)	818,867
Expense Payable	(40,872)	224,947
Income tax payable	(11,114)	(71,636)
Other current liabilities	27,669	(70,577)
Others	6,244	34,736
Net cash from Operating Activities	687,796	2,029,951

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	<u>Sep . 30th 2009</u>	<u>Sep. 30th 2008</u>
Cash flows from investing activities		
Proceeds from purchase of available-for-sale financial assets	(340,000)	-
Disposal of proceeds from purchase of available-for-sale financial assets	398,254	295,618
Acquisition of financial assets designated as at fair value through profit or loss	(251,000)	(40,000)
Disposal of financial assets designated as at fair value through profit or loss	312,704	85,241
Proceeds from purchase of long-term investment by equity method	(91,889)	(250,583)
Purchase of financial assets carried at cost	(210,269)	-
Disposal of proceeds from long-term investment	-	234,882
Purchase of fixed assets	(699,319)	(834,203)
Sell of fixed assets	11,271	7,176
Other increase/ decrease assets	(330,980)	(95,146)
Net Cash used in Investing activities	<u>(1,201,228)</u>	<u>(597,015)</u>
Cash flows from financing activities		
Issuance of CB	-	995,000
Decrease in Bonds Payable	-	(15,680)
Increase in short-term debt	799,750	-
Minority Interest	(3,863)	(121,082)
Treasury Buyback	-	(1,103,408)
Proceeds from sell of treasury stock	-	-
Cash dividend	(891,979)	(705,562)
BOD remuneration and bonus for employees	(71,916)	(82,131)
New Issuance of Stock of Employees' option	2,874	31,066
Cash flow in(out) from financing Activities	<u>(165,134)</u>	<u>(1,001,797)</u>
Currency Influence	<u>(29,144)</u>	<u>(63,564)</u>
Effect of initial consolidation	<u>75,902</u>	<u>-</u>
Net decrease (increase) in cash and cash equivalents	<u>(631,812)</u>	367,575
Cash & Cash equivalent at beginning of year	<u>3,205,868</u>	<u>2,838,293</u>

Cash & Cash equivalent at end of year	<u>\$ 2,574,056</u>	<u>\$ 3,205,868</u>
Subsidiary disclosure of cash flow information		
Interest paid of current period	<u>\$ -</u>	<u>\$ -</u>
Income tax of current period	<u>\$ 140,243</u>	<u>\$ 391,061</u>
Investing & financing activities not affecting cash flows		
Bonds Conversion	<u>\$ 152,040</u>	<u>\$ 212,704</u>
Payable Bonds due within one year	<u>\$ 735,981</u>	<u>\$ 548,080</u>