

TSE: 4906

Gemtek Technology Co., Ltd.

Quarterly Financial Statement  
2010 1H

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Gemtek Technology Co., Ltd.

## Gemtek Technology Co., Ltd.

## Balance Sheet

June 30th of 2010 &amp; 2009

(Reviewed but Un-audited)

Unit: NT\$ '000

Code	Assets	2010 June. 30th		2009 June. 30th		Code	Liabilities & Stockholders' Equity	2010 June. 30th		2009 June. 30th	
		Amount	%	Amount	%			Amount	%	Amount	%
	<b>Current Assets</b>						<b>Current Liabilities</b>				
1100	Cash & Cash Equivalents (Note 2&4)	\$ 2115,143	13	\$ 3,250,951	23	2100	Short Term Debt (Note 12)	\$ 2,753,397	17	\$ -	-
1310	Assets Adjusted Fair Value (Note 2&5)	588,778	4	80,561	1	2120	Notes Payable	70,513	-	50,447	-
1320	Available-for-sale Financial Assets-current (Note 2&6)	-	-	340,739	3	2140	Accounts Payable	3,868,749	24	3,368,920	24
1120	Notes Receivable (Note 2, 7, &21)	8,676	-	33,348	-	2160	Income Tax Payable (Note17)	67,234	-	49,040	-
1140	Accounts Receivable (Note 2, 7&21)	4,394,816	27	3,934,169	28	2170	Expense Payable (Note 15&21)	402,563	2	359,900	3
1160	Other Receivables – Related Parties (Note 2&21)	8,000	-	5,824	-	2180	Financial liabilities designated as at fair value through profit or loss- non current	1,958	-	2,601	-
1210	Inventory (Note 2, 3&8)	2,198,452	13	1,230,726	9	2210	Other accounts receivable	482,883	3	891,979	7
1291	Restricted Assets (Note2&22)	1,506,870	9	-	-	2260	Unearned receipts	285,236	2	401,472	3
1298	Other Current Assets (Note 2&17)	163,663	1	133,833	1	2270	Long-term liabilities due within 1 year (Note 2&13)	744,838	5	1,301,115	9
11XX	Total Current Assets	10,984,289	67	9,010,151	65	2298	Other Current Liabilities (Note 21)	24,588	-	120,193	1
						21XX	Total Current Liabilities	8,701,959	53	6,545,667	47
	<b>Funds &amp; Long-term Investments</b>						<b>Long-Term liabilities</b>				
1430	Financial assets designated as at fair value through profit or loss - non current	1,190	-	79,355	1	2410	Bonds Payable (Note 2&13)	403,079	2	-	-
1450	Available-for-sale financial assets - non-current	361,465	2	48,175	-	24XX	Total Long-term Liabilities	403,079	2	-	-
1480	Long-term investments under cost method- non current	292,754	2	50,521	-	28XX	Other Liabilities (Note 2, 10&17)	128,445	1	198,902	1
1421	Long-term investment under equity method	362,205	2	643,166	5	2XXX	Total Liabilities	9,233,483	56	6,744,569	48
1425	Long-term prepaid investment	12,000	-	-	-		<b>Stockholders' Equity</b>				
14XX	Total Funds & long-term investments	1,029,614	6	821,217	6		<b>Capital</b>				
	<b>Property, plant &amp; Equipment</b>					3110	Common Stock (Note 15)	2,782,958	17	2,599,583	19
	(Note 2, 11&22)					3140	Capital collected in advance	-	-	3,628	-
	<b>Cost</b>					3150	Stock dividends to be distributed	-	-	135,965	1
1501	Land	328,168	2	328,168	2		<b>Capital Reserve (Note 2, 13&amp;15)</b>				
1521	Buildings	2,097,606	13	1,232,942	9	3211	Capital reserve - Paid-in Capital in excess of par - common stock	2,088,627	13	2,073,267	15
1531	Machinery & Equipment	2,124,928	13	2,243,709	16	3213	Capital reserve - Bonds conversion premium	1,943,111	12	1,847,677	13
1681	Other Equipment	872,739	5	720,500	5	3272	Capital reserve - Options	172,788	1	206,697	2
15X1	Total Costs	5,423,441	33	4,525,319	32	3260	Capital reserve - Long term Investment	67,927	-	27,695	-
15X9	Accumulated Depreciation	( 1,626,341 )	( 10 )	( 1,414,698 )	( 10 )	3280	Capital reserve - Others	473	-	473	-
1670	Construction in progress & prepayments	165,532	1	802,495	6	32XX	Capital Reserve (Note 2, 13&15)	4,272,926	33	4,155,809	33
15XX	Total Fixed Assets	3,962,632	24	3,913,116	28	3310	Retained Earnings (Note 15&17)				
						3351	Legal Reserve	617,762	4	562,763	4
							Un-appropriated Earnings	281,546	1	293,615	2
							Adjusting Items in stockholders' equity				
						3450	Unrealized gain/loss on Financial Instruments (Note 2)	187,403	1	( 10,281 )	-

18XX	Other Assets (Note 2&22)	<u>486,030</u>	<u>3</u>	<u>184,730</u>	<u>1</u>
1XXX	Total Assets	<u>\$ 16,462,565</u>	<u>100</u>	<u>\$ 13,929,214</u>	<u>100</u>
	Chairman: Chen, Hung Wen	Executive: Chen Hung Wen	Accounting Officer : C.H Lin		

3420	Cumulative translation adjustments (Note 2)	215,711	2	253,903	2
3480	Treasury Stock (Note 2&16)	<u>( 1,129,224)</u>	<u>( 7)</u>	<u>( 878,848)</u>	<u>( 7)</u>
	Sum of share holders' equity from mother company	7,229,082	44	7,116,137	51
3610	Minority Interest	<u>-</u>	<u>-</u>	<u>68,508</u>	<u>1</u>
3XXX	Total Stockholders' Equity	<u>7,229,082</u>	<u>44</u>	<u>7,184,645</u>	<u>52</u>
	Total Liabilities & Stockholders' equity	<u>\$ 16,462,565</u>	<u>100</u>	<u>\$ 13,929,214</u>	<u>100</u>

Gemtek Technology Co., Ltd

Income Statement

For the quarter ended June 30 of 2010 and 2009

( Reviewed but Un-audited )

Code		2 0 1 0 1 s t H a l f		2 0 0 9 1 s t H a l f	
		A m o u n t	%	A m o u n t	%
4000	Sales Revenue	\$ 8,556,101	100	\$ 9,243,649	100
5000	Operating Cost	( 7,546,639)	( 88)	( 8,125,258)	( 88)
5910	Gross Profit	1,009,462	12	1,118,391	12
5920	Unrealized profit between subsidiaries	-	-	( 1,830)	-
5930	Realized profit between subsidiaries	-	-	1,795	-
	Realized gross profit	<u>1,009,462</u>	<u>12</u>	<u>1,118,356</u>	<u>12</u>
	Operating Expenses				
6100	Sales & marketing expense	( 205,273)	( 3)	( 149,445)	( 2)
6200	Administration Expense	( 180,297)	( 2)	( 148,838)	( 1)
6300	R&D Expense	( 524,112)	( 6)	( 365,752)	( 4)
6000	Sub Total	( 909,682)	( 11)	( 664,035)	( 7)
6900	Operating Income	<u>99,780</u>	<u>1</u>	<u>454,321</u>	<u>5</u>
	Non-Operating Income				
7110	Interest Income	7,098	-	9,435	-
7121	Investment Income Recognized under Equity Method	145,885	2	216,993	3
7140	Gain on disposal of investments (Note2&5)	50,643	1	-	-
7160	Foreign exchange gain (Note 2&5)	33,218	1	26,652	-
7310	Valuation Gain on Financial Assets(Note2&5)	113,076	1	26,652	-
7480	Other Income	<u>27,084</u>	<u>-</u>	<u>32,696</u>	<u>-</u>
7100	Sub Total	<u>231,119</u>	<u>3</u>	<u>107,027</u>	<u>1</u>
	Non-Operating Expenses				
7510	Interest expense (Note13)	( 30,934)	-	( 24,701)	-

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Code		2010 1 <sup>st</sup> Half		2009 1 <sup>st</sup> Half	
		A m o u n t	%	A m o u n t	%
7521	Loss on Investment under equity method (Note 2&10)	( 38,625)	( 1)	( 62,591)	( 1)
7640	Loss on Disposal of Fixed Assets (Note2)	( 796)	-	( 1,729)	-
7650	Loss on Valuation of Financial Liability	-	-	( 2,601)	-
7880	Other Expenses	( 1,803)	-	( 268)	-
7500	Sub Total	( 72,158)	( 1)	( 91,890)	( 1)
7900	Net Profit Before Tax	258,741	3	469,458	5
8110	Tax gains/expense (Note2&17)	6,271	-	( 113,535)	( 1)
9600	Net Profit after Tax	<u>\$ 265,012</u>	<u>3</u>	<u>\$ 356,923</u>	<u>4</u>
	Attributed from:				
9601	Mother Company	\$ 265,843	3	\$ 358,100	4
9602	Minority Interest	( 831)	-	( 1,177)	-
		<u>\$ 265,012</u>	<u>3</u>	<u>\$ 356,923</u>	<u>4</u>
		<u>Before Tax</u>	<u>After Tax</u>	<u>Before Tax</u>	<u>After Tax</u>
	Consolidated Net Profit per Share (Note19)				
9750	Base EPS	<u>\$0.89</u>	<u>\$1.01</u>	<u>\$1.65</u>	<u>\$1.36</u>
9850	Diluted EPS	<u>\$0.86</u>	<u>\$0.95</u>	<u>\$1.55</u>	<u>\$1.27</u>

Chairman: Chen, Hung Wen    Executive: Chen Hung Wen    Accounting Officer : C.H Lin

Gemtek Technology Co., Ltd  
Statement of Cash Flows  
Quarter ended June 30 of 2010  
( Reviewed, but Un-Audited )

Unit: \$NT '000

	<u>2010 1<sup>st</sup> Half</u>	<u>2009 1<sup>st</sup> Half</u>
Cash flows from operating activities		
Net income	\$ 265,012	\$ 356,923
Loss on Uncollectible accounts	-	11,100
Depreciation	219,799	199,025
Amortization	62,610	49,581
Investment Gain under equity method	38,625	62,591
Gain/loss on physical inventory	( 1,869)	( 1,992)
Gain from Price recovery of inventory	( 52,341)	16,861
Inventory Write Off	10,195	17,313
Gains on Disposal of Investment	( 47,998)	6
Gains on Disposal of Fixed Assets	796	1,729
Discount and Amortization of CB payable	21,133	24,701
Unrealized Foreign Exchange Loss on CB payable	2,185	72
Valuation Loss/Gain on Financial Instruments	( 113,076)	( 24,044)
Unrealized profit between subsidiaries	-	1,830
Realized profit between subsidiaries	-	( 1,795)
Deferred Income Tax Benefit	( 31,558)	54,604
Others	( 1,745)	6,300
Changes in Assets & Liabilities		
Accounts Receivable	( 64,716)	367,230
Other receivables – related parties	( 4,291)	42,370
Inventory	( 905,856)	135,710
Other current assets	( 7,364)	2,063
Notes Payable	502,664	( 540,923)
Income Tax Payable	( 36,236)	( 65,544)
Expense Payable	( 26,304)	( 37,840)
Other current liabilities	( 56,431)	153,124
Net cash from Operating Activities	<u>( 226,766)</u>	<u>830,995</u>
Cash flows from investing activities		
Change in financial assets designated as at fair value through profit or loss	20,088	( 40,244)
Purchase of Available-for-sale financial assets	( 88,992)	( 340,000)
Disposal of Available-for-sale financial assets	76,070	-

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	<u>2010 1<sup>st</sup> Half</u>	<u>2009 1<sup>st</sup> Half</u>
Acquisition of financial assets under cost method	(\$ 43,500)	(\$ -)
Acquisition of Long term Investments Under equity method	( 29,508)	( 69,750)
Impairment for Long Term Equity Investment	32,045	-
Purchase of fixed assets	( 201,315)	( 328,101)
Disposal of fixed assets	537	-
Change in restricted assets	( 1,465,232)	30,000
Change in other assets	( 61,493)	( 23,781)
Net Cash used in Investing activities	<u>( 1,761,300)</u>	<u>( 771,876)</u>
 Cash flows from financing activities		
Short term debt	1,953,647	-
Treasury Buyback Cost	( 380,494)	-
New Issuance of Stock of Employees' option	<u>24,289</u>	<u>1,788</u>
Minority interest	( 68,422)	( 35)
Cash flow in(out) from financing Activities	<u>1,529,020</u>	<u>1,753</u>
 Effect of exchange rate fluctuation	<u>133</u>	<u>( 15,789)</u>
 Net decrease in cash and cash equivalents	<u>( 458,913)</u>	<u>45,083</u>
 Cash & Cash equivalent at beginning of year	<u>2,574,056</u>	<u>3,205,868</u>
 Cash & Cash equivalent at end of year	<u>\$ 2,115,143</u>	<u>\$ 3,250,951</u>
 Supplementary Information		
Interest Paid for current period	<u>\$ 9,085</u>	<u>\$ -</u>
Income Tax paid for current period	<u>\$ 69,798</u>	<u>\$ 129,272</u>
 Investing & financing activities not affecting cash flows		
Payable Bonds due within one year	<u>\$ 744,838</u>	<u>\$ 1,301,115</u>
Convertible Bonds converted to common stocks	<u>\$ 18,328</u>	<u>\$ 65,549</u>
Convertible Bonds converted by treasury stocks	<u>\$ 1,608</u>	<u>\$ 131,397</u>

Chairman: Chen, Hung Wen Executive: Chen Hung Wen Accounting Officer : C.H Lin

Gemtek Technology Co., Ltd  
Consolidated Statement of Changes in Equity

Period from Jan. 1 to June. 30 of 2010 & 2009

Unit: \$NT '000

	C a p i t a l			R e t a i n e d E a r n i n g s		O t h e r I t e m s o f O w n e r s ' E q u i t y					Total
	Share Capital	Capital Collected in Advance	Stock Dividends to be Distributed	Capital Reserves	Legal Reserves	Profit to be Distributed	Unrealized Financial Products Gain/Loss	Accumulated Conversion Adjustments	Treasury Stock	Minority Interest	
Balance on Jan. 1 <sup>st</sup> 2009	\$ 2,563,412	\$ 19,023	\$ -	\$ 4,124,011	\$ 456,159	\$ 1066,041	(\$ 38,311)	\$ 262,619	(\$ 1075,812)	\$ 69,720	\$ 7,446,862
Earnings Distribution of 2008											
Legal Retained Earning Reserves	-	-	-	-	106,604	( 106,604)	-	-	-	-	-
Cash Dividends	-	-	-	-	-	( 891,979)	-	-	-	-	( 891,979)
Stock Dividends	-	-	48,215	-	-	( 48,215)	-	-	-	-	-
Employee bonus Transferred to Capital	-	-	15,427	56,572	-	-	-	-	-	-	71,999
Capital Reserve Transferred to Capital	-	-	72,323	( 72,323)	-	-	-	-	-	-	-
Bonds Conversion	16,548	3,578	-	45,423	-	-	-	-	-	-	65,549
Capital collected in advance Transferred to common stock	19,023	( 19,023)	-	-	-	-	-	-	-	-	-
CB converted with Treasury Stocks- 3,845,000 Shares	-	-	-	( 15,960)	-	( 49,607)	-	-	196,964	-	131,397
Adjustment in Percentage of vote right of Long Term Equity Investment	-	-	-	16,948	-	( 34,121)	-	-	-	-	( 17,173)
Employee stock options exercised	600	50	-	1,138	-	-	-	-	-	-	1,788
Net Profit of 2009	-	-	-	-	-	358,100	-	-	-	( 1,177)	356,923
Change in unrealized profit of available-for-sale financial assets	-	-	-	-	-	-	28,030	-	-	-	28,030
Accumulated Conversion Adjustments	-	-	-	-	-	-	-	( 8,716)	-	-	( 8,716)
Change in Minority Interest	-	-	-	-	-	-	-	-	-	( 35)	( 35)
Balance on June. 30 <sup>th</sup> 2009	<u>\$ 2,599,583</u>	<u>\$ 3,628</u>	<u>\$ 135,965</u>	<u>\$ 4,155,809</u>	<u>\$ 562,763</u>	<u>\$ 293,615</u>	<u>(\$ 10,281)</u>	<u>\$ 253,903</u>	<u>(\$ 878,848)</u>	<u>\$ 68,508</u>	<u>\$ 7,184,645</u>
Balance on Jan. 1 <sup>st</sup> , 2010	\$ 2,767,123	\$ -	\$ -	\$ 4,206,447	\$ 562,763	\$ 549,985	\$ 290,853	\$ 181,206	(\$ 755,649)	\$ 69,253	\$ 7,817,981
Earnings Distribution of 2009											
Legal Retained Earning Reserve	-	-	-	-	54,999	( 54,999)	-	-	-	-	-
Cash Dividends	-	-	-	-	-	( 474,469)	-	-	-	-	( 474,469)
Bonds Conversion	6,290	-	-	12,038	-	-	-	-	-	-	18,328
CB converted with treasury stocks- 49,000 shares	-	-	-	( 497)	-	( 4,814)	-	-	6,919	-	1,608
Adjustment in Percentage of vote right of Long Term Equity Investment	-	-	-	40,194	-	-	-	-	-	-	40,194
Employee stock options exercised	9,545	-	-	14,744	-	-	-	-	-	-	24,289
Net Profit of 1H 2010	-	-	-	-	-	265,843	-	-	-	( 831)	265,012
Change in unrealized profit of available-for-sale financial assets	-	-	-	-	-	-	( 103,450)	-	-	-	( 103,450)
Accumulated Conversion Adjustments	-	-	-	-	-	-	-	34,505	-	-	34,505
Treasury Buyback- 8,418,000 shares	-	-	-	-	-	-	-	-	( 380,494)	-	( 380,494)

Change in Minority interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 68,422)</u>	<u>( 68,422)</u>
Balance on June. 30 <sup>th</sup> ,2010	<u>\$ 2,782,958</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,272,926</u>	<u>\$ 617,762</u>	<u>\$ 281,546</u>	<u>\$ 187,403</u>	<u>\$ 215,711</u>	<u>( \$1,129,224)</u>	<u>\$ -</u>	<u>\$ 7,229,082</u>

Note: Board remuneration NTD 19,000,000 and employee bonus NTD 144,000,000 in 2008 had already been deducted form Income Statement.

Chairman: Chen, Hung Wen    Executive: Chen Hung Wen Accounting Officer : C.H Lin

