GIGA-BYTE TECHNOLOGY CO., LTD.
AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS
DECEMBER 31, 2015 AND 2014

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

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CONSOLIDATED FINANCIAL STATEMENTS
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DECEMBER 31, 2015 AND 2014

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GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

Year ended December 31, 2015, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under IFRS 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

GIGA-BYTE TECHNOLOGY CO., LTD.

Dandy Yeh

March 15, 2016

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of
Giga-Byte Technology Co., Ltd.

We have audited the accompanying consolidated balance sheets of Giga-Byte Technology Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in shareholders' equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The financial statements of certain investee companies accounted for under the equity method as of and for the years ended December 31, 2015 and 2014 were audited by other auditors, whose reports thereon have been furnished to us. Investment balance in these investee companies amounted to $77,481 thousand and $81,057 thousand, constituting 0.23% and 0.24% of the total assets as of December 31, 2015 and 2014, respectively, and comprehensive loss (including profit (loss) of associates accounted for under the equity method and share of other comprehensive income) recognised amounted to ($12,498) thousand and $282 thousand, constituting (0.75%) and 0.01% of the total comprehensive income for the years then ended. Our opinion, insofar as it relates to the amounts included in the financial statements and information disclosed in Note 13 relating to these investments, is based solely on reports of the other auditors.

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Giga-Byte Technology Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the unconsolidated financial statements of Giga-Byte Technology Co., Ltd. (not presented herein) as of and for the years ended December 31, 2015 and 2014, and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 15, 2016

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars)

			December 31, 2015			December 31, 2014		
	ASSETS	Notes	Amount		%	Amount		%
	Current assets							
1100	Cash and cash equivalents	6(1)	$	10,723,611	32	$	9,336,355	28
1110	Financial assets at fair value through profit or loss - current	6(2)		1,187,595	4		1,191,594	4
1125	Available-for-sale financial assets-current	6(3)		47,974	-		87,763	-
1130	Current held-to-maturity financial assets	6(4)		150,990	-		-	-
1150	Notes receivable - net			5,848	-		7,238	-
1170	Accounts receivable - net	6(5)		5,204,633	16		6,093,288	18
1200	Other receivables			513,289	2		439,128	1
130X	Inventories - net	6(6)		8,427,206	25		8,866,121	26
1470	Other current assets	6(7) and 8		1,585,537	5		820,425	3
11XX	Total current assets			27,846,683	84		26,841,912	80
	Non-current assets							
1523	Available-for-sale financial asset-non-current	6(3)		335,214	1		345,828	1
1527	Held-to-maturity financial assets-non-current	6(4)		-	-		153,480	-
1550	Investments accounted for under equity method	6(8)		239,988	1		298,306	1
1600	Property, plant and equipment - net	6(9)		4,022,766	12		4,231,520	12
1760	Investment property - net	6(10)		159,759	-		191,719	1
1780	Intangible assets			34,144	-		49,730	-
1840	Deferred income tax assets	6(24)		278,693	1		266,817	1
1900	Other non-current assets	6(11) and 8		323,386	1		1,313,314	4
15XX	Total non-current assets			5,393,950	16		6,850,714	20
1XXX	TOTAL ASSETS		$	33,240,633	100	$	33,692,626	100

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars)

			December 31, 2015		December 31, 2014	
	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	6(12)	$ 70,000	-	$ 71,326	-
2150	Notes payable		37,139	-	50,204	-
2170	Accounts payable		4,978,471	15	5,487,917	16
2200	Other payables	6(13)	3,192,128	10	3,376,700	10
2230	Current income tax liabilities	6(24)	510,569	1	281,914	1
2250	Provisions for liabilities - current	6(14)	570,459	2	535,056	2
2300	Other current liabilities		774,190	2	850,512	3
21XX	Total current liabilities		10,132,956	30	10,653,629	32
	Non-current liabilities					
2570	Deferred income tax liabilities	6(24)	17,534	-	24,526	-
2600	Other non-current liabilities	6(15)	536,724	2	436,357	1
25XX	Total non-current liabilities		554,258	2	460,883	1
2XXX	Total liabilities		10,687,214	32	11,114,512	33
	Equity attributable to owners of the parent					
	Share capital	6(16)(17)				
3110	Common stock		6,290,629	19	6,288,829	19
	Capital surplus	6(18)				
3200	Capital surplus		4,601,581	14	4,592,155	14
	Retained earnings	6(19)				
3310	Legal reserve		3,425,311	10	3,185,601	9
3320	Special reserve		426,354	1	426,354	1
3350	Unappropriated retained earnings	6(24)	7,547,941	23	7,631,177	23
	Other equity					
3400	Other equity		247,152	1	435,986	1
31XX	Total equity attributable to owners of the parent		22,538,968	68	22,560,102	67
36XX	Non-controlling interest		14,451	-	18,012	-
3XXX	Total equity		22,553,419	68	22,578,114	67
3X2X	TOTAL LIABILITIES AND EQUITY		$ 33,240,633	100	$ 33,692,626	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 15, 2016.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			Years ended December 31, 2015		2014	
		Notes	Amount	%	Amount	%
4000	Operating revenue		$ 50,828,792	100	$ 54,541,687	100
5000	Operating costs	6(6)(22)(23)	(42,067,380)	(83)	(45,073,304)	(82)
5900	Gross profit		8,761,412	17	9,468,383	18
	Operating expenses	6(22)(23)				
6100	Selling expenses		(4,234,988)	(9)	(4,184,633)	(8)
6200	General & administrative expenses		(1,627,909)	(3)	(1,661,986)	(3)
6300	Research and development expenses		(1,646,777)	(3)	(1,815,605)	(3)
6000	Total operating expenses		(7,509,674)	(15)	(7,662,224)	(14)
6900	Operating profit		1,251,738	2	1,806,159	4
	Non-operating revenue and expenses					
7010	Other income	6(10)(20)	1,377,670	3	793,316	1
7020	Other gains and losses	6(21)	107,964	-	355,324	1
7050	Finance costs		(1,438)	-	(18,478)	-
7060	Share of (loss)/profit of associates and joint ventures accounted for under the equity method	6(8)	(64,275)	-	8,648	-
7000	Total non-operating revenue and expenses		1,419,921	3	1,138,810	2
7900	Profit before income tax		2,671,659	5	2,944,969	6
7950	Income tax expense	6(24)	(748,959)	(1)	(544,647)	(1)
8200	Profit for the year		$ 1,922,700	4	$ 2,400,322	5
	Other comprehensive income-net					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	(Losses) gains on remeasurements of defined benefit plans	6(15)	($ 78,621)	-	$ 9,266	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(24)	13,365	-	(1,574)	-
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(65,256)	-	7,692	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Currency translation differences		(95,939)	(1)	206,937	-
8362	Unrealised loss on valuation of available-for-sale financial assets	6(3)	(92,895)	-	(38,070)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(188,834)	(1)	168,867	-
8300	Other comprehensive (loss) income, net		($ 254,090)	(1)	$ 176,559	-
8500	Total comprehensive income for the year		$ 1,668,610	3	$ 2,576,881	5
	Profit attributable to:					
8610	Owners of parent		$ 1,920,065	4	$ 2,397,618	5
8620	Non-controlling interest		2,635	-	2,704	-
	Total		$ 1,922,700	4	$ 2,400,322	5
	Comprehensive income attributable to:					
8710	Owners of parent		$ 1,665,975	3	$ 2,574,177	5
8720	Non-controlling interest		2,635	-	2,704	-
	Total		$ 1,668,610	3	$ 2,576,881	5
9750	Basic earnings per share	6(25)	$	3.05	$	3.82
9850	Diluted earnings per share		$	3.00	$	3.74

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 15, 2016.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				Retained earnings			Other equity				
	Notes	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences	Unrealised gain (loss) on valuation of available-for-sale financial assets	Total	Non-controlling interest	Total equity
2014											
Balance at January 1, 2014		$ 6,265,714	$ 4,587,562	$ 2,950,047	$ 426,354	$ 7,341,889	$ 141,108	$ 126,011	$ 21,838,685	$ 11,017	$ 21,849,702
Appropriations of 2013 earnings:	6(19)										
Legal reserve		-	-	235,554	-	(235,554)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,880,468)	-	-	(1,880,468)	(3,549)	(1,884,017)
Share-based payment	6(16)	23,115	4,593	-	-	-	-	-	27,708	-	27,708
Changes in non-controlling interest		-	-	-	-	-	-	-	-	7,840	7,840
Profit for the year		-	-	-	-	2,397,618	-	-	2,397,618	2,704	2,400,322
Other comprehensive income for the year		-	-	-	-	7,692	206,937	(38,070)	176,559	-	176,559
Balance at December 31, 2014		$ 6,288,829	$ 4,592,155	$ 3,185,601	$ 426,354	$ 7,631,177	$ 348,045	$ 87,941	$ 22,560,102	$ 18,012	$ 22,578,114
2015											
Balance at January 1, 2015		$ 6,288,829	$ 4,592,155	$ 3,185,601	$ 426,354	$ 7,631,177	$ 348,045	$ 87,941	$ 22,560,102	$ 18,012	$ 22,578,114
Appropriations of 2014 earnings:	6(19)										
Legal reserve		-	-	239,710	-	(239,710)	-	-	-	-	-
Cash dividends		-	-	-	-	(1,698,335)	-	-	(1,698,335)	(2,715)	(1,701,050)
Share-based payment	6(16)	1,800	342	-	-	-	-	-	2,142	-	2,142
Changes in net equity of associates accounted for using equity method in equity		-	9,084	-	-	-	-	-	9,084	-	9,084
Changes in non-controlling interest		-	-	-	-	-	-	-	-	(3,481)	(3,481)
Profit for the year		-	-	-	-	1,920,065	-	-	1,920,065	2,635	1,922,700
Other comprehensive income for the year		-	-	-	-	(65,256)	(95,939)	(92,895)	(254,090)	-	(254,090)
Balance at December 31, 2015		$ 6,290,629	$ 4,601,581	$ 3,425,311	$ 426,354	$ 7,547,941	$ 252,106	($ 4,954)	$ 22,538,968	$ 14,451	$ 22,553,419

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 15, 2016.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31, 2015	Years ended December 31, 2014
Cash flows from operating activities:			
Profit before income tax		$ 2,671,659	$ 2,944,969
Adjustments to reconcile profit before income tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation	6(9)(22)	380,934	343,084
Depreciation charge on investment property	6(10)	3,602	3,559
Amortisation	6(22)	195,418	173,154
Provision for doubtful accounts	6(5)(22)	30,455	25,661
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(21)	(54,917)	(43,343)
Interest expense		1,438	18,478
Interest income	6(20)	(140,570)	(217,218)
Dividends income		(38,374)	(23,069)
Share of loss (gain) of associates accounted for under equity method	6(8)	64,275	(8,648)
Loss on disposal of property, plant and equipment	6(9)(21)	24,339	33,789
Gain on disposal of available-for-sale financial assets	6(3)(21)	(32,149)	(38,205)
Gain on disposal of investments in bonds without active markets	6(21)	-	(638)
Loss on disposal of investments accounted for under equity method	6(8)	-	654
Exchange loss on held-to-maturity financial assets		2,490	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets and liabilities at fair value through profit or loss	6(2)	58,916	370,560
Notes receivable		1,390	3,753
Accounts receivable	6(5)	857,323	(407,388)
Other receivables		(84,288)	37,660
Inventories	6(6)	436,122	(504,540)
Other current assets	6(7)	192,123	(60,586)
Net changes in liabilities relating to operating activities			
Notes payable		(13,065)	12,693
Accounts payable		(509,446)	64,591
Other payables	6(13)	(184,572)	492,371
Provisions for liabilities	6(14)	35,403	(27,522)
Other current liabilities		(76,322)	25,959
Other non-current liabilities	6(15)	16,527	537
Cash generated from operations		3,838,711	3,220,315
Dividend received	6(20)	38,374	23,069
Interest paid		(1,438)	(18,478)
Interest received	6(20)	150,697	217,218
Income tax paid	6(24)	(525,807)	(595,625)
Net cash provided by operating activities		3,500,537	2,846,499

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GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Notes	Years ended December 31, 2015	2014
Cash flows from investing activities:			
Acquisition of available-for-sale financial assets	6(3)	($ 125,771)	($ 216,990)
Proceeds from disposal of available-for-sale financial assets	6(3)	103,728	244,096
Capital reduction by returning cash for available-for-sale financial assets		10,500	84,000
Proceeds from disposal of investments in bonds without active markets		-	19,766
Acquisition of investments accounted for under equity method	6(8)	-	(48,600)
Proceeds from disposal of investments accounted for under equity method	6(8)	-	79,200
Acquisition of property, plant and equipment	6(9)	(195,359)	(418,338)
Proceeds from disposal of property, plant and equipment	6(9)	2,592	26,696
Acquisition of intangible assets		(48,460)	(59,721)
Decrease in other financial assets	6(7)(11)	32,765	3,279,771
(Increase) decrease in refundable deposits	6(11)	(2,723)	8,348
Increase in other non-current assets	6(11)	(128,720)	(177,229)
Net cash (used in) provided by investing activities		(351,448)	2,820,999
Cash flows from financing activities:			
Decrease in short-term loans	6(12)	(1,326)	(2,534,323)
Increase (decrease) in deposits received		5,219	(7,690)
Employee stock options exercised	6(16)	2,142	27,708
Cash dividends paid	6(19)	(1,701,050)	(1,884,017)
Changes in non-controlling interest		(3,481)	7,840
Net cash used in financing activities		(1,698,496)	(4,390,482)
Effect of exchange rate changes on cash and cash equivalents		(63,337)	(87,067)
Increase in cash and cash equivalents		1,387,256	1,189,949
Cash and cash equivalents at beginning of year	6(1)	9,336,355	8,146,406
Cash and cash equivalents at end of year	6(1)	$ 10,723,611	$ 9,336,355

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 15, 2016.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Giga-Byte Technology Co., Ltd. (the "Company") was incorporated as company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The address of the Company's registered office is No.6, Baoqiang Rd., Xindian Dist., New Taipei City, Taiwan (R.O.C.). The Company and its subsidiaries (collectively referred herein as the "Group") are engaged in the manufacture, processing and trading of computer peripheral and component parts. The Company's shares have been traded on the Taiwan Stock Exchange since September 24, 1998.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 15, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1)Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, 'Financial instruments') as endorsed by the FSC and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers " effective January 1, 2015 (collectively referred herein as the "2013 version of IFRSs") in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 19 (revised), 'Employee benefits'

The revised standard eliminates the corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service cost will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expenses, is recognised in other comprehensive income. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs. Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows. Net interest income, calculated by applying the discount rate to the net defined benefit liability by the Group, replaces the finance charge and expected return on plan assets. Therefore, operating expenses would be decreased by $623, income tax expense would be decreased by $106 and other comprehensive income would be decreased by $517 for the year ended December 31, 2014.

B. IAS 1, 'Presentation of financial statements'

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

C. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

D. IFRS 13, 'Fair value measurement'

The standard defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard sets out a framework for measuring fair value using the assumptions that market participants would use when pricing the asset or liability; for non-financial assets, fair value is determined based on the highest and best use of the asset. Also, the standard requires disclosures about fair value measurements. Based on the Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements, and the Group will disclose additional information about fair value measurements accordingly.

E. IAS 28, 'Investments in associates and joint ventures' (as amended in 2011)

As consequential amendments resulting from the issuance of IFRS 11, 'Joint arrangements', IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures. A portion of an investment in an associate or a joint venture that meets the criteria to be classified as held for sale shall be measured at fair value less costs to sell. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method until disposal of the portion that is classified as held for sale takes place. When an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest. Based on Group's assessment, the adoption of the standard has no significant impact on its consolidated financial statements.

(2)Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

None.

(3)IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018
IFRS 16, ‘Leases’	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact on the consolidated financial statements will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1)Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC

Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2)Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a)Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b)Available-for-sale financial assets measured at fair value.

(c)Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in compliance with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3)Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a)All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b)Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c)Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d)Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e)When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main activities	Ownership(%) December 31, 2015	Ownership(%) December 31, 2014	Description
The Company	Freedom International Group Ltd.	Holding company	100.00	100.00	
〃	G.B.T., Inc.	Sales of computer information products	48.63	48.63	
〃	G.B.T. Technology Trading GmbH	Promotion of computer information products	100.00	100.00	
〃	Nippon Giga-Byte Corp.	Promotion of computer information products	100.00	100.00	
〃	GBT Tech. Co., Ltd.	Promotion of computer information products	100.00	100.00	
〃	Giga-Byte Technology B.V.	Sales of computer information products	100.00	100.00	
〃	Gigabyte Technology Pty.	Promotion of computer information products	100.00	100.00	
〃	Chi-Ga Investment Corp.	Holding company	100.00	100.00	
〃	Gigabyte Technology (India) Private Limited	Promotion and repairing of computer information products	100.00	100.00	
〃	G-Style Co., Ltd.	Manufacturing and selling of notebooks	100.00	100.00	
〃	Giga-Zone International Co., Ltd.	Selling of PC peripherals	100.00	100.00	
〃	Giga-Byte Communications Inc.	Manufacturing and selling of communications	99.12	99.12	
〃	Gigabyte Advance (Labuan) Limited	Sales of computer information products	-	-	Note 5
〃	Gigabyte Technology ESPANA S.L.U.	Promotion of computer information products	100.00	100.00	
〃	Gigabyte Global Business Corporation	Selling of ODM products	100.00	100.00	
〃	Gigabyte Information Technology Commerce Limited Company	Promotion of computer information products	100.00	100.00	
〃	Gigabyte Technology LLC	Promotion of computer information products	100.00	100.00	
Freedom International Group Ltd.	Charleston Investments Limited	Holding company	100.00	100.00	
〃	Giga Future Limited	Holding company	100.00	100.00	
〃	G.B.T. LBN Inc.	Sales of computer information products	100.00	100.00	
〃	G.B.T. Inc.	Sales of computer information products	51.37	51.37	
〃	Aorus Pte. Ltd.	Promotion of computer information products	-	100.00	Note 1,3

Investor	Subsidiary	Main activities	Ownership(%) December 31, 2015	2014	Description
Freedom International Group Ltd.	Gigabyte Trading Inc.	Selling of ODM products	100.00	100.00	
〃	Cloud Ride Limited	Selling of communications	-	-	Note 6
〃	Giga Advance (Labuan) Limited	Sales of computer information products	100.00	100.00	Note 5
Giga-Byte Technology B.V.	Gigabyte Technology France	Promotion of computer information products	100.00	100.00	
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Promotion and repairing of computer information products	100.00	100.00	
Charleston Investments Limited	Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	100.00	100.00	
〃	Ningbo Giga-Byte International Trade Co., Ltd.	Sales of computer information products	100.00	100.00	
〃	Ningbo Best Yield Technology Services Co., Ltd.	Repairing of computer information products	100.00	100.00	
Giga Future Limited	Ningbo Giga-Byte Technology Co., Ltd.	Manufacturing of computer information products	100.00	100.00	
Ningbo Giga-Byte International Trade Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	100.00	100.00	
Chi-Ga Investment Corp.	Gigatrend Technology Co., Ltd.	Manufacturing and selling electronic components and parts	100.00	100.00	
〃	Gigatrend International Investment Group Ltd.	Holding company	100.00	100.00	
〃	Giga-Trend International Management Group Ltd.	Venture capital management and consulting business	76.27	60.00	
〃	Gigazone Holdings Limited	Holding company	100.00	100.00	
Giga-Byte Communications Inc.	Giga Win Limited	Selling of communications	100.00	100.00	
Gigazone Holdings Limited	Gigazone International (Shenzhen)	Selling of PC peripherals	58.97	58.97	
Gigatrend Technology Co., Ltd.	Green Share Co., Ltd.	Wholesale of information software	51.00	51.00	Note 2
Cloud Ride Ltd.	OGS Europe B.V.	Selling of communications	100.00	100.00	Note 2
Ningbo Zhongjia Technology Co., Ltd.	Gigazone International (Shenzhen)	Selling of PC peripherals	41.03	41.03	Note 7
Ningbo BestYield Tech. Services Co., Ltd.	Cloud Ride Limited	Selling of communication products	100.00	100.00	Note 6

Investor	Subsidiary	Main activities	Ownership(%) December 31, 2015	2014	Description
Ningbo BestYield Tech. Services Co., Ltd.	Shenzhen BestYield Tech. Services Co., Ltd.	Repairing of computer information products	100.00	-	Note 4
G-Style Co., Ltd.	Aorus Pte. Ltd.	Promotion of computer information products	100.00	-	Note 3

Note 1: Starting from 2014, Gigabyte Singapore Pte. Ltd. was renamed as Aorus Pte. Ltd.

Note 2: The establishment of new investment in 2014.

Note 3: G-Style Co., Ltd. acquired 100% equity interest in Aorus Pte. Ltd. from Freedom International Group Ltd. for a cash consideration of NT$25,934 in September 1, 2015.

Note 4: The establishment of new investment in 2015.

Note 5: Freedom International Group Ltd. acquired 100% equity interest in Giga Advance (Labuan) Limited from the Company for a cash consideration of NT$5,648 in August 2014.

Note 6: Ningbo BestYield Tech. Services Co., Ltd. acquired 100% equity interest in Cloud Ride Limited from Freedom International Group Ltd. for a cash consideration of NT$100,577 in December 2014.

Note 7: Ningbo Zhongjia Technology Co., Ltd. acquired 41.03% equity interest in Gigazone International (Shenzhen) from Gigazone Holdings Limited for a cash consideration of NT$146,370 in August 2014.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4)Foreign currency translation

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional currency and the Group’s presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

(a) The operating results and financial position of all the Group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, even when the Group still retains partial interest in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents. The Group's time deposits with short-term maturity (three months after the acquisition date) are classified as cash equivalents; time deposits that do not meet the definition of short-term are classified as current assets or non-current assets based on their maturity.

(7) Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using settlement date accounting.

C. Financial assets at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(8) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

B. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(9) Held-to-maturity financial assets

A. Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturity date that the Group has the positive intention and ability to hold to maturity other than those that meet the definition of loans and receivables and those that are designated as at fair value through profit or loss or as available-for-sale on initial recognition.

B. On a regular way purchase or sale basis, held-to-maturity financial assets are recognised and derecognised using settlement date accounting.

C. Held-to-maturity financial assets are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(10) Loans and receivables

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(11) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

(g) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(12) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognised in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for under the equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	5～55 years
Machinery and equipment	3～10 years
Research and development equipment	3～10 years
Office equipment	3～ 5 years
Other tangible operating assets	3～10 years

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(17) Intangible assets

A.Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 3 years.

B.Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(18) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as effect of discounting is immaterial.

(21) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(22) Provisions

Warranty provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees’ compensation, directors’ and supervisors’ remuneration

Employees’ remuneration and directors’ and supervisors’ remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. And ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(25) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the unconsolidated balance sheet. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

D. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(28) Revenue recognition

A. The Group manufactures and sells computer peripheral and component parts products. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities.

B. The Company offers customers volume discounts. The Company estimates such discounts and returns based on historical experience. Allowance accounts for such liabilities are recorded when the sales are recognised.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors.

The Group's assumptions and estimates do not have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand and petty cash	$ 874,850	$ 719,423
Checking accounts and demand deposits	3,895,305	4,729,831
Time deposits	5,953,456	3,887,101
	$ 10,723,611	$ 9,336,355

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalent pledged to others.

(2) Financial assets at fair value through profit or loss-current

	December 31, 2015	December 31, 2014
Financial assets held for trading		
Open-end funds-Domestic	$ 726,404	$ 857,404
Open-end funds-Overseas	104,642	18,465
Listed (OTC) stocks	162,855	198,644
Corporate bonds	168,598	181,933
Government bonds	16,298	-
	1,178,797	1,256,446
Valuation adjustment	8,798	(64,852)
	$ 1,187,595	$ 1,191,594

A. The Group recognized net gain of $61,927 and $73,747 on financial assets held for trading for the years ended December 31, 2015 and 2014, respectively.

B. The counterparties of the Group's debt instrument investments have credit quality ratings above "investment grade".

C. Transactions of non-derivatives and contract information are as follows:

The Group is involved in presale of forward foreign exchange contracts to hedge exchange rate risk of accounts receivable arising from export transactions. However, these forward foreign exchange contracts are not accounted for under hedge accounting. As of December 31, 2014, all the forward foreign exchange contracts have been settled. For the year ended December 31, 2014, the Group has recognized loss of $1,617 on transactions of derivatives. For the year ended December 31, 2015, the Group has no derivatives transaction.

D. The Group has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

	December 31, 2015	December 31, 2014
Current items		
Listed stocks	$ 106,165	$ 106,165
Valuation adjustment	(564)	39,225
Accumulated impairment	(57,627)	(57,627)
	$ 47,974	$ 87,763
Non-current items		
Listed stocks	$ 167,593	$ 181,770
Emerging and unlisted stocks	194,785	138,115
Subtotal	362,378	319,885
Valuation adjustment	(4,510)	48,597
Accumulated impairment	(22,654)	(22,654)
	$ 335,214	$ 345,828

A. The Group recognised ($92,895) and ($38,070) in other comprehensive income for fair value change for the years ended December 31, 2015 and 2014, respectively.

B. The Group has no available-for-sale financial assets pledged to others.

(4) Held-to-maturity financial assets

	December 31, 2015	December 31, 2014
Current items		
Bank debentures	$ 150,990	$ -
Non-current items		
Bank debentures	$ -	$ 153,480

A. The counterparties of the Group's debt instrument investments have credit quality ratings above "investment grade".

B. As of December 31, 2015 and 2014, no held-to-maturity financial assets held by the Group were pledged to others.

(5) Accounts receivable - net

	December 31, 2015	December 31, 2014
Accounts receivable- third parties	$ 5,321,635	$ 6,181,588
Less: Allowance for doubtful accounts	(117,002)	(88,300)
Accounts receivable- net	$ 5,204,633	$ 6,093,288

A. The Group's credit quality for accounts receivable is assessed in accordance with the customer's credit rating and the collection period for the calculation basis of impairment loss. The Group has an internal credit valuation policy for its customers and the Group's finance department routinely or randomly revaluates whether the credit ratings are still appropriate and makes adjustments when necessary in order to ascertain the latest condition of the customers. The credit rating for customers is based on the scale of the industry operations, profit-generating conditions, and the credit rating given by financial institutions as references for assessment.

B. The ageing analysis was based on past due date. The Group did not hold any financial assets that were past due but not impaired for the year ended December 31, 2015.

C. Movement analysis of the allowance for bad debts of financial assets that were impaired is as follows:

	2015		
	Individual provision	Group provision	Total
At January 1	$ 3,197	$ 85,103	$ 88,300
Provision for impairment	-	30,455	30,455
Write-offs during the period	(7,317)	(483)	(7,800)
Net exchange differences	4,120	1,927	6,047
At December 31,	$ -	$ 117,002	$ 117,002

	2014		
	Individual provision	Group provision	Total
At January 1	$ 238,556	$ 100,518	$ 339,074
Provision for impairment	2,319	23,342	25,661
Write-offs during the period	(251,808)	-	(251,808)
Net exchange differences	14,130	(38,757)	(24,627)
At December 31,	$ 3,197	$ 85,103	$ 88,300

D. The Group does not hold any collateral as security.

(6) Inventories

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 1,989,693	($ 76,011)	$ 1,913,682
Work in process	1,435,297	(1,236)	1,434,061
Finished goods and merchandise inventories	5,261,267	(181,804)	5,079,463
	$ 8,686,257	($ 259,051)	$ 8,427,206

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 2,319,386	($ 82,367)	$ 2,237,019
Work in process	1,251,776	(620)	1,251,156
Finished goods and merchandise inventories	5,528,033	(150,087)	5,377,946
	$ 9,099,195	($ 233,074)	$ 8,866,121

The cost of inventories recognised as expense for the period:

	Years ended December 31,	
	2015	2014
Cost of inventories sold	$ 41,458,078	$ 44,372,595
Cost of warranty	586,105	650,652
Loss on market decline of inventory	23,184	49,529
Others	13	528
	$ 42,067,380	$ 45,073,304

(7) Other current assets

	December 31, 2015	December 31, 2014
Other financial assets	$ 290,000	$ 434,860
Other financial assets - time deposits	1,102,095	-
Pledged assets	7,767	26,078
Others	185,675	359,487
	$ 1,585,537	$ 820,425

A. Other financial assets are the Group's financial investments and details are provided in Note 13(1)C.

B. Information on restricted assets pledged as collateral to others is provided in Note 8.

(8) Investments accounted for using equity method

	December 31, 2015	December 31, 2014
Associates		
Senyun Precise Optical Co., Ltd	$ 162,507	$ 217,249
Qsan Technology Inc.	77,481	81,057
	$ 239,988	$ 298,306

A. Abovementioned investments accounted for using equity method are based on investee companies' financial statements audited by other independent accountants.

B. The Group has no associate that is material to the Group. The Group's share of the operating results of all individually immaterial associates are summarized below:

	Years ended December 31,	
	2015	2014
Profit (Loss) for the period from continuing operations (total comprehensive income)	($ 64,275)	$ 8,648

C. In July 2014, Giga Win International Venture Investment Group Ltd. has liquidated and returned cash of capital shares of $79,200.

(9) Property, plant and equipment

	Land	Buildings	Machinery	Others	Total
At January 1, 2015					
Cost	$ 991,418	$ 3,318,301	$ 3,250,972	$ 1,221,873	$ 8,782,564
Accumulated depreciation	-	(1,341,682)	(2,260,602)	(948,760)	(4,551,044)
	$ 991,418	$ 1,976,619	$ 990,370	$ 273,113	$ 4,231,520
2015					
Opening net book amount	$ 991,418	$ 1,976,619	$ 990,370	$ 273,113	$ 4,231,520
Additions	-	41,407	61,096	92,856	195,359
Disposals	-	(2,719)	(6,001)	(18,211)	(26,931)
Reclassifications	18,316	7,668	1,007	733	27,724
Depreciation charge	-	(108,589)	(177,899)	(94,446)	(380,934)
Net exchange differences	2,369	(11,555)	(17,070)	2,284	(23,972)
Closing net book amount	$ 1,012,103	$ 1,902,831	$ 851,503	$ 256,329	$ 4,022,766
At December 31, 2015					
Cost	$ 1,012,103	$ 3,321,268	$ 3,143,923	$ 1,275,121	$ 8,752,415
Accumulated depreciation	-	(1,418,437)	(2,292,420)	(1,018,792)	(4,729,649)
	$ 1,012,103	$ 1,902,831	$ 851,503	$ 256,329	$ 4,022,766

	Land	Buildings	Machinery	Others	Total
At January 1, 2014					
Cost	$ 1,012,889	$ 3,279,595	$ 3,218,485	$ 1,165,965	$ 8,676,934
Accumulated depreciation	-	(1,222,453)	(2,349,417)	(892,668)	(4,464,538)
	$ 1,012,889	$ 2,057,142	$ 869,068	$ 273,297	$ 4,212,396
2014					
Opening net book amount	$ 1,012,889	$ 2,057,142	$ 869,068	$ 273,297	$ 4,212,396
Additions	-	17,644	311,813	88,881	418,338
Disposals	-	(21)	(56,655)	(3,809)	(60,485)
Reclassifications	(24,579)	(28,670)	-	-	(53,249)
Depreciation charge	-	(103,384)	(154,087)	(85,613)	(343,084)
Net exchange differences	3,108	33,908	20,231	357	57,604
Closing net book amount	$ 991,418	$ 1,976,619	$ 990,370	$ 273,113	$ 4,231,520
At December 31, 2014					
Cost	$ 991,418	$ 3,318,301	$ 3,250,972	$ 1,221,873	$ 8,782,564
Accumulated depreciation	-	(1,341,682)	(2,260,602)	(948,760)	(4,551,044)
	$ 991,418	$ 1,976,619	$ 990,370	$ 273,113	$ 4,231,520

The significant components of buildings include main plants and renovation projects, which are depreciated over 50 and 10 years, respectively.

(10) Investment property

	Land	Buildings	Total
At January 1, 2015			
Cost	$ 99,335	$ 112,765	$ 212,100
Accumulated depreciation	-	(20,381)	(20,381)
	$ 99,335	$ 92,384	$ 191,719
2015			
Opening net book amount	$ 99,335	$ 92,384	$ 191,719
Reclassifications	(18,316)	(9,408)	(27,724)
Depreciation charge	-	(3,602)	(3,602)
Net exchange differences	-	(634)	(634)
Closing net book amount	$ 81,019	$ 78,740	$ 159,759
At December 31, 2015			
Cost	$ 81,019	$ 101,591	$ 182,610
Accumulated depreciation	-	(22,851)	(22,851)
	$ 81,019	$ 78,740	$ 159,759

	Land	Buildings	Total
At January 1, 2014			
Cost	$ 74,756	$ 82,548	$ 157,304
Accumulated depreciation	-	(15,275)	(15,275)
	$ 74,756	$ 67,273	$ 142,029
2014			
Opening net book amount	$ 74,756	$ 67,273	$ 142,029
Reclassifications	24,579	28,670	53,249
Depreciation charge	-	(3,559)	(3,559)
Closing net book amount	$ 99,335	$ 92,384	$ 191,719
At December 31, 2014			
Cost	$ 99,335	$ 112,765	$ 212,100
Accumulated depreciation	-	(20,381)	(20,381)
	$ 99,335	$ 92,384	$ 191,719

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	Years ended December 31,	
	2015	2014
Rental income from the lease of the investment property	$ 11,287	$ 10,909
Direct operating expenses arising from the investment property that generated rental income in the period	$ 3,602	$ 3,559

B. The fair value of the investment property held by the Group as at December 31, 2015 and 2014 was $197,179 and $229,582, respectively, which was valuated with reference to the future rental income and the related discounted cash flows of the investment property. Key assumptions are as follows:

	December 31, 2015	December 31, 2014
Discount rate	1.985%~2.990%	2.125%～4.80%

(11) Other non-current assets

	December 31, 2015	December 31, 2014
Other financial assets	$ -	$ 990,000
Guarantee deposits paid	64,955	62,232
Pledged assets	41,618	41,545
Land-use right	51,954	54,511
Other	164,859	165,026
	$ 323,386	$ 1,313,314

A. Other financial assets are the financial instruments invested by the Group.

B. Information about the restricted assets that were pledged to others as collateral is provided in Note 8.

(12) Short-term borrowings

	December 31, 2015	Interest rate range	Collateral
Credit loans	$ 70,000	1.24%	None

	December 31, 2014	Interest rate range	Collateral
Credit loans	$ 71,326	1.20%	None

(13) Other payables

	December 31, 2015	December 31, 2014
Salary and bonus payable	$ 2,156,343	$ 2,135,510
Employees' dividends and directors' and supervisors' remuneration payable	215,578	248,908
Royalties payable	210,841	259,739
Shipping and freight-in payable	107,951	106,873
Marketing fee payable	252,904	217,261
Others	248,511	408,409
	$ 3,192,128	$ 3,376,700

(14) Provisions

A. Movement analysis of the provision for warranty is as follows:

	2015	2014
At January 1	$ 535,056	$ 562,578
Additional provisions	586,105	650,652
Used during the period	(550,702)	(678,174)
At December 31,	$ 570,459	$ 535,056

B. The Group gives warranties on the peripherals and accessories of computer hardware sold. Provision for warranty is estimated based on the historical repair records of the product.

(15) Pensions

A. The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company will make contribution for the deficit by next March.

(a) The amounts recognised in the balance sheet are as follows:

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	($ 715,011)	($ 626,700)
Fair value of plan assets	242,313	243,579
Net defined benefit liability	($ 472,698)	($ 383,121)

(b) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	($ 626,700)	$ 243,579	($ 383,121)
Current service cost	(6,111)	-	(6,111)
Interest (expense) income	(12,499)	4,975	(7,524)
Past service cost	2,108	-	2,108
	(643,202)	248,554	(394,648)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,582	1,582
Change in demographic assumptions	(5,532)	-	(5,532)
Change in financial assumptions	(49,161)	-	(49,161)
Experience adjustments	(25,510)	-	(25,510)
	(80,203)	1,582	(78,621)
Pension fund contribution	-	571	571
Paid pension	8,394	(8,394)	-
Balance at December 31	($ 715,011)	$ 242,313	($ 472,698)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	($ 626,517)	$ 244,676	($ 381,841)
Current service cost	(7,767)	-	(7,767)
Interest (expense) income	(12,478)	4,981	(7,497)
Past service cost	1,159	-	1,159
	(645,603)	249,657	(395,946)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	725	725
Change in demographic assumptions	96	-	96
Experience adjustments	8,445	-	8,445
	8,541	725	9,266
Pension fund contribution	-	3,559	3,559
Paid pension	10,362	(10,362)	-
Balance at December 31	($ 626,700)	$ 243,579	($ 383,121)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2015 and 2014 is given in the Annual Labor Retirement Fund Utilisation Report published by the government.

(d) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2015	2014
Discount rate	1.50%	2.00%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with 2012 Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 25,306)	$ 26,526	$ 26,066	($ 25,006)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 amounts to $13,892.

(f) As of December 31, 2015, the weighted average duration of that retirement plan is 14 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 5,579
1-2 year(s)	10,248
2-5 years	41,906
Over 5 years	871,782
	$ 929,515

B. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014 were $89,459 and $97,486, respectively.

The Company’s mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC) are based on certain percentage of employees’ monthly salaries and wages. The contribution percentage for the years ended December 31, 2015 and 2014 was 13~21% and 12~21%, respectively. Other than the monthly contributions, the Group has no further obligations. For the years ended December 31, 2015 and 2014, the Company’s mainland subsidiaries have recognised pension cost of $83,017 and

$74,165, respectively.

(16) Share-based payment

A. As of December 31, 2015, the Company's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	2007.12.19	40,000,000 shares	10 years	2~4 years' service vested immediately

B. Details of the share-based payment arrangements are as follows:

	Years ended December 31,			
	2015		2014	
	No. of options (in thousands)	Weighted-average exercise price (in dollars)	No. of options (in thousands)	Weighted-average exercise price (in dollars)
Options outstanding at beginning of year	10,219	$ 11.90	12,531	$ 12.70
Options exercised	(180)	11.99	(2,312)	11.99
Options outstanding at end of year	10,039	10.90	10,219	11.90
Options exercisable at end of year	10,039		10,219	

C. The weighted-average stock price of stock options at exercise date of 2015 and 2014 was $26.04~$39.33 and $33.24~$49.54 (in dollars), respectively.

D. As of December 31, 2015 and 2014, the range of exercise price of stock options outstanding was $10.90 and $11.90, respectively, and the weighted-average remaining vesting period was 1.97 years, 2.97 years, respectively.

E. For the stock options granted by the Company with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The weighted-average parameters used in the estimation of the fair value are as follows:

Type of arrangement	Grant date	Stock price	Exercise price	Price volatility	Option life	Dividends	Interest rate	Fair value per unit
Employee stock options	2007.12.19	$ 19	$ 19	39.16%	6.35 years	-	2.58%	$ 8.1648

(17) Share capital

A. As of December 31, 2015, the Company's authorized capital was $9,500,000, consisting of 950,000 thousand shares of ordinary shares (including 250,000 thousand shares reserved for employee stock options and for convertible bonds issued by the Company), and the paid-in capital was $6,290,629 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected:

Movements in the number of the Company's ordinary shares outstanding are as follows:

	2015	2014
At January 1	628,882,886	626,571,386
Employee stock options exercised	180,000	2,311,500
At December 31,	629,062,886	628,882,886

B. The number of shares of common stock issued for the year ended December 31, 2015 due to the exercise of employee stock options is 180,000 shares.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, unless accumulated legal reserve has reached an amount equal to the Company's paid-in capital. And then special reserve shall be set aside or reversed according to the laws or decrees or the regulations of competent authorities. Appropriation (5% ~ 80%) of the remainder plus prior year's accumulated retained earnings shall be proposed by the Board of Directors and resolved by the stockholders. The Company's dividend policy is as follows: not less than 87% of distributable amounts as dividends to stockholders, of which, not less than 5% shall be distributed in the form of cash. If the cash dividend is less than NT$0.1 per share, such dividend shall be distributed in the form of shares.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

D. The appropriation of 2014 earnings had been proposed by the Board of Directors on June 17, 2015 and the appropriation of 2013 earnings had been resolved at the stockholders' meeting on June 11, 2014. Details are summarized below:

	2014		2013	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 239,710		$ 235,554	
Cash dividends	1,698,335	$ 2.70	1,880,468	$ 3.00

E. As of the date of the auditor's report, the appropriation of retained earnings for 2015 has not been resolved by the Board of Directors. Information on the appropriation of the Company's earnings as proposed by the Board of Directors and resolved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. For the information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(23).

(20) Other income

	Years ended December 31,	
	2015	2014
Interest income	$ 140,570	$ 217,218
Other income	1,237,100	576,098
	$ 1,377,670	$ 793,316

(21) Other gains and losses

	Years ended December 31,	
	2015	2014
Net currency exchange gains	$ 53,353	$ 267,622
Gains on disposal of investments	39,159	69,247
Net gains on financial assets at fair value through profit or loss	54,917	43,343
Losses on disposal of property, plant and equipment	(24,339)	(33,789)
Others	(15,126)	8,901
	$ 107,964	$ 355,324

(22) Expenses by nature

	Years ended December 31,	
	2015	2014
Cost of goods sold	$ 41,206,716	$ 44,152,316
Employee benefit expense	5,221,961	5,239,551
Depreciation and amortisation	576,352	516,238
Cost of warranty	586,105	650,652
Transportation expenses	375,106	395,653
Losses on doubtful debts	30,455	25,661
Other costs and expenses	1,580,359	1,755,457
Total	$ 49,577,054	$ 52,735,528

(23) Employee benefit expense

	Years ended December 31,	
	2015	2014
Wages and salaries	$ 4,583,667	$ 4,637,872
Labor and health insurance fees	291,705	278,650
Pension costs	184,003	185,756
Other personnel expenses	162,586	137,273
	$ 5,221,961	$ 5,239,551

A. According to the Articles of Incorporation of the Company, when distributing earnings, the Company shall distribute bonus to the employees and pay remuneration to the directors and supervisors that account for 6~10% and shall be not higher than 3%, respectively, of the total distributed amount.

However, in accordance with the Company Act amended in May 20, 2015, a company shall distribute employee compensation, based on the distributable profit of the current year, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on March 15, 2016. According to the amended articles, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 3~10% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration. The amended articles will be resolved in the shareholders' meeting in 2016.

B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at $154,223 and $187,971, respectively; directors' and supervisors' remuneration was accrued at $60,000 and $56,391, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 6% and 2.33% of distributable profit of current year for the year ended December 31, 2015. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $154,223 and $60,000, respectively, and the employees' compensation will be distributed in the form of cash.

The expenses recognised for the year of 2014 were accrued based on the net income of 2014 and took into account other factors such as legal reserve. Where the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences are accounted for as changes in estimates. Employees' bonus and directors' and supervisors' remuneration of 2014 as resolved by the shareholders' meeting were in agreement with those amounts recognised in the profit or loss of 2014. The difference between employees' bonus, directors' and supervisors' remuneration as resolved by the shareholders at the shareholders' meeting and the amount of $187,971 as employees' bonus and $56,391 as directors' and supervisors' remuneration recognised in the 2014 financial statements of $9,412, had been adjusted in the profit or loss of 2015. Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and the shareholders at the shareholders' meeting will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2015	2014
Current tax		
Current tax on profits for the period	$ 449,607	$ 470,628
Tax on undistributed surplus earnings	46,726	25,140
Adjustments in respect of prior years	241,326	20,434
	737,659	516,202
Deferred tax		
Origination and reversal of temporary differences	(5,503)	15,234
Effect of the exchange rate	16,803	13,211
	11,300	28,445
Income tax expense	$ 748,959	$ 544,647

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2015	2014
Remeasurement of defined benefit obligations	($ 13,365)	$ 1,574

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2015	Years ended December 31, 2014
Tax calculated based on profit before tax and statutory tax rate	$ 454,182	$ 500,645
Expenses disallowed by tax regulation	20,204	27,843
Tax exempted income by tax regulation	(8,103)	(39,600)
Effect from tax credit of investment	(52,827)	(48,579)
Tax on undistributed surplus earnings	46,726	25,140
Prior year income tax (over)underestimation	241,326	20,434
Changes in assessment of realization of deferred tax assets	32,194	1,873
Effect of tax from different applicable taxes within the Group	15,257	56,891
Income tax expense	$ 748,959	$ 544,647

C. Amounts of deferred tax assets or liabilities as a result of temporary difference is as follows:

	Year ended December 31, 2015			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Provision for warranty expense	$ 75,734	($ 109)	$ -	$ 75,625
Allowance for inventory loss	29,589	(240)	-	29,349
Amount of allowance for bad debts that exceed the limit for tax purpose	-	2,999	-	2,999
Pension expense	34,812	1,864	-	36,676
Unrealized profit on intercompany sales	63,731	(19,710)	-	44,021
Gains on remeasurement of defined benefit obligations	-	-	9,249	9,249
Others	62,591	17,823	-	80,774
	266,817	2,627	9,249	278,693
Deferred tax liabilities				
Unrealized exchange gain	(19,773)	2,239	-	(17,534)
Gains (losses) on remeasurments of defined benefit obligations	(4,116)	-	4,116	-
Others	(637)	637	-	-
	(24,526)	2,876	4,116	(17,534)
	$ 242,291	$ 5,503	$ 13,365	$ 261,159

	Year ended December 31, 2015			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets				
Provision for warranty expense	$ 76,307	($ 573)	$ -	$ 75,734
Allowance for inventory loss	23,264	6,325	-	29,589
Pension expense	32,913	1,899	-	34,812
Unrealized profit (loss) on intercompany sales	77,274	(13,543)	-	63,731
Others	65,181	(2,230)	-	62,951
	274,939	(8,122)	-	266,817
Deferred tax liabilities				
Unrealized exchange gain	(13,298)	(6,475)	-	(19,773)
Losses on remeasurments of defined benefit obligations	(2,436)	(106)	(1,574)	(4,116)
Others	-	(637)	-	(637)
	(15,734)	(7,218)	(1,574)	(24,526)
	$ 259,205	($ 15,340)	($ 1,574)	$ 242,291

D. Expiration dates of unused taxable loss and amounts of unrecognised deferred tax assets are as follows:

December 31, 2015				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2006	$ 366,081	$ 366,081	$ 366,081	2016
2007	421,786	421,786	421,786	2017
2008	343,356	343,356	343,356	2018
2009	423,520	423,520	423,520	2019
2010	334,750	322,083	322,083	2020
2011	116,913	116,913	116,913	2021
2012	164,468	164,468	164,468	2022
2013	120,379	120,379	120,379	2023
2014	164,552	164,552	164,552	2024
2015 (Note)	263,949	263,949	263,949	2025
	$ 2,719,754	$ 2,707,087	$ 2,707,087	

December 31, 2014				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2005	$ 334,873	$ 334,873	$ 334,873	2015
2006	366,081	366,081	366,081	2016
2007	421,786	421,786	421,786	2017
2008	343,356	343,356	343,356	2018
2009	423,520	423,520	423,520	2019
2010	322,083	322,083	322,083	2020
2011	116,913	116,913	116,913	2021
2012	164,468	164,468	164,468	2022
2013	120,379	120,379	120,379	2023
2014 (Note)	154,084	154,084	154,084	2024
	$ 2,767,543	$ 2,767,543	$ 2,767,543	

Note: These amounts were based on estimates.

E. The Group's motherboard products qualify for manufacturing enterprises and related technical service enterprises, and the Company is entitled to the income tax exemption for 5 consecutive years (until June 2014) under the Statute for Upgrading Industry.

F. As of December 31, 2015, the Company's income tax returns have been assessed and approved by the Tax Authority through 2013.

G. Unappropriated retained earnings

	Years ended December 31,	
	2015	2014
Earnings generated in and before 1997	$ 62,797	$ 62,797
Earnings generated in and after 1998	7,485,144	7,568,380
	$ 7,547,941	$ 7,631,177

H. Details related to the shareholders' imputation tax credit amount and creditable tax ratio are as follows:

	Years ended December 31,	
	2015	2014
Imputation tax credit account balance	$ 1,051,653	$ 928,803

	Years ended December 31,	
	2015 (Estimated)	2014 (Actual)
Creditable tax ratio of the total distributed retained earnings	17.22%	14.84%

(25) Earnings per share

	Year ended December 31, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,920,065	629,019	$ 3.05
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
－Employees' bonus	-	4,231	
－Convertible bonds	-	6,867	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,920,065	640,117	$ 3.00

	Year ended December 31, 2014		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,397,618	627,290	$ 3.82
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
－Employees' bonus	-	5,529	
－Convertible bonds	-	8,412	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,397,618	641,231	$ 3.74

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

The related parties are included in the consolidated financial statements, and the related transactions are all eliminated.

(2) Key management compensation

	Years ended December 31,	
	2015	2014
Salaries and other short-term employee benefits	$ 286,093	$ 300,761

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value December 31, 2015	Book value December 31, 2014	Purpose
Pledged asset (accounted for as "Other current assets" and "Other non-current assets") - Pledged deposits	$ 49,385	$ 67,623	Guarantee for the customs duties and deposits

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue employee stock option or buyback and retire treasury stock.

(2) Financial instruments

A. Fair value information of financial instruments

(a) Except for those listed in the table below, the carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets, held-to-maturity financial assets, short-term borrowings, notes payable, accounts payable, other payables and deposits received) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

(b) The methods and assumptions of fair value measurement are as follows:

Held-to-maturity financial assets: If there is a quoted price in an active market, the fair value is based on the market price; if there is no quoted market price available, the fair value is determined by using valuation techniques or counterparty quotes.

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

a. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

b. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2015		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 170,762	33.066	$ 5,646,416
Non-monetary items			
USD:NTD	$4,848	33.066	$ 160,304
Financial liabilities			
Monetary items			
USD:NTD	$ 128,754	33.066	$ 4,257,380

	December 31, 2014		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 317,344	31.718	$ 10,065,517
Non-monetary items			
USD:NTD	$ 3,726	31.718	$ 118,181
Financial liabilities			
Monetary items			
USD:NTD	$ 191,566	31.718	$ 6,076,090

c. The total exchange gain (loss), including realised and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014, amounted to gain of $53,353 and $267,622, respectively.

d. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 56,464	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 42,574	$ -

	Year ended December 31, 2014		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 100,655	$ -
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 60,761	$ -

Price risk

a. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

b. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have increased/decreased by $9,684 and $10,087, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $3,832 and $4,336, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

a. The domestic bond fund investment by the Group was held mainly for trading purposes, the effective interest rate of this fund is affected by the market interest rate.

b. The structured notes and investment floating bonds of the Group were range accrual notes, the effective interest rate of these notes are affected by the market interest rate; accordingly, the Group's future cash flows would fluctuate with the market interest rate change.

c. For fixed interest rate bond investments held by the Group classified as financial assets at fair value through profit or loss, changes in market interest rates would affect their fair values. At December 31, 2015 and 2014, if market interest rates had been 1% higher/lower with all other variables held constant, other comprehensive income for the years ended December 31, 2015 and 2014 would have been $2,192 and $1,829 lower/higher, respectively.

d. At December 31, 2015 and 2014, if interest rates on borrowings had been 0.1% higher/lower with all other variables held constant, profit for the years ended December 31, 2015 and 2014 would have not been lower/higher, respectively, mainly as a result of the Group did not had any borrowing at floating rate.

(b) Credit risk

a. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

b. The bond fund held by the Group was issued by well-known foreign banks and securities investment trust companies owned by or affiliated with domestic financial holding companies with good credit standing. Since the Group trades with several securities investment trust companies, credit risk is low.

c. The Group has lower significant concentrations of credit risk, due to investment in corporate bonds or financial bonds. The maximum loss to the Group is the total amount of all book value.

d. The structured notes investment of the Group were issued by well-known banks or asset management companies, and accordingly, the credit risk of the counterparties is minimal.

e. The Group has lower significant concentrations of credit risk. It has policies in place to ensure that wholesale sales of products are made to customers with an appropriate credit history. The Group had credit insurance coverage for a majority of its customers. Accordingly, credit risk is low. No credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

f. Loan guarantees provided by the Group are in compliance with the Group's "Procedures for Provision of Endorsements and Guarantees" and are only provided to affiliated companies of which the Group owns directly or indirectly more than 50% ownership or a company which trades with the Group. As the Company is fully aware of the credit conditions of these related parties, it has not asked for collateral for the loan guarantees provided. In the event that these related parties fail to comply with loan agreements with banks, the maximum loss to the Group is the total amount of loan guarantees as listed above.

g. The credit quality information of financial assets that are neither past due nor impaired is provided in the statement for each type of financial asset in Note 6.

h. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial asset in Note 6.

(c) Liquidity risk

a. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times.

b. Potential liquidity risk of structured time deposits held by the Group lies in that those assets have no sale-back option before expiry of the contract; however, the Group may terminate the contract early before expiry, yet it shall compensate its counterparty with default penalty and handling fees for early termination of the contract or compensate for counterparty's hedging loss and related expenses incurred.

c. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows:

Non-derivative financial liabilities:

December 31, 2015	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	$ 70,000	$ -	$ -	$ 70,000
Notes payable	37,139	-	-	37,139
Accounts payable	4,978,471	-	-	4,978,471
Other payables	3,192,128	-	-	3,192,128

Non-derivative financial liabilities:

December 31, 2014	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	$ 71,326	$ -	$ -	$ 71,326
Notes payable	50,204	-	-	50,204
Accounts payable	5,487,917	-	-	5,487,917
Other payables	3,376,700	-	-	3,376,700

d. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group's investment property measured at cost are provided in Note 6(10).

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2015 and 2014 is as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 968,371	$ -	$ -	$ 968,371
Debt securities	219,224	-	-	219,224
Available-for-sale financial assets				
Equity securities	326,842	-	56,346	353,188
Total	$ 1,514,437	$ -	$ 56,346	$ 1,570,783

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,008,663	$ -	$ -	$ 1,008,663
Debt securities	182,931	-	-	182,931
Available-for-sale financial assets				
Equity securities	366,745	-	66,846	433,591
Total	$ 1,558,339	$ -	$ 66,846	$ 1,625,185

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund	Government bond and corporate bond
Market quoted price	Closing price	Net asset value	Weighted average quoted price

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Group must make reasonable estimates based on its assumptions.

(e) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet date. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(f) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2015 and 2014:

	Years ended December 31,	
	2015	2014
At January 1,	$ 66,846	$ 202,371
Gains and losses recognised in other comprehensive income	-	(51,525)
Capital deducted by returning cash	(10,500)	(84,000)
At December 31,	$ 56,346	$ 66,846

G. For the years ended December 31, 2015 and 2014, there was no transfer into or out from Level 3.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2015		Valuation technique	Significant unobservable input	Relationship of inputs to fair value
Venture capital shares					
Private equity fund investment	$	56,346	Net asset value	Not applicable	Not applicable

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 3.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14. SEGMENT INFORMATION

(1) General information

The Group management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Group's operating segments are segregated into the global brand business group and other business group based on the revenues from all sources.

Global brand business group: in charge of the development and sale of main boards, interface cards, notebooks and computer peripherals.

Other business group: in charge of the development and sale of network & communication products and cell phones.

The Group's company organization, basis of department segmentation and principles for measuring segment information for the period were not significantly changed.

(2) Measurement of segment information

The Board of Directors assesses the performance of the operating segments based on the operating income (loss).

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

2015

	Global brand business group	Other business group	Total
Total segment revenue	$ 44,439,743	$ 6,389,049	$ 50,828,792
Operating income (loss)	$ 2,152,651	($ 900,913)	$ 1,251,738
Depreciation and amortization	$ 67,450	$ 508,902	$ 576,352
Total assets (Note)	$ -	$ -	$ -
Total liabilities (Note)	$ -	$ -	$ -

2014

	Global brand business group	Other business group	Total
Total segment revenue	$ 47,703,200	$ 6,838,487	$ 54,541,687
Operating income (loss)	$ 2,847,529	($ 1,041,370)	$ 1,806,159
Depreciation and amortization	$ 61,833	$ 454,405	$ 516,238
Total assets (Note)	$ -	$ -	$ -
Total liabilities (Note)	$ -	$ -	$ -

Note: As the Group's assets and liabilities are not the measurement items used by the chief operating decision-maker in evaluating segments, the measurement amount of the assets and liabilities that shall be disclosed is zero.

(4) Reconciliation for segment income (loss)

The revenue from external parties and segment profit (loss) reported to the chief operating decision-maker are measured in a manner consistent with those in the statement of comprehensive income. Therefore, such reconciliation is not required.

(5) Information on products and services

The revenue from external parties was derived primarily from the development and sale of main boards, interface cards, notebooks, computer peripherals, network & communication products and cell phones.

(6) Geographical information

1) Revenue by geographic area:

	Years ended December 31, 2015	Years ended December 31, 2014
China	$ 17,245,365	$ 15,825,331
Europe	10,954,415	15,779,293
Taiwan	2,252,568	2,919,047
Others	20,376,444	20,018,016
Total	$ 50,828,792	$ 54,541,687

2) Non-current assets:

	Years ended December 31, 2015	Years ended December 31, 2014
Taiwan	$ 2,826,720	$ 2,907,080
China	1,770,130	1,978,366
Others	183,193	209,143
Total	$ 4,780,043	$ 5,094,589

(7) Major customer information

There was no customer accounting for more than 10% of the Group's operating revenue for the years ended December 31, 2015 and 2014.

GIGA-BYTE TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2015

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser/ guarantor	Limit on endorsements/ guarantees provided for a single party (Note)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided（Note）	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Footnote
0	Giga-Byte Technology Co., Ltd.	Cloud Ride Limited	Indirect subsidiary	$ 327,353	$ 182,204	$ 181,863	$ 56,105	$ -	0.81	$ 6,761,690	Y	N	N	
1	Ningbo Zhongjia Technology Co., Ltd.	Ningbo Giga-Byte Technology Co., Ltd.	Associates	135,452	4,174	4,026	4,026	-	0.59	203,178	N	N	Y	
1	Ningbo Zhongjia Technology Co., Ltd.	Shenzhen Strongjet Supply Chain Co., Limited	Having business relationship	135,452	49,571	47,814	-	-	7.06	203,178	N	N	Y	
1	Ningbo Zhongjia Technology Co., Ltd.	Shenzhen Prolto Supply Chain Management Co., Ltd.	Having business relationship	135,452	2,609	2,517	-	-	0.37	203,178	N	N	Y	

Note: The Company and the subsidiaries’ new ceiling of total outstanding guarantees is 30% of the Company’s net value. The ceiling for single party (except the Company’s 100% owned subsidiary) is 20% of net value, and should not exceed 50% of the Company’s capital. However, the ceiling of the Company’s 100% owned subsidiary is 20% of the Company’s net value, but shall not exceed 300% of subsidiary’s capital.

GIGA-BYTE TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2015

Table 2

Expressed in thousands of NTD

(Except as otherwise indicated)

				As of December 31, 2015				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Giga-Byte Technology Co., Ltd.	Beneficiary certificates -CTBC Hwa-Win Money Market Fund	None	Financial assets at fair value through profit or loss-current	3,697,115	$ 40,000	-	$ 40,232	
	Hua Nan Phoenix Money Market Fund	〃	〃	1,250,352	20,000	-	20,100	
	Manulife Asia Pacific Bond Fund	〃	〃	4,313,752	50,000	-	50,351	
	CTBC Multiple Income Fund A	〃	〃	900,000	9,000	-	9,024	
	Beneficiary certificates -Morgan Stanley Money Market Fund	〃	〃	-	5,836	-	5,631	
	Morgan Stanley Opportunistic Mortgage Income Fund LP	〃	〃	-	14,818	-	15,874	
	Corporate bonds -Deutsche Bank AG 4.5%	〃	〃	1,400,000	43,429	-	43,742	
	Standard Chartered PLC 3.95%	〃	〃	560,000	16,822	-	17,835	
	Barclays PLC 4.375%	〃	〃	1,400,000	43,302	-	45,468	
	Morgan Stanley 3.95%	〃	〃	500,000	14,895	-	15,976	
	Government bond－Indonesia Government International Bond 4.125%	〃	〃	500,000	16,298	-	15,768	
					274,400		$ 280,001	
			Gain on valuation of financial assets		5,601			
					$ 280,001			
	Mustardgiga Corp.	〃	Available-for-sale financial assets-non-current	4,500	$ 1,222	-	$ -	
			Accumulated impairment		(1,222)			
					$ -			
	Chinatrust Commercial Bank Senior-Unsecured Financial Bonds 2013 Phase I	〃	Held-to-maturity financial assets-current		$ 150,990	-	$ 150,243	
	TWD 3 year callable spread leverage investment contract	〃	Other financial assets -current		$ 290,000	-	$ 290,233	
Chi-Ga Investments Corp.	Walsin Technology Corporation	None	Financial assets at fair value through profit or loss-current	7,698,080	$ 162,855	1.37%	$ 153,192	
	FSITC Taiwan Bond Fund	〃	〃	1,366,537	17,812	-	20,631	
	Yuanta Wan Tai Money Market	〃	〃	5,390,918	79,483	-	80,683	
	Nomura Taiwan Money Market	〃	〃	7,945,356	126,239	-	128,030	
	Manulife Asia Pacific Bond Fund-A	〃	〃	1,331,876	14,818	-	15,546	
	Yuanta De-Bao Money Market Fund	〃	〃	1,442,941	17,000	-	17,131	
					418,207		415,213	
			Loss on valuation of financial assets		(2,994)			
					$ 415,213			
	Info-Tek Corp.	None	Available-for-sale financial assets-current	9,406,586	$ 106,165	8.10%	$ 47,974	
			Valuation adjustment		(564)			
			Accumulated impairment		(57,627)			
					$ 47,974			

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 2015 Number of shares	Book value	Ownership (%)	Fair value	Footnote
Chi-Ga Investments Corp.	Hui Yang Venture Capital Co., Ltd.	None	Available-for-sale financial assets-non-current	1,050,000	$ 10,500	7.69%	$ 40,773	
	Heimavista etc.	〃	None	Omitted	11,520	0.11%~ 10.20%	15,573	
					22,020		$ 56,346	
			Valuation adjustment		38,000			
			Accumulated impairment		(3,674)			
					$ 56,346			
Giga-Trend International Investment Group Ltd.	Eastspring Investments Well Pool Money Market Fund etc.	None	Financial assets at fair value through profit or loss-current	Omitted	$ 220,955	-	$ 224,928	
			Gain on valuation of financial assets		3,973			
					$ 224,928			
	Innodisk Corprоration etc.	〃	Available-for-sale financial assets-non-current	Omitted	$ 167,593	-	$ 125,083	
			Valuation adjustment		(42,510)			
					$ 125,083			
	Eversol Corporation etc.	〃	Available-for-sale financial assets-non-current	Omitted	$ 151,543	-	$ 133,785	
			Accumulated impairment		(17,758)			
					$ 133,785			
Gigatrend Technology Co., Ltd.	FSITC Bond Fund	None	Financial assets at fair value through profit or loss-current	494,294	$ 84,247	-	$ 87,063	
	FSITC Taiwan Money Market Fund	〃	〃	6,620,799	97,000	-	99,955	
			Gain on valuation of financial assets		5,771		$ 187,018	
					$ 187,018			
Freedom International Group Ltd.	JPMORGAN CHASE & CO 4.125%	None	Financial assets at fair value through profit or loss-current	5,000	USD 503 thousand	-	USD 497 thousand	
	PRUDENTIAL FINANCIAL INC VRN	〃	〃	5,000	USD 505 thousand	-	USD 491 thousand	
	INDONESIA GOVERNMENT BOND 4.125%	〃	〃	10,000	USD1,020 thousand	-	USD 954 thousand	
	BARCLAYS PLC 4.375% ECLEAR	〃	〃	5,000	USD 512 thousand	-	USD 491 thousand	
					USD2,540 thousand		USD 2,433 thousand	
			Gain on valuation of financial assets		(USD 107 thousand)			
					USD2,433 thousand			
G-Style Co., Ltd.	JM Material Technology Inc.	None	Available-for-sale financial assets-non-current	160,000	$ 20,000	12.20%	$ 20,000	

GIGA-BYTE TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital

Year ended December 31, 2015

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

					Balance as at January 1, 2015		Addition		Disposal				Balance as at December 31, 2015	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
Giga-Byte Technology Co., Ltd.	Chinatrust Commercial Bank - TWD 3 year callable range accrual investment contract	Other financial assets -current	None	None	-	$ 700,000	-	-	-	$ 700,000	$ 700,000	-	-	-
Ningbo Gigabyte Technology Co., Ltd.	China Construction Bank Qianyuan Capital Guarantee RMB wealth investment products	Other financial assets -current	None	None	-	RMB 85,000 thousand	-	RMB180,000 thousand	-	RMB265,000 thousand	RMB265,000 thousand	-	-	-
Dongguan Gigabyte Electronics Co., Ltd.	China Construction Bank Qianyuan Capital Guarantee RMB wealth investment products	Other financial assets -current	None	None	-	-	-	RMB180,000 thousand	-	RMB180,000 thousand	RMB180,000 thousand	-	-	-

Note: Trading amounts are expressed in total amounts.

GIGA-BYTE TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2015

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Giga-Byte Technology Co., Ltd.	Giga Advance (Labuan) Limited	An indirect wholly-owned subsidiary	(Sales)	$ 16,028,642	(34%)	14 days after receipt of goods	The price was based on the contract price	Normal	$ 387,654	8%	
	G.B.T. Inc.	A wholly-owned subsidiary	〃	6,041,858	(13%)	90 days after receipt of goods	〃	〃	1,091,148	23%	
	G-Style Co., Ltd.	〃	〃	838,920	(2%)	90 days after billing	〃	〃	168,610	4%	
	Giga-Byte Technology B.V.	〃	〃	209,966	-	60 days after billing	〃	〃	24,790	1%	
	G.B.T. LBN Inc.	An indirect wholly-owned subsidiary	Processing cost	1,462,877	69%	30 days after billing	〃	〃	(260,847)	5%	
	〃	〃	Purchases	460,058	1%	30 days after billing	〃	〃	(141,966)	3%	
G.B.T. Inc.	Giga-Byte Technology Co., Ltd.	A wholly-owned subsidiary	Purchases	USD 202,499 thousand	100%	90 days after receipt of goods	The price was based on the contract price	Normal	(USD 57,808 thousand)	99%	
Giga-Byte Technology B.V.	Giga-Byte Technology Co., Ltd.	A wholly-owned subsidiary	Purchases	USD 6,978 thousand	100%	60 days after billing	The price was based on the contract price	Normal	USD 730 thousand)	44%	
Giga Advance (Labuan) Limited	Giga-Byte Technology Co., Ltd.	An indirect wholly-owned subsidiary	Purchases	USD 507,800 thousand	100%	14 days after receipt of goods	The price was based on the contract price	Normal	(USD 11,724 thousand)	100%	
G-Style Co., Ltd.	Giga-Byte Technology Co., Ltd.	A wholly-owned subsidiary	Purchases	$ 793,254	66%	90 days after billing	The price was based on the contract price	Normal	($ 167,794)	73%	
G.B.T. LBN Inc.	Ningbo Gigabyte Technology Co., Ltd.	Associates	Purchases	USD 24,353 thousand	49%	45 days after billing	The price was based on the contract price	Normal	USD 5,328 thousand)	52%	
	Dongguan Gigabyte Electronics Co., Ltd.	〃	〃	USD 25,486 thousand	51%	〃	〃	〃	USD 4,791 thousand)	47%	
	Giga-Byte Technology Co., Ltd.	An indirect wholly-owned subsidiary	(Sales)	USD 60,386 thousand	(100%)	30 days after billing	〃	〃	USD 12,182 thousand	100%	
Giga Advance (Labuan) Limited	Ningbo Zhongjia Technology Co., Ltd.	Associates	(Sales)	USD 504,538 thousand	(100%)	14 days after receipt of goods	The price was based on the contract price	Normal	USD 33,232 thousand	100%	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
Ningbo Zhongjia Technology Co., Ltd.	Giga Advance (Labuan) Limited	Associates	Purchases	RMB 3,161,438 thousand	98%	14 days after receipt of goods	The price was based on the contract price	Normal	(RMB 218,334 thousand)	93%	
	Ningbo BestYield Tech. Services Co.,Ltd.	〃	〃	RMB 51,822 thousand	2%	30 days after billing	〃	〃	RMB 9,115 thousand)	4%	
Ningbo Gigabyte Technology Co., Ltd.	G.B.T. LBN Inc.	Associates	(Sales)	RMB 52,595 thousand	(100%)	45 days after billing	The price was based on the contract price	Normal	RMB 35,004 thousand	100%	
Dongguan Gigabyte Electronics Co., Ltd.	G.B.T. LBN Inc.	Associates	(Sales)	RMB 159,697 thousand	(100%)	45 days after billing	The price was based on the contract price	Normal	RMB 31,479 thousand	100%	

Note: The balance is not adjusted in accordance with the rules prescribed in the Tai-Tsai-Tseng (Chi) Letter No. 01644 issued by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan.

GIGA-BYTE TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2015

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	A wholly-owned subsidiary	$ 1,091,148	5.17	$ -	-	$ 1,091,148	$ -
	Giga Advance (Labuan) Limited	A indirect wholly-owned subsidiary	387,654	82.70	-	-	387,654	-
	G-Style Co., Ltd.	A wholly-owned subsidiary	168,610	3.10	-	-	101,712	-
Ningbo Gigabyte Technology Co., Ltd.	G.B.T. LBN Inc.	Associates	RMB 35,004 thousand	4.90	-	-	RMB 30,249 thousand	-
Dongguan Gigabyte Electronics Co., Ltd.	G.B.T. LBN Inc.	Associates	RMB 31,479 thousand	5.72	-	-	RMB 18,029 thousand	-
Giga Advance (Labuan) Limited	Ningbo Zhongjia Technology Co., Ltd.	Associates	USD 33,232 thousand	18.87	-	-	USD 33,232 thousand	-
G.B.T. LBN Inc.	Giga-Byte Technology Co., Ltd.	A indirect wholly-owned subsidiary	USD 12,182 thousand	5.14	-	-	USD 11,476 thousand	-

Note: The balance is not adjusted in accordance with the rules prescribed in the Tai-Tsai-Tseng (Chi) Letter No. 01644 issued by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan.

GIGA-BYTE TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods

Year ended December 31, 2015

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Number	Company name	Counterparty	Relationship	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets
0	Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Parent company to subsidiary	Sales	$ 209,966	Note 1	-
		G.B.T. Inc.	〃	〃	6,041,858	〃	12%
		Giga Advance (Labuan) Limited	Parent company to second-tier subsidiary	〃	16,028,642	Note 6	32%
		G.B.T. LBN Inc.	〃	〃	84,752	Note 3	-
		G-Style Co., Ltd.	Parent company to subsidiary	〃	838,920	Note 4	2%
		G.B.T. LBN Inc.	Parent company to second-tier subsidiary	Processing expenses	1,462,877	Note 3	3%
		Giga-Byte Technology B.V.	Parent company to subsidiary	Service expense	104,585	〃	-
		〃	〃	Service charge	123,616	〃	-
		G.B.T. LBN Inc.	Parent company to second-tier subsidiary	Purchases	460,058	〃	1%
		〃	〃	Other expense	200,501	〃	-
		〃	〃	Accounts payable	410,904	〃	1%
		G.B.T. Inc.	Parent company to subsidiary	Accounts receivable	1,091,148	Note 1	3%
		Giga Advance (Labuan) Limited	Parent company to second-tier subsidiary	〃	387,654	Note 6	1%
		G-Style Co., Ltd.	Parent company to subsidiary	〃	168,610	Note 4	1%
1	Giga-Byte Technology B.V.	G.B.T. Technology Trading GmbH,etc.	Subsidiary to subsidiary	Commission	129,796	Note 5	-
2	Giga Advance (Labuan) Limited	Ningbo Zhongjia Technology Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Sales	16,045,207	Note 6	32%
3	G.B.T. LBN Inc.	Ningbo Gigabyte Technology Co., Ltd.	Second-tier subsidiary to second-tier subsidiary	Purchases	776,872	Note 2	2%
		Dongguan Gigabyte Electronice Co.,Ltd.	〃	〃	811,423	〃	2%
4	Ningbo Zhongjia Technology Co., Ltd.	Ningbo BestYield Tech. Services Co.,Ltd.	Second-tier subsidiary to second-tier subsidiary	Warranty cost	290,133	Note 3	1%

Note 1 : Credit terms were 60 days after billing or 90 days upon receipt of goods.
Note 2 : Credit terms were 45 days after billing.
Note 3 : Credit terms were 30 days after billing.
Note 4 : Credit terms were 90 days after billing.
Note 5 : Credit terms were 180 days upon receipt of goods.
Note 6 : Credit terms were 14 days upon receipt of goods.

GIGA-BYTE TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

Information on investees

Year ended December 31, 2015

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2015					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2015	Balance as at December 31, 2014	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income(loss) recognised by the Company for the year ended December 31, 2015	Footnote
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	British Virgin Islands	Holding company	$ 4,617,682	$ 4,617,682	142,671,692	100.00	$ 5,560,442	($ 293,368)	($ 293,368)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Chi-Ga Investments Corp.	Taiwan	Holding company	1,775,000	1,775,000	177,500,000	100.00	1,781,053	(19,368)	(22,121)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G-Style Co., Ltd.	Taiwan	Manufacturing and selling of notebooks	910,000	610,000	72,000,000	100.00	569,849	(147,389)	(154,763)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Byte Communication Inc.	Taiwan	Manufacturing and selling of communications	345,782	345,782	34,578,228	99.12	30,182	(78,202)	(78,202)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Zone International Co., Ltd.	Taiwan	Selling of PC peripherals	54,965	54,965	9,142,702	100.00	-	(31,536)	(31,551)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Netherlands	Sales of computer information products	25,984	25,984	8,500	100.00	108,800	18,137	18,137	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	GBT Tech. Co. Ltd	U.K.	Marketing of computer information products	47,488	47,488	800,000	100.00	9,721	899	425	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Nippon Giga-Byte Corp.	Japan	Marketing of computer information products	3,495	3,495	1,000	100.00	7,315	4,264	4,264	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Technology Trading GmbH	Germany	Marketing of computer information products	24,614	24,614	-	100.00	50,895	3,377	2,916	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology Pty. Ltd.	AUS	Marketing of computer information products	9,346	9,346	400,000	100.00	13,944	897	541	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology (India) Private Limited	India	Marketing and maintenance of computer information products	182,868	182,868	4,600,000	100.00	8,087	(2,116)	(2,116)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Global Business Corporation	U.S.A.	ODM Business	322	322	1,000	100.00	331	-	-	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology ESPANA S.L.U.	Spain	Marketing of computer information products	241	241	5,000	100.00	1,934	(914)	(914)	The Company's subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2015	Initial investment amount: Balance as at December 31, 2014	Shares held as at December 31, 2015: Number of shares	Shares held as at December 31, 2015: Ownership (%)	Shares held as at December 31, 2015: Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income(loss) recognised by the Company for the year ended December 31, 2015	Footnote
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	90,660	90,660	54,116	48.63	35,796	36,603	17,800	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Information Technology Commerce Limited Company	Turkey	Marketing of computer information products	3,541	3,541	8,000	100.00	3,870	376	376	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology LLC	South Korea	Marketing of computer information products	22,534	22,534	168,000	100.00	36,423	4,013	4,013	The Company's subsidiary
Giga-Byte Technology B.V.	Gigabyte Technology France	France	Marketing of computer information products	6,200	6,200	20,000	100.00	9,037	390	-	The Company's indirect subsidiary
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Poland	Marketing and maintenance of computer information products	500	500	100	100.00	1,888	592	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Charleston Investments Limited	Cayman Islands	Holding company	1,844,922	1,844,922	57,032,142	100.00	2,557,554	(288,876)	-	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. LBN Inc.	Malaysia	Sales of computer information products	-	-	-	100.00	-	(94,546)	-	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. Inc.	U.S.A.	Sales of computer information products	109,459	109,459	57,169	51.37	37,819	36,603	-	The Company's subsidiary
Freedom International Group Ltd.	Gigabyte Trading Inc.	U.S.A.	ODM Business	1,623	1,623	50,000	100.00	1,992	814	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Giga Future Limited	British Virgin Islands	Holding company	2,689,068	2,689,068	82,819,550	100.00	2,940,122	65,837	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Aorus Pte. Ltd.	Singapore	Marketing of computer information products	-	60,757	-	-	-	(895)	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Giga Advance (Labuan)Limited	Malaysia	Sales of computer information products	5,648	5,648	10,000	100.00	15,366	3,594	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Gigatrend Technology Co., Ltd.	Taiwan	Manufacturing and selling electronic components and parts	175,000	175,000	17,500,000	100.00	197,892	2,188	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Giga-Trend International Investment Group Ltd.	Taiwan	Holding company	600,000	600,000	64,222,000	100.00	630,923	11,621	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Giga-Trend International Management Group Ltd.	Taiwan	Venture capital management and consulting company	9,320	6,000	762,667	76.27	18,243	4,496	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Senyun Precise Optical Co.,Ltd	Taiwan	Manufacturing and selling of optical lens	207,000	207,000	20,700,000	49.87	162,507	(103,827)	-	Subsidiary's investee company accounted for under the equity method

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2015	Initial investment amount: Balance as at December 31, 2014	Shares held as at December 31, 2015: Number of shares	Shares held as at December 31, 2015: Ownership (%)	Shares held as at December 31, 2015: Book value	Net profit (loss) of the investee for the year ended December 31, 2015	Investment income(loss) recognised by the Company for the year ended December 31, 2015	Footnote
Chi-Ga Investments Corp.	Gigazone Holdings Limited	British Virgin Islands	Holding company	173,928	173,928	34,500	100.00	30,731	(68,509)	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Qsan Technology, Inc.	Taiwan	Manufacturing of information storage and disposal equipment	48,600	48,600	2,700,000	18.45	46,617	(39,106)	-	Subsidiary's investee company accounted for under the equity method
Giga-Byte Communication Inc.	Giga Win Limited	Mauritius	Selling of communications	3,770	3,770	100,000	100.00	2,923	453	-	The Company's indirect subsidiary
Gigatrend Technology Co., Ltd.	Green Share Co., Ltd.	Taiwan	Wholesale of information software	8,160	8,160	816,000	51.00	9,133	2,545	-	The Company's indirect subsidiary
Cloud Ride Ltd.	OGS Europe B.V.	Netherlands	Selling of communications	12,443	12,443	3,000	100.00	12,144	181	-	The Company's indirect subsidiary
Giga-Trend International Investment Group Ltd.	Qsan Technology, Inc.	Taiwan	Manufacturing of information storage and disposal equipment	32,175	32,175	1,787,500	12.22	30,864	(39,106)	-	Subsidiary's investee company accounted for under the equity method
Ningbo BestYield Tech. Services Co.,Ltd.	Cloud Ride Limited	British Virgin Islands	Selling of communications	100,577	100,577	3,300,000	100.00	103,919	(2,892)	-	The Company's indirect subsidiary
G-Style Co., Ltd.	Aorus Pte. Ltd.	Singapore	Marketing of computer information products	25,934	-	3,073,000	100.00	25,563	(895)	-	The Company's indirect subsidiary

GIGA-BYTE TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2015

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2015: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee as of December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of computer information products	$ 1,180,937	Note 1	$ 1,180,937	$ -	-	$ 1,180,937	$ 35,061	100	$ 35,061	$ 1,755,059	-	The Company's indirect subsidiary
Ningbo Gigabyte Technology Co., Ltd.	Manufacturing of computer information products	2,780,313	Note 1	2,780,313	-	-	2,780,313	62,089	100	62,089	2,845,844	-	The Company's indirect subsidiary
Ningbo Giga-Byte International Trade Co., Ltd.	Sales of computer information products	259,752	Note 1	259,752	-	-	259,752	(83,809)	100	(83,809)	854,539	-	The Company's indirect subsidiary
Ningbo BestYield Tech. Services Co.,Ltd.	Maintenance of computer information products	181,923	Note 1	165,515	-	-	165,515	1,136	100	1,136	189,932	-	The Company's indirect subsidiary
Ningbo Zhongjia Technology Co., Ltd.	Sales of computer information products	109,838	Note 2	-	-	-	-	(74,988)	100	(74,988)	677,261	-	The Company's indirect subsidiary
Gigazone International (Shenzhen)	Selling of PC peripherals	350,131	Note 3	203,761	-	-	203,761	(116,162)	100	(116,162)	52,071	-	The Company's indirect subsidiary
Shenzhen BestYield Tech. Services Co.,Ltd.	Maintenance of computer information products	15,841	Note 2	-	-	-	-	(2,377)	100	(2,377)	12,745	-	The Company's indirect subsidiary

Note 1: Invested by Charleston Investments Limited and Giga Future Limited., which are subsidiaries of Freedom International Group Ltd.
Note 2: Invested by Ningbo Giga-Byte International Trade CO., Ltd., which is a subsidiary of Charleston Investment Ltd.
Note 3: Invested by Gigazone Holdings Limited 58.97%, which is a subsidiary of Chi-Ga Investment Corp.; and invested by Ningbo Zhongjia Technology Co., Ltd. 41.03%, which is a subsidiary of Ningbo Giga-Byte International Trade Co., Ltd.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Giga-Byte Technology Co., Ltd.	$ 4,386,517	$ 4,402,053	$ 13,532,051
Chi-Ga Investments Corp.	203,761	203,761	1,058,377

GIGA-BYTE TECHNOLOGY CO.,LTD. AND SUBSIDIARIES

Significant transactions , either directly or indirectly through a third area, with investee companies in the Mainland Area

Year ended December 31, 2015

Table 9

Expressed in thousands of NTD
(Except as otherwise indicated))

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at December 31, 2015	%	Balance at December 31, 2015	Purpose	Maximum balance during the year ended December 31, 2015	Balance at December 31, 2015	Interest rate	Interest during the year ended December 31, 2015	Others
Ningbo Gigabyte Technology Co., Ltd.	$ 8,571	-	$ -	-	$ 13,627	-	$ -	-	$ -	$ -	-	$ -	Processing cost paid at $687,986
Ningbo Zhongjia Technology Co.,	16,045,207	34	-	-	1,121,706	24	-	-	-	-	-	-	
Dongguan Gigabyte Electronics Co., Ltd.	16,214	-	-	-	24,821	-	-	-	-	-	-	-	Processing cost paid at $774,891
Ningbo BestYield Tech. Services Co.,Ltd.	59,967	-	-	-	5,507	-	-	-	-	-	-	-	