GIGA-BYTE TECHNOLOGY CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS

31ST DECEMBER 2012 AND 2011

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.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

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 31st December 2012 and 2011, and the related consolidated statements of income, of changes in shareholders' equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The financial statements of certain consolidated subsidiaries as of and for the year ended 31st December 2011 were audited by other auditors, whose reports thereon were furnished to us. The financial statements of these consolidated subsidiaries reflect total assets of $25,620 thousand, constituting 0.09% of the consolidated total assets as of 31st December 2011, and net operating revenue of $961 thousand, constituting 0% of the consolidated total net operating revenue for the year then ended. Additionally, the financial statements of the investee companies of Giga-Byte Technology Co., Ltd. and its subsidiaries accounted for under the equity method as of and for the years ended 31st December 2012 and 2011 were audited by other auditors, whose reports thereon were furnished to us. Long-term equity investments in these investee companies amounted to $202,888 thousand and $223,280 thousand as of 31st December 2012 and 2011, respectively, and the related investment loss and investment income amounted to $14,462 thousand and $1,842 thousand for the years ended 31st December 2012 and 2011, respectively. Our opinion, insofar as it relates to the amounts included in the consolidated financial statements and information disclosed in Note 11 relating to these consolidated subsidiaries and long-term equity investments, is based solely on the reports of other auditors.

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

In our opinion, based on our audits and the reports of 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 31st December 2012 and 2011, and the results of their operations and their cash flows for the years then ended in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and generally accepted accounting principles in the Republic of China.

Giga-Byte Technology Co., Ltd. adopts International Financial Reporting Standards, International Accounting Standards, and relevant interpretations and interpretative bulletins (collectively referred herein as IFRSs) that are ratified by the Financial Supervisory Commission, R.O.C. (FSC) and the “Rules Governing the Preparation of Financial Statements by Securities Issuers” that are applicable in 2013 in the preparation of its consolidated financial statements effective January 1, 2013. Information relating to the adoption of IFRSs is disclosed in Note 13 under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of the Former Financial Supervisory Commission, Executive Yuan, R.O.C., dated February 2, 2010. The IFRSs may be subject to changes during the time of transition; therefore, the actual impact of IFRSs adoption on Giga-Byte Technology Co., Ltd. may also change.

PricewaterhouseCoopers, Taiwan

25th March 2013

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
(Expressed in thousands of New Taiwan dollars)

	31st December 2012	31st December 2011
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4(1))	$ 8,737,663	$ 9,398,272
Financial assets at fair value through profit or loss-current (Note 4(2))	1,576,676	1,486,256
Available-for-sale financial assets-current (Note 4(5))	69,406	75,050
Notes receivable-net	8,138	15,487
Accounts receivable-net (Note 4(3))	4,962,088	3,434,216
Other receivables	352,005	665,283
Other financial assets-current (Note 4(9))	700,000	290,000
Inventories-net (Note 4(4))	7,511,768	6,887,393
Deferred income tax assets-current (Note 4 (17))	226,096	285,734
Pledged assets (Note 6)	71,444	2,357
Other current assets-others	145,780	366,168
Total current assets	24,361,064	22,906,216
Funds and Investments		
Available-for-sale financial assets-non-current (Note 4(5))	56,621	40,632
Financial assets carried at cost-non-current (Note 4(6))	236,351	229,862
Investments in debt security with no active market-non-current (Note 4(7))	69,593	-
Long-term equity investments accounted for under the equity method (Note 4(8))	202,888	223,280
Other financial assets-non-current (Note 4(9))	880,000	1,000,000
Total funds and investments	1,445,453	1,493,774
Property, Plant and Equipment		
Cost		
Land	1,055,657	980,305
Buildings	3,257,355	3,250,959
Machinery and equipment	3,148,742	3,313,773
Transportation equipment	19,787	21,266
Other equipment	1,031,903	1,117,024
Cost and revaluation increments	8,513,444	8,683,327
Less: Accumulated depreciation (Note 4(10))	(4,115,207)	(4,081,939)
Accumulated impairment loss	(150)	(155)
Construction in progress and prepayments for equipment	13,709	7,937
Total property, plant and equipment	4,411,796	4,609,170
Intangible Assets		
Computer software cost	69,248	35,418
Goodwill	3,562	3,562
Other intangible asset - other	63,791	64,349
Total intangible assets	136,601	103,329
Other Assets		
Rental assets-net (Note 4(11))	46,915	146,508
Refundable deposits	66,430	51,144
Deferred income tax assets - non-current (Note 4(17))	32,347	35,169
Pledged assets (Note 6)	40,955	95,847
Other assets - others	89,186	82,753
Total other assets	275,833	411,421
TOTAL ASSETS	$ 30,630,747	$ 29,523,910

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(Expressed in thousands of New Taiwan dollars)

	31st December 2012	31st December 2011
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term loans (Note 4(12))	$ 215,297	$ 100,580
Financial labilities at fair value through profit or loss-current (Note 4(13)	2,081	-
Notes payable	24,681	35,207
Accounts payable	6,385,965	4,919,374
Income tax payable (Note 4(17))	82,094	361,999
Accrued expenses (Note 4(14))	1,856,073	1,930,306
Other current liabilities (Note 4(15))	1,277,920	1,165,959
Total current liabilities	9,844,111	8,513,425
Other Liabilities		
Accrued pension liabilities (Note 4(16))	165,048	159,182
Other liabilities-other	26,330	123,006
Total other liabilities	191,378	282,188
Total Liabilities	10,035,489	8,795,613
Shareholders' Equity		
Common stock (Note 4(18))	6,258,914	6,383,064
Capital reserve (Note 4(19))		
Paid-in capital in excess of par value of common stock	4,375,965	4,475,652
Capital reserve from conversion of convertible bonds	209,407	209,407
Capital reserve from long-term investments	2,970	2,970
Retained earnings (Note 4(20))		
Legal reserve	2,794,790	2,637,871
Unappropriated earnings	6,477,737	6,432,171
Other adjustment to shareholders' equity		
Cumulative translation adjustments	471,762	630,692
Unrealized (loss) gain on financial instruments	(10,466)	2,675
Asset revaluation increment of investee company	5,382	5,382
Treasury stock (Note 4(21))	-	(60,912)
Total shareholders' equity of the Company	20,586,461	20,718,972
Minority interest	8,797	9,325
Total Shareholders' Equity	20,595,258	20,728,297
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 30,630,747	$ 29,523,910

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

See report of independent accountants dated 25th March 2013.

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

	For the Years Ended 31st December	
	2012	2011
Operating revenues		
Sales	$ 47,275,080	$ 47,367,041
Sales returns	(102,937)	(734,048)
Sales allowances	(1,374,485)	(1,185,009)
Net sales	45,797,658	45,447,984
Operating costs (Notes 4(4) and (24))		
Cost of goods sold	(37,916,068)	(37,526,500)
Gross profit	7,881,590	7,921,484
Operating expenses (Note 4(24))		
Selling and marketing expenses	(3,412,083)	(3,372,554)
General and administrative expenses	(1,601,829)	(1,900,247)
Research and development expenses	(1,633,757)	(1,613,094)
Total operating expenses	(6,647,669)	(6,885,895)
Operating income	1,233,921	1,035,589
Non-operating income		
Interest income	93,333	73,301
Dividend income	23,589	58,884
Gain on disposal of investments	48,528	7,327
Foreign exchange gain	12,405	420,557
Gain on valuation of financial assets	11,538	-
Other non-operating income	380,643	594,318
Non-operating income	570,036	1,154,387
Non-operating expenses		
Interest expense	(2,356)	(3,152)
Investment loss accounted for under the equity method (Note 4(8))	(14,462)	(1,842)
Impairment loss	(5,644)	(39,983)
Loss on valuation of financial assets	-	(108,150)
Other expenses	(4,780)	(49,175)
Non-operating expenses	(27,242)	(202,302)
Income before income tax	1,776,715	1,987,674
Income tax expense (Note 4(17))	(222,230)	(435,614)
Consolidated net income	$ 1,554,485	$ 1,552,060
Attributable to:		
Equity holders of the Company	$ 1,552,570	$ 1,569,187
Minority interest	1,915	(17,127)
	$ 1,554,485	$ 1,552,060

	2012 Before tax	2012 After tax	2011 Before tax	2011 After tax
Earnings per share (in New Taiwan dollars) (Note 4(23))				
Basic earnings per share				
Net income from continuing operations	$ 2.84	$ 2.48	$ 3.12	$ 2.43
Minority interest	-	-	(0.03)	0.03
Net income	$ 2.84	$ 2.48	$ 3.09	$ 2.46
Diluted earnings per share				
Net income from continuing operations	$ 2.78	$ 2.43	$ 3.04	$ 2.37
Minority interest	-	-	(0.03)	0.03
Net income	$ 2.78	$ 2.43	$ 3.01	$ 2.40

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated 25th March 2013.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
For the Years Ended 31st December 2012 and 2011
(Expressed in thousands of New Taiwan dollars)

		Capital Reserve			Retained Earnings							
	Common Stock	Paid-in Capital in Excess of Par Value of Common Stock	Capital Reserve from Conversion of Convertible Bonds	Capital Reserve from Long-term Investments	Legal Reserve	Unappropriated Earnings	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Asset Revaluation Increment of Investee Company	Treasury Stock	Minority Interest	Total
2011												
Balance at 1st January 2011	$ 6,346,104	$ 4,454,267	$ 209,407	$ 2,970	$ 2,427,515	$ 6,666,519	$ 260,324	($ 7,168)	$ 5,382	$ -	$ 51,472	$ 20,416,792
Appropriations of 2010 retained earnings:												
Legal reserve	-	-	-	-	210,356	(210,356)	-	-	-	-	-	-
Cash dividends declared	-	-	-	-	-	(1,593,179)	-	-	-	-	-	(1,593,179)
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	(60,912)	-	(60,912)
Consolidated net income for 2011	-	-	-	-	-	1,569,187	-	-	-	-	(17,127)	1,552,060
Unrealized gain on financial instruments of subsidiaries	-	-	-	-	-	-	-	11,015	-	-	-	11,015
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	(1,172)	-	-	-	(1,172)
Cumulative translation adjustments derived from long-term foreign investments	-	-	-	-	-	-	370,368	-	-	-	-	370,368
Employees' stock options exercised	36,960	21,385	-	-	-	-	-	-	-	-	-	58,345
Changes in minority interest	-	-	-	-	-	-	-	-	-	-	(25,020)	(25,020)
Balance at 31st December 2011	$ 6,383,064	$ 4,475,652	$ 209,407	$ 2,970	$ 2,637,871	$ 6,432,171	$ 630,692	$ 2,675	$ 5,382	($ 60,912)	$ 9,325	$ 20,728,297
2012												
Balance at 1st January 2012	$ 6,383,064	$ 4,475,652	$ 209,407	$ 2,970	$ 2,637,871	$ 6,432,171	$ 630,692	$ 2,675	$ 5,382	($ 60,912)	$ 9,325	$ 20,728,297
Appropriations of 2011 retained earnings:												
Legal reserve	-	-	-	-	156,919	(156,919)	-	-	-	-	-	-
Cash dividends declared	-	-	-	-	-	(1,248,645)	-	-	-	-	-	(1,248,645)
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	(339,054)	-	(339,054)
Treasury stock retired	(175,600)	(122,926)	-	-	-	(101,440)	-	-	-	399,966	-	-
Consolidated net income for 2012	-	-	-	-	-	1,552,570	-	-	-	-	1,915	1,554,485
Unrealized gain on financial instruments of subsidiaries	-	-	-	-	-	-	-	(15,375)	-	-	-	(15,375)
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	2,234	-	-	-	2,234
Cumulative translation adjustments derived from long-term foreign investments	-	-	-	-	-	-	(158,930)	-	-	-	-	(158,930)
Employees' stock options exercised	51,450	23,239	-	-	-	-	-	-	-	-	-	74,689
Changes in minority interest	-	-	-	-	-	-	-	-	-	-	(2,443)	(2,443)
Balance at 31st December 2012	$ 6,258,914	$ 4,375,965	$ 209,407	$ 2,970	$ 2,794,790	$ 6,477,737	$ 471,762	($ 10,466)	$ 5,382	$ -	$ 8,797	$ 20,595,258

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated 25th March 2013.

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

	For the Years Ended 31st December	
	2012	2011
Cash flows from operating activities:		
Consolidated net income	$ 1,554,485	$ 1,552,060
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
(Gain) loss on valuation of financial assets	(11,538)	108,150
Provision for doubtful accounts	9,793	227,376
(Reversal of) allowance for inventory obsolescence and market price decline	(78,184)	128,995
(Gain) loss on disposal of available-for-sale financial assets	(18,043)	445
Impairment loss on available-for-sale financial assets	5,644	29,983
Gain on disposal of financial assets carried at cost	(24,743)	(4,922)
Impairment loss on financial assets at cost-non-current	-	10,000
Cash dividends from financial assets carried at cost	2,700	-
(Gain) loss on long-term equity investments accounted for under the equity method	14,462	1,842
(Gain) loss on disposal of property, plant and equipment, net	(20,413)	19,098
Depreciation	387,112	417,601
Depreciation on rental asset	680	-
Amortization	131,605	173,760
Changes in assets and liabilities:		
(Increase) decrease in assets		
Financial assets at fair value through profit or loss	(76,801)	(135,851)
Notes receivable	7,349	(8,942)
Accounts receivable	(1,526,171)	2,029,583
Other receivables	313,278	(161,727)
Inventories	(544,431)	1,392,984
Deferred income tax assets	62,460	76,550
Other current assets	220,388	(41,154)
Increase (decrease) in liabilities		
Notes payable	(10,526)	(10,281)
Accounts payable	1,466,591	(1,147,414)
Income tax payable	(279,905)	109,023
Accrued expenses	(74,233)	(15,367)
Other current liabilities	111,961	(358,364)
Accrued pension liabilities	5,866	3,967
Net cash provided by operating activities	1,629,386	4,397,395

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GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Expressed in thousands of New Taiwan dollars)

	For the Years Ended 31st December	
	2012	2011
Cash flows from investing activities:		
Increase in available-for-sale financial assets	($ 198,315)	($ 35,592)
Proceeds from disposal of available-for-sale financial assets	193,159	6,599
Acquisition of financial assets carried at cost	(54,648)	(52,445)
Proceeds from capital reduction of investee in financial assets carried at cost	37,500	63,450
Proceeds from disposal of financial assets carried at cost	32,701	196,182
Increase in investment in bonds without active markets	(69,593)	-
Increase in other financial assets	(290,000)	-
Acquisition of property, plant and equipment	(207,788)	(773,943)
Proceeds from disposal of property, plant and equipment	42,741	40,449
Increaase in comptuer software cost	(92,168)	(72,070)
Increase in other intangible asset-other	(63,055)	(96,973)
Increase in refundable deposits	(15,286)	(2,935)
Increase in pledged assets	(14,195)	(40,033)
(Increase) decrease in other assets - others	(16,087)	47,327
Net cash used in investing activities	(715,034)	(719,984)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	114,717	(48,804)
Decrease in other liabilities-others	(96,676)	(5,878)
Proceeds from employees' stock option exercised	74,689	58,345
Cash dividends paid	(1,248,645)	(1,593,179)
Acquisition of treasury stock	(339,054)	(60,912)
Decrease in minority interest	(2,443)	(25,020)
Net cash used in financing activities	(1,497,412)	(1,675,448)
Effect of change in exchange rates on foreign currency holdings	(77,549)	289,999
Net (decrease) increase in cash and cash equivalents	(660,609)	2,291,962
Cash and cash equivalents at beginning of year	9,398,272	7,106,310
Cash and cash equivalents at end of year	$ 8,737,663	$ 9,398,272
Supplemental disclosures of cash flow information:		
Interest paid	$ 2,356	$ 3,152
Income tax paid	$ 433,788	$ 236,726

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated 25th March 2013.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31ST DECEMBER 2012 AND 2011
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

1) GIGA-BYTE TECHNOLOGY CO., LTD. (the "Company")

The Company was incorporated as a company limited by shares under the provisions of the Company Law of the Republic of China (R.O.C.) on 30th April 1986. The Company is engaged in the manufacturing, processing and trading of computer peripheral and component parts. The Company's shares have been traded on the Taiwan Stock Exchange since 24th September 1998.

2) As of 31st December 2012, the Company and its subsidiaries included in the consolidated financial statements have approximately 7,500 employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements of the Company and its subsidiaries (collectively referred herein as the Group) are prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and accounting principles generally accepted in the Republic of China. The Group's significant accounting policies are summarized below:

1) Basis for preparation of consolidated financial statements

A. All majority-owned subsidiaries and controlled entities are included in the consolidated financial statements. The Company prepares consolidated financial statements on a quarterly basis. The income (loss) of the subsidiaries is included in the consolidated statement of income effective on the date the Company gains control over the subsidiaries. The income (loss) of the subsidiaries is excluded from the consolidated statement of income effective the date on which the Company loses control over the subsidiaries. Significant inter-company transactions and assets and liabilities arising from inter-company transactions are eliminated.

B. Subsidiaries included in the consolidated financial statements

			% of shares held as of 31st December		
Investor	Subsidiary	Main activities	2012	2011	Description
The Company	Freedom International Group Ltd.	Holding company	100.00	100.00	
〃	G.B.T., Inc.	Selling of motherboards	48.63	48.63	
〃	G.B.T. Technology Trading GmbH	〃	100.00	100.00	
〃	Nippon Giga-Byte Corp.	〃	100.00	100.00	
〃	GBT Tech. Co., Ltd.	〃	100.00	100.00	
〃	Giga-Byte Technology B.V.	〃	100.00	100.00	
〃	Gigabyte Technology Pty. Ltd.	Repairing of motherboards	100.00	100.00	

Investor	Subsidiary	Main activities	% of shares held as of 31st December 2012	2011	Description
The Company	Chi-Ga Investment Corp.	Holding company	100.00	100.00	
〃	Gigabyte Technology (India) Private Limited	Selling of motherboards	100.00	100.00	
〃	eRiver Precision Machining Co., Ltd.	Metal work	-	100.00	Note 1
〃	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	94.81	
〃	Gigabyte Advance (Labuan) Limited	Selling of motherboards	100.00	100.00	
〃	Gigabyte Technology ESPANA S.L.U.	Repairing of motherboards	100.00	100.00	
〃	Gigabyte Global Business Corporation	Selling of ODM products	100.00	100.00	
〃	Axper International (Labuan) Inc.	Holding company	100.00	100.00	
〃	Gigabyte Information Technology Commerce Limited Company	Repairing of motherboards	100.00	100.00	
〃	Gigabyte Technology LLC	Selling of motherboards	100.00	-	Note 3
Freedom International Group Ltd.	Charleston Investments Limited	Holding company	100.00	100.00	
〃	Giga Future Limited	〃	100.00	100.00	
〃	G.B.T LBN Inc.	Selling of motherboards	100.00	100.00	
〃	G.B.T., Inc.	〃	51.37	51.37	
〃	Gigabyte Singapore Pte. Ltd.	〃	100.00	100.00	
〃	Gigabyte Trading Inc.	Selling of ODM products	100.00	-	Note 3
Giga-Byte Technology B.V.	Gigabyte Technology France	Selling of motherboards	100.00	100.00	
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Repairing of motherboards	100.00	100.00	
Charleston Investments Limited	Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of motherboards	100.00	100.00	
〃	Ningbo Giga-Byte International Trade Co., Ltd.	Selling of motherboards	100.00	100.00	
〃	Ningbo Best Yield Technology Services Co., Ltd.	Repairing of motherboards	100.00	100.00	
Giga Future Limited	Ningbo Giga-Byte Technology Co., Ltd.	Manufacturing of motherboards	100.00	100.00	

Investor	Subsidiary	Main activities	% of shares held as of 31st December 2012	2011	Description
Ningbo Giga-Byte International Trade Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	Selling of motherboards	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	60.00	60.00	
Giga-Byte Communications Inc.	GSmart Holding Limited	Holding company	-	100.00	Note 2
〃	Giga Win Limited	Selling of communications	100.00	-	Note 4
GSmart Holding Limited	Giga Win Limited	〃	-	100.00	Note 4
Giga-Zone International Co., Ltd.	Gigazone Holdings Limited	Holding company	100.00	100.00	
Gigazone Holdings Limited	Gigazone International (Shenzhen)	Selling of PC peripherals	100.00	100.00	

Note 1: Liquidated in April 2012.

Note 2: Liquidated in November 2012.

Note 3: The establishment of new investment in 2012.

Note 4: The shares changed from Gsmart Holdings Limited to Giga-Byte Communications Inc.

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

D. Difference in accounting period of the Company and the subsidiaries: None.

E. Special operating risk in foreign subsidiaries: None.

F. Nature and extent of the restrictions on remittance from subsidiaries to the parent company: None.

G. Information on subsidiaries holding the parent company's securities: None.

H. Information on subsidiaries which issued convertible bonds and stocks:

The issuance of convertible bonds and stocks of the subsidiaries had no significant impact on the Company's shareholders' equity.

2) Translation of financial statements of foreign subsidiaries

Assets and liabilities of foreign subsidiaries are translated into New Taiwan dollars using the exchange rates at the balance sheet date. Equity accounts are translated at historical rates except for beginning retained earnings, which are carried forward from prior year's balance. Dividends are translated at the rates prevailing at the date of declaration. Profit and loss accounts are translated at weighted-average rates of the year. The resulting translation differences are included in "cumulative translation adjustments" under shareholders' equity.

3) Classification of current and non current assets and liabilities

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 realized or consumed, or are intended to be sold within the normal operating cycle;

b. Assets held mainly for trading purposes;

c. Assets that are expected to be realized 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 arising from operating activities 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.

4) Foreign currency transactions

A. Transactions denominated in foreign currencies are translated into functional currency at the spot exchange rates prevailing at the transaction dates. Exchange gains or losses due to the difference between the exchange rate on the transaction date and the exchange rate on the date of actual receipt and payment are recognized in current year's profit or loss.

B. Receivables, other monetary assets and liabilities denominated in foreign currencies are translated at the spot exchange rates prevailing at the balance sheet date. Exchange gains or losses are recognized in profit or loss. However, translation exchange gains or losses on inter-company accounts that are, in nature, deemed long-term is accounted for as a reduction in shareholders' equity.

C. When a gain or loss on a non-monetary item is recognized directly in equity, any exchange component of that gain or loss shall be recognized directly in equity. Conversely, when a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss shall be recognized in profit or loss. However, non-monetary items that are measured on a historical cost basis are translated using the exchange rate at the date of the transaction.

5) Financial assets and financial liabilities at fair value through profit or loss

A. Financial assets at fair value through profit or loss are recognized initially at fair value. Investments in equity instruments are recognized and derecognized using trade date accounting. Investments in debt instruments, beneficiary certificates and derivative financial instruments are recognized and derecognized using settlement date accounting.

B. Any change in the fair value of the assets is included in the current income. The fair value of open-end mutual funds is based on the net asset value at the balance sheet date.

C. Financial assets and financial liabilities at fair value through profit and loss are classified into asset or liability held for trading and those designated at fair value through profit or loss at inception. Financial assets and financial liabilities are classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets and financial liabilities designated as at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis, in accordance with a documented investment strategy. Information about these financial assets and financial liabilities is provided internally on a fair value basis to the Group’s management personnel. The Group’s investment strategy is to invest free cash resources in equity securities. The Group has designated almost all of its compound debt instruments as financial liabilities at fair value through profit and loss.

6) Available-for-sale financial assets

A. Available-for-sale financial assets are recognized and derecognized using trade date accounting and are initially stated at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

B. The financial assets are remeasured and stated at fair value, and the gain or loss is recognized in equity, until the financial asset is derecognized, at which time the cumulative gain or loss previously recognized in equity shall be recognized in profit or loss. The fair value of listed stocks are based on latest quoted fair prices of the accounting period. The fair values of open-end and balanced mutual funds are based on the net asset value at the balance sheet date.

C. If there is any objective evidence that the financial asset is impaired, the cumulative loss that had been recognized directly in equity shall be transferred from equity to profit or loss. When the fair value of an equity instrument subsequently increases, impairment losses recognized previously in profit or loss shall not be reversed.

7) Financial assets carried at cost

A. Investment in unquoted equity instruments is recognized or derecognized using trade date accounting. Such financial asset is recognized initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset and is subsequently carried at cost.

B. If there is any objective evidence that an impairment loss has been incurred, the impairment loss is recognized in the current income. Such impairment loss shall not be reversed when the fair value of the asset subsequently increases.

8) <u>Investment in bonds without active markets</u>

A. Investment in bonds without active markets is recognized and derecognized using settlement date accounting and is stated initially at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

B. This financial asset is carried at amortized cost.

C. If there is any objective evidence that the financial asset is impaired, the impairment loss is recognized in profit or loss. If, subsequently, the fair value of asset increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the previously recognized impairment loss shall be reversed to the extent of the amount of the amortized cost that would have been recognized at the date the impairment is reversed.

9) <u>Derivative financial instruments</u>

Derivative financial instruments entered into for trading purposes: Option contracts are recognized at fair value on trade date; other derivative financial instruments are also recognized at fair value on trade date, which is generally zero. Derivative financial instruments are measured at fair value at the balance sheet date, and any change in the fair value of derivative financial instruments is recognized in the current income and as asset or liability.

10) <u>Notes, accounts, and other receivables</u>

A. Notes and accounts receivable are claims resulting from the sale of goods or services. Receivables arising from transactions other than the sale of goods or services are classified as other receivables. Notes, accounts, and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

B. The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. If such evidence exists, a provision for impairment of financial asset is recognized. The amount of impairment loss is determined based on the difference between the asset’s carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the fair value of the asset subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss. Such recovery of impairment loss shall not result to the asset’s carrying amount greater than its amortized cost where no impairment loss was recognized. Subsequent recoveries of amounts previously written off are recognized in profit or loss.

11) <u>Inventories</u>

The perpetual inventory system is adopted for inventory recognition. Inventories are stated at cost. The cost is determined using the weighted-average method. Fixed manufacturing overhead must be allocated on the basis of the normal capacity of the production equipment. If production fluctuates over interim periods, the cost variances resulting from such fluctuation should be considered as a deferral in the interim financial statements. At the end of period, inventories are evaluated at the lower of cost or net realizable value, and the individual item approach is used in the comparison of cost and net realizable value. The calculation of net realizable value should be based on the estimated selling price in the normal course of business, net of estimated costs of completion and estimated selling expenses.

12) Long-term investments accounted for under the equity method

A. Long-term equity investments in which the Group holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized. Retrospective adjustment of the amount of goodwill amortized in previous year(s) is not required.

B. Unrealized profit and loss of intercompany transactions are eliminated under the equity method.

13) Property, plant and equipment

A. Property, plant and equipment are stated at cost. Interest incurred during the period required to complete and prepare the asset for its intended use is capitalized as part of the total acquisition cost of the asset. Significant renewals and improvements are treated as capital expenditures and depreciated accordingly. Maintenance and repairs are charged to expense as incurred.

B. Depreciation is provided under the straight-line method based on the assets' estimated economic service lives. The estimated economic service lives of property, plant and equipment are 3~10 years except for buildings, the estimated economic service lives of which are 5~55 years.

C. Property, plant and equipment that are idle or have no value in use are reclassified to "other assets" at the lower of the fair value less costs to sell or book value. The resulting difference is included in current operations. Depreciation provided on these assets is charged to non-operating expense.

14) Intangible assets

A. Computer software expenditures are stated at cost and amortized over the estimated life of 3 to 10 years using the straight-line method.

B. Other intangible assets, mainly land-use rights, are stated at cost of acquisition and amortized on a straight-line basis over their estimated useful lives of 40 ~ 50 years.

15) Impairment of non-financial assets

A. The Group recognizes impairment loss when there is indication that the recoverable amount of an asset is less than its carrying amount. The recoverable amount is the higher of the fair value less costs to sell and value in use. The fair value less costs to sell is the amount obtainable from the sale of the asset in an arm's length transaction after deducting any direct incremental disposal costs. The value in use is the present value of estimated future cash flows to be derived from continuing use of the asset and from its disposal at the end of its useful life. When the impairment no longer exists, the impairment loss recognized in prior years shall be recovered.

B. The recoverable amount of goodwill, intangible assets with indefinite useful lives and intangible assets which have not yet been available for use shall be evaluated periodically. Impairment loss will be recognized whenever there is indication that the recoverable amount of these assets is less than their respective carrying amount. Impairment loss of goodwill recognized in prior years is not recoverable in the following years.

16) Warranty

Warranty is provided for repair or replacement of defective products sold. Provision for warranty expense is estimated based on actual warranty cost in accordance with historical cost.

17) Pension plan

A. Under the defined benefit pension plan, net periodic pension costs are recognized in accordance with the actuarial valuation. Net periodic pension costs include service cost, interest cost, expected return on plan assets, and amortization of unrecognized net transition obligation and gains or losses on plan assets. Unrecognized net transition obligation is amortized on a straight-line basis over 7 years.

B. Under the defined contribution pension plan, net periodic pension costs are recognized as incurred.

18) Income tax

A. Provision for income tax includes deferred income tax resulting from temporary differences, investment tax credits and loss carryforward. Valuation allowance on deferred tax assets is provided to the extent that it is more likely than not that the tax benefit will not be realized. Over or under provision of prior years' income tax liabilities is included in current year's income tax. When a change in the tax laws is enacted, the deferred tax liability or asset should be recomputed accordingly in the period of change. The difference between the new amount and the original amount, that is, the effect of changes in the deferred tax liability or asset, should be recognized as an adjustment to income tax expense (benefit) for income from continuing operations in the current period.

B. Investment tax credits arising from research and development, are recognized in the year the related expenditures are incurred.

C. For the Group, an additional 10% tax is levied on the undistributed retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.

19) Treasury stock

A. When a company acquires its outstanding shares as treasury stock, the acquisition cost should be debited to the treasury stock account (a contra account under shareholders' equity) if the shares are purchased.

B. Treasury stocks transferred to employees on or after 1st January 2008 are accounted for in accordance with R.O.C. SFAS No. 39, "Accounting for Share-based Payment".

C. When a company's treasury stock is retired, the treasury stock account should be credited, and the capital surplus- premium on stock account and capital stock account should be debited proportionately according to the share ratio. An excess of the carrying value of treasury stock over the sum of its par value and premium on stock should first be offset against capital surplus from the same class of treasury stock transactions, and the remainder, if any, debited to retained earnings. An excess of the sum of the par value and premium on stock of treasury stock over its carrying value should be credited to capital surplus from the same class of treasury stock transactions.

D. The cost of treasury stock is accounted for on a weighted-average basis.

20) Share-based payment - employee compensation plan

The employee stock options granted from 1st January 2004 through 31st December 2007 are accounted for in accordance with EITF 92-070, EITF 92-071 and EITF 92-072 "Accounting for Employee Stock Options" as prescribed by the Accounting Research and Development Foundation, R.O.C., dated 17th March 2003. Under the share-based employee compensation plan, compensation cost is recognized using the intrinsic value method and pro forma disclosures of net income and earnings per share are prepared in accordance with the R.O.C. SFAS No. 39, "Accounting for Share-based Payment".

21) Employees' bonuses and directors' and supervisors' remuneration

Effective 1st January 2008, pursuant to EITF 96-052 of the Accounting Research and Development Foundation, R.O.C., dated 16th March 2007, "Accounting for Employees' Bonuses and Directors' and Supervisors' Remuneration", the costs of employees' bonuses and directors' and supervisors' remuneration are accounted for as expenses and liabilities, provided that such a recognition is required under legal or constructive obligation and those amounts can be estimated reasonably. However, if the accrued amounts for employees' bonuses and directors' and supervisors' remuneration are significantly different from the actual distributed amounts resolved by the stockholders at their annual stockholders' meeting subsequently, the differences shall be recognized as gain or loss in the following year. In addition, in accordance with EITF 97-127 of the Accounting Research and Development Foundation, R.O.C., dated 31st March 2008, "Criteria for Listed Companies in Calculating the Number of Shares of Employees' Stock Bonus", the Company calculates the number of shares of employees' stock bonus based on the closing price of the Company's common stock at the previous day of the stockholders' meeting held in the year following the financial reporting year, and after taking into account the effects of ex-rights and ex-dividends.

22) Revenues, costs and expenses

Revenues are recognized when the earning process is completed and when they are realized or realizable. Cost is recognized when the related revenue is accrued. Expenses are recognized as incurred.

23) Settlement date accounting

Under the settlement date accounting, any change in the fair value of financial instruments during the period between the trade date and settlement date shall not be recognized for financial assets carried at cost or at amortized cost, and shall be recognized in current income for financial assets at fair value through profit or loss, and in shareholders' equity for available-for-sale financial assets.

24) Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting period. Actual results could differ from those assumptions and estimates.

25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

In accordance with R.O.C. SFAS No. 41, "Operating Segments", segment information is disclosed in the consolidated financial statements rather than in the separate financial statements of the Group.

3. CHANGES IN ACCOUNTING PRINCIPLES

1) Notes, accounts, and other receivables

Effective January 1, 2011, the Group adopted the amendments to R.O.C. SFAS No. 34, "Financial Instruments：Recognition and Measurement". A provision for impairment (bad debts) of notes, accounts, and other receivables is recognized when there is objective evidence that the receivables are impaired. This change in accounting principle had no significant effect on the 2011 consolidated financial statements of the Group.

2) Operating segments

Effective January 1, 2011, the Group adopted the newly issued R.O.C. SFAS No. 41, "Operating Segments" to replace the original R.O.C. SFAS No. 20, "Segment Reporting". In accordance with such standard, the Group restated the segment information for 2010 upon the first adoption of R.O.C. SFAS No. 41. This change in accounting principle had no significant effect on net income and earnings per share for the year ended 31st December 2011.

4. SUMMARY OF SIGNIFICANT ACCOUNTS

1) Cash and cash equivalents

	31st December	
	2012	2011
Cash on hand	$ 42,807	$ 8,889
Checking and demand deposits	4,024,310	3,325,494
Time deposits	4,670,546	6,063,889
	$ 8,737,663	$ 9,398,272

2) Financial assets at fair value through profit or loss

	31st December	
	2012	2011
Current items		
Financial assets held for trading		
Open-end funds-Domestic	$ 1,349,469	$ 1,217,991
Open-end funds-Overseas	97,124	179,870
Listed (OTC) stocks	198,644	198,644
Corporate bonds	45,300	15,150
	1,690,537	1,611,655
Adjustment of financial assets held for trading	(113,861)	(125,399)
	$ 1,576,676	$ 1,486,256

The Group recognized net gain of $17,280 and net loss of $45,516 for the years ended December 31st 2012 and 2011, respectively.

3) Accounts receivable

	31st December	
	2012	2011
Accounts receivable - third parties	$ 5,263,815	$ 3,753,002
Less: Allowance for doubtful accounts	(301,727)	(318,786)
	$ 4,962,088	$ 3,434,216

4) Inventories

	31st December 2012		
	Cost	Allowance for loss on decline in market value	Book value
Raw materials and supplies	$ 1,622,412	($ 82,583)	$ 1,539,829
Work in process	821,032	(14,726)	806,306
Finished goods and merchandise inventories	5,240,939	(75,306)	5,165,633
	$ 7,684,383	($ 172,615)	$ 7,511,768

	31st December 2011		
	Cost	Allowance for loss on decline in market value	Book value
Raw materials and supplies	$ 1,867,519	($ 105,098)	$ 1,762,421
Work in process	1,027,679	(5,690)	1,021,989
Finished goods and merchandise inventories	4,252,587	(149,604)	4,102,983
	$ 7,147,785	($ 260,392)	$ 6,887,393

Expense and loss incurred on inventories for the years ended 31st December 2012 and 2011 were as follows:

	For the years ended 31st December	
	2012	2011
Cost of inventories sold	$ 37,458,639	$ 36,959,642
Cost of warranty	534,836	436,645
Gain from price recovery of inventory (loss on market decline)	(78,174)	128,995
Others	777	1,218
	$ 37,916,078	$ 37,526,500

The Group sold part of its inventories which were declining in market value, then recognized gain from price recovery for the year ended 31st December 2012.

5) Available-for-sale financial assets-non-current

	31st December	
	2012	2011
Current items		
Listed (TSE and OTC) stocks	$ 127,033	$ 127,033
Accumulated impairment	(57,627)	(51,983)
	$ 69,406	$ 75,050

	31st December 2012	31st December 2011
Non current items		
Listed (TSE and OTC) stocks	$ 73,681	$ 35,592
Listed stocks-overseas	-	14,889
Adjustment of financial assets held for trading	(17,060)	(9,849)
	$ 56,621	$ 40,632

6) Financial assets carried at cost-non-current

	31st December 2012	31st December 2011
Emerging and unlisted stocks	$ 258,051	$ 276,667
Impairment loss	(21,700)	(46,805)
	$ 236,351	$ 229,862

Since the stocks held by the Group do not have quotations in an active market and their fair value cannot be measured reliably, the stocks are measured at cost.

7) Investment in bonds without active markets

	31st December 2012	31st December 2011
Financial bonds	$ 48,156	$ -
Corporate bonds	21,437	-
	$ 69,593	$ -

8) Long-term equity investments accounted for under the equity method

Investee Company	31st December 2012 Carrying amount	Percentage ownership as at 31st December 2012	31st December 2011 Carrying amount	Percentage ownership as at 31st December 2011
Giga Win International Venture Investment Group Ltd.	$ 202,888	40.00%	$ 223,280	40.00%

The investment loss of $14,462 and $1,842 recognized for the long-term equity investments accounted for under the equity method for the years ended 31st December 2012 and 2011, respectively, are based on the audited financial statements for the same periods of the investee companies.

9) Other financial assets

	31st December 2012	31st December 2011
Current item		
Structured time deposits	$ 700,000	$ 290,000
Non-current item		
Structured time deposits	$ 880,000	$ 1,000,000

10) Accumulated depreciation

The details of accumulated depreciation were as follows:

	31st December	
	2012	2011
Buildings	$ 1,116,832	$ 1,045,000
Machinery	2,178,981	2,136,467
Transportation equipment	14,776	34,587
Other equipment	804,618	865,885
	$ 4,115,207	$ 4,081,939

11) Rental assets

	31st December 2012		
	Initial cost	Accumulated depreciation	Book value
Land	$ 30,389	$ -	$ 30,389
Buildings	16,998	(472)	16,526
	$ 47,387	($ 472)	$ 46,915

	31st December 2011		
	Initial cost	Accumulated depreciation	Book value
Land	$ 94,231	$ -	$ 94,231
Buildings	52,707	(430)	52,277
	$ 146,938	($ 430)	$ 146,508

12) Short-term loans

	31st December	
	2012	2011
Credit loans	$ 157,025	$ 40,000
Others	58,272	60,580
	$ 215,297	$ 100,580
Interest rates	0.97%~1.45%	1.02%~2.5%

13) Financial liabilities designated as at fair value through profit or loss

	31st December	
	2012	2011
Current items		
Financial liabilities held for trading		
Derivative financial instruments	$ 2,081	$ -

As of 31st December 2012, the derivative financial instruments held by the Group which were not settled are as follows:

Financial Instruments	31st December 2012 Contract Amount (Notional Amount)		Contract period
Forward exchange contracts	GBP	452	11st March 2012

The Group adopts forward exchange contracts to hedge the change of exchange rate due to foreign currency denominated accounts receivable, without adopting the hedging accounting.

The exchange loss on derivative financial instruments was $1,216 and $5,718 for the years ended 31st December 2012 and 2011, respectively.

14) Accrued expenses

	31st December 2012		31st December 2011	
Salary and bonus payable	$	1,179,140	$	1,350,600
Employees' dividends and directors and supervisors' remuneration payable		194,465		192,484
Royalties payable		77,689		84,160
Shipping and freight-in payable		84,111		67,101
Others		320,668		235,961
	$	1,856,073	$	1,930,306

15) Other current liabilities

	31st December 2012		31st December 2011	
Receipts in advance	$	416,670	$	289,895
Provision for warranty expense		476,667		545,429
Others		384,583		330,635
	$	1,277,920	$	1,165,959

16) Pension plans

A. The Company has a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees. Under the defined benefit 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 under the name of the independent retirement fund committee.

(1) The components of net pension cost for 2012 and 2011 based on actuarial assumptions and results were as follows:

	For the years ended 31st December	
	2012	2011
Service cost	$ 7,082	$ 8,697
Interest cost	10,327	11,033
Expected return on plan assets	(4,912)	(4,771)
Amortization of unrecognized net transition obligation	-	647
Net loss not recognized as pension cost	3,497	2,928
Net pension cost	$ 15,994	$ 18,534

(2) As of 31st December 2012 and 2011, the reconciliation of plan funded status to accrued pension cost is shown below:

	31st December	
	2012	2011
Benefit obligation:		
Vested benefit obligation	($ 30,765)	($ 25,435)
Non-vested benefit obligation	(352,351)	(295,197)
Accumulated benefit obligation	(383,116)	(320,632)
Additional benefits based on future salaries	(226,213)	(196,633)
Projected benefit obligation	(609,329)	(517,265)
Fair value of pension plan assets	241,827	239,915
Funded status of the plan	(367,502)	(277,350)
Unrecognized net loss	202,454	118,168
Actuarial pension liabilities	($ 165,048)	($ 159,182)
Vested benefit	($ 35,209)	($ 29,904)

(3) Actuarial pension liabilities

	31st December	
	2012	2011
Discount rate	1.75%	2.00%
Rate of compensation increase	3.00%	3.00%
Expected rate of return on pension plan assets	1.75%	2.00%

B. Pursuant to the “Labor Pension Act” enacted on 1st July 2005, the Company established a defined contribution pension plan covering all domestic employees (the “New Plan”). For employees who elect to participate in the New Plan, the Company contributes monthly 6% of the employees’ salaries and wages paid each month to the employees’ individual pension accounts at the Bureau of Labor Insurance. Benefits accrued are portable upon termination of service. Pension payments to employees are made either by monthly installments or in lump sum from the accumulated contributions and earnings in the employees’ individual accounts. The net pension costs recognized under the New Plan for the years ended 31st December 2012 and 2011 were $105,439 and $93,856, respectively.

C. The Company's mainland subsidiaries have a funded 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 employees' monthly salaries and wages.

The pension costs under defined contribution pension plans for the years ended 31st December 2012 and 2011 were $62,919 and $61,653, respectively.

17) Income tax

A. Income tax expense and income tax payable are reconciled as follows:

	For the years ended 31st December	
	2012	2011
Income tax expense	$ 222,230	$ 435,614
Net change in deferred income tax assets	(62,460)	(76,550)
Under (over) provision of prior year's income tax	37,184	(39,242)
Unpaid prior year's income tax	27,088	54,874
Effect of exchange rate	(23,675)	(1,034)
Prepaid and withholding taxes	(118,273)	(11,663)
Income tax payable	$ 82,094	$ 361,999

B. Deferred income tax assets were as follows:

	31st December			
	2012		2011	
	Amount	Tax effect	Amount	Tax effect
Current:				
Temporary differences				
Provision for warranty expense	$ 476,354	$ 80,980	$ 472,675	$ 80,355
Allowance for inventory loss	156,874	27,583	215,649	39,173
Unrealized profit on intercompany sales	214,272	36,426	256,065	43,531
Unrealized exchange (gain) loss	(40,604)	(6,903)	67,421	11,462
Others	265,663	54,869	268,862	66,643
Investment tax credits		41,058		54,617
Loss carryforward		3,307		735
		237,320		296,516
Valuation allowance - current		(11,224)		(10,782)
Deferred income tax assets - current		$ 226,096		$ 285,734
Non-current:				
Temporary differences				
Long-term equity investment loss accounted for under the equity method	$ 294,794	$ 50,115	$ 359,778	$ 61,162
Pension expense	189,989	32,298	173,589	29,510
Royalty payable	33,000	5,610	33,000	5,610
Others	-	-	72	12
Investment tax credits		-		160,165
Loss carryforward		442,955		433,062
		530,978		689,521
Valuation allowance - non-current		(498,631)		(654,352)
Deferred income tax assets - non-current		$ 32,347		$ 35,169

C. Book-tax differences of 2012 and 2011 mainly come from the investment loss accounted for under the equity method and tax-exempt income.

D. The Company's investment tax credits generated in 2012 were as follows:

Qualifying expenditures	Unutilized investment tax credits	Year of expiration
Research and development expense	$ 41,058	2013

E. As of 31st December 2012, losses available to be carried forward of the subsidiaries were as follows:

Year in which losses incurred	Amount filed/approved	Losses available to be carried forward	Unused loss carryforwards	Year of expiration
2004	$ 86,477	$ 14,701	$ 14,701	2014
2005	334,873	56,928	56,928	2015
2006	366,081	62,234	62,234	2016
2007	421,787	71,704	71,704	2017
2008	343,356	58,371	58,371	2018
2009	423,520	71,998	71,998	2019
2010	322,083	54,754	54,754	2020
2011	138,003	23,461	23,461	2021
2012	188,888	32,111	32,111	2022
	$ 2,625,068	$ 446,262	$ 446,262	

F. The Company is eligible for a 5-year exemption for income tax under the Statute for Upgrading Industry. The details are as follows:

Tax-exempt products	Tax-exempt period
Motherboards and servers etc.	12th June 2009 – 11th June 2013

G. Consolidated entity, Ningbo Giga-Byte Co., Ltd., is a foreign-invested manufacturing enterprise established in the PRC. Under the PRC tax regulations, it is exempt from corporate income tax for the first and second profit-making years and is subject to a 50% reduction of corporate income tax from the third through fifth profit-making years. The Enterprise Income Tax Law took effect in PRC from 2008, therefore, Ningbo Giga-Byte Co., Ltd., is eligible for the tax exemption starting from 2008.

H. As of 31st December 2012, the Company's income tax returns through 2008 have been assessed and approved by the Tax Authority. The Company has applied for tax re-examination for year 2006, because the payroll expense was assessed as not conforming to the regulation of the Tax Law, which caused an additional $54,874 tax payable. Based on the conservatism principle, the Company has accrued such additional tax payable in the 2009 financial statements. According to the report on tax re-examination result issued by the Tax Authority on June 27, 2012, an additional $2,404 tax payable was confirmed for the Company's 2006 income tax return. Therefore, the difference of $52,470 had been adjusted in the income tax expense of 2012.

I. As of 31st December 2012 and 2011, the details of undistributed retained earnings were as follows:

	31st December	
	2012	2011
1) Earnings generated in 1997 and prior years	$ 62,797	$ 164,237
2) Earnings generated since1998	6,414,940	6,267,934
	$ 6,477,737	$ 6,432,171

J. As of 31st December 2012 and 2011, the imputation tax credit account balance and the actual and estimated creditable tax ratio of the total distributed retained earnings were as follows:

	31st December	
	2012	2011
Imputation tax credit account balance	$ 965,284	$ 837,206
Creditable tax ratio of the total distributed retained earnings	15.05%	17.51%
	(estimated)	(actual)

The ratio of imputation credit of 2012 was estimated by the imputation tax credit balance as of 31st December 2012. The actual creditable tax ratio will be adjusted based on the imputation tax credit account balance as of the distribution date.

18) Common stock

A. As of 31st December 2012, the total outstanding Global Depositary Shares (GDS) were 7,509 units, representing 30,052 shares which were issued in Europe, Asia, etc. The main terms and conditions of the GDS are as follows:

1) Voting

Individual holders of GDS have no right to directly exercise voting rights or attend the Company’s shareholders′ meeting, except for the election of the directors and supervisors. If instructed by the GDS holders of at least 51% of the GDS outstanding at the relevant record date, the Depositary will be required to cause the underlying Shares (and Entitlement Certificates) to be voted for or against resolutions (other than election of Directors and/or Supervisors) at shareholders′ meetings in accordance with the instructions of such GDS holders (or their nominees) subject to certain conditions.

2) Sale and withdrawal of GDS

Commencing three months after the initial issue of GDS, in accordance with the applicable R.O.C. law and the Deposit Agreement, a GDS holder may, provided that the Company has delivered to the custodian physical share certificates in respect of the Deposited Shares, withdraw and hold the shares represented by its GDS, or request the Depositary to sell or cause to be sold on behalf of such holder the shares represented by such GDS.

3) Dividends

GDS holders are entitled to receive dividends to the same extent as the holders of common stock subject to the terms of the Deposit Agreement and the applicable laws of the R.O.C.

B. The common shares totaling 17,560,000 shares bought back as treasury stock in 2012 to enhance the Company's credit rating and the shareholders' equity were all retired. The shares change had been registered.

C. As of 31st December 2012 and 2011, the Company's authorized common stock totaled 950,000,000 shares, including 250,000,000 shares reserved for the issuance of stock warrants, convertible preferred stock or convertible bonds with stock warrants, and issued and outstanding common stock totaled 625,891,836 and 635,503,386 shares (after deducting the treasury stock of 2,803,000 shares), respectively, with par value of $10 (in dollars) per share.

D. The number of shares of common stock issued for the year ended 31st December 2012 due to the exercise of employee stock options is 5,145,000 shares. Such shares shall be registered on a quarterly basis pursuant to relevant laws and regulations. As of 25th March 2013, the shares above have been registered.

19) Capital reserve

Pursuant to the R.O.C. Company Law, capital reserve 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 reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover accumulated deficit unless the legal reserve is insufficient.

20) 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 an amount shall be set aside as legal reserve, unless accumulated legal reserve has reached an amount equal to the Company's paid-in capital. Special reserve shall then be set aside or reversed according to the relevant laws and 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 as follows:

(1) 6% to 10% as bonuses to employees;

(2) Not more than 3% as remuneration to directors and supervisors; and

(3) Not less than 87% 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 ten cents (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. The appropriation of 2011 earnings had been proposed by the Board of Directors on 18th June 2012 and the appropriation of 2010 earnings had been resolved at the stockholders' meeting on 15th June 2011. Details are summarized below:

	2011		2010	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 156,919		$ 210,356	
Cash dividends	1,248,645	$ 2.00	1,593,179	$ 2.50
Directors' and Supervisors' remuneration	43,057		54,937	
Employees' cash bonus	143,522		183,124	
	$ 1,592,143		$ 2,041,596	

The amounts of employees' cash bonus and directors' and supervisors' remuneration of 2011 as resolved by stockholders are different from the amounts recognized in the 2011 financial statements (employees' cash bonus: $147,126 and directors' and supervisors' remuneration: $44,138). The difference of $4,685 has been adjusted in the profit or loss of 2012. Information on the appropriation of the Company's employees' bonus and directors' and supervisors' remuneration as resolved by the Board of Directors and approved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

D. The estimated amounts of employees' bonus of 2012 and 2011 are $146,667 and $147,126, respectively; the estimated amounts of directors' and supervisors' remuneration of 2012 and 2011 are $45,081 and $44,138, respectively, and are recognized as operating costs or operating expenses for 2011.

21) Treasury stock

A. Changes in the treasury stock for the years ended 31st December 2012 and 2011 are set forth below:

For the year ended 31st December 2012				
Reason for reacquisition	Beginning shares	Additions	Disposal	Ending shares
To protect the Company's credit standing and shareholders' equity	2,803,000	14,757,000	(17,560,000)	-

For the year ended 31st December 2011				
Reason for reacquisition	Beginning shares	Additions	Disposal	Ending shares
To protect the Company's credit standing and shareholders' equity	-	2,803,000	-	2,803,000

B. Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury stock should not exceed 100% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realized reserve.

C. Pursuant to the R.O.C. Securities and Exchange Law, treasury stock should not be pledged as collateral and is not entitled to dividends before it is reissued to the employees.

D. Pursuant to the R.O.C. Securities and Exchange Law, treasury shares to enhance the Company's credit rating and the shareholders' equity should be retired within six months of acquisition.

22) Share-based payment-employee compensation plan

A. As of 31st December 2012, the Company's share-based payment transactions are set forth below:

Tye of arrangement	Grant date	Quantity granted	Contract peiod	Vesting condition	Actual resignation rate in the current period	Estimated future resignation rate
Employee stock options	2007.12.19	40,000,000 shares	10 years	2~4 years service	0%	0%

B. Details of the employee stock options are set forth below:

	For the year ended 31st December 2012			For the year ended 31st December 2011		
	No. of shares (in thousands)		Weighted-average exercise price (in dollars)	No. of shares (in thousands)		Weighted-average exercise price (in dollars)
Options outstanding at beginning of year	18,372	$	14.80	22,169	$	16.10
Options granted	-		-	-		-
Options exercised	(5,145)		14.51	(3,696)		15.79
Options revoked	(16)		14.29	(101)		15.48
Options outstanding at end of year	13,211		13.68	18,372		14.80
Options exercisable at end of year	13,211			18,372		
Options authorized but not granted at end of year	-			-		

C. The weighted-average stock price of stock options at exercise date of 2012 and 2011 was \$22.67~ \$27.66 and \$20.99~ \$32.44 (in dollars), respectively.

D. As of 31st December 2012 and 2011, the range of exercise price of stock options outstanding was \$13.68 and \$14.80, respectively, and the weighted-average remaining vesting period was 4.97 years and 5.97 years, respectively.

E. The following sets forth the pro forma net income and earnings per share based on the assumption that the compensation cost is accounted for using the fair value method (the intrinsic value method) for the stock options granted before the effectively of R.O.C. SFAS No. 39, “Accounting for Share-based Payments”:

			For the year ended 31st December 2012		For the year ended 31st December 2011
Net income	Net income stated in the statement of income	$	1,552,570	$	1,569,187
	Pro forma net income	$	1,552,570	$	1,554,455
Basic earnings per share (EPS) (in dollars)	EPS stated in the statement of income		2.48		2.46
	Pro forma EPS		2.48		2.44
Diluted EPS (in dollars)	EPS stated in the statement of income		2.43		2.43
	Pro forma EPS		2.43		2.38

For the stock options granted (amended) on or after 1st January 2012 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 estimation of the fair value were as follows:

Tye of arrangement	Grant date	Stock price	Exercise price	Expected price volatility	Expected vesting period	Expected dividend yield rate	Risk-free interest rate	Fair value per unit
Employee stock options	2007.12.19	19	19	39.16%	6.35 years	-	2.58%	8.1648

23) Earnings per share

	For the year ended 31st December 2012				
	Amount		Weighted-average outstanding	Earnings per share (in dollars)	
	Before tax	After tax	common shares	Before tax	After tax
Basic earnings per share					
Net income	$ 1,774,408	$ 1,552,570	625,161,917	$ 2.84	$ 2.48
Effect of potential dilutive common shares:					
Convertible bonds	-	-	6,807,059		
Employee stock options	-	-	6,111,111		
Diluted earnings per share	$ 1,774,408	$ 1,552,570	638,080,087	$ 2.78	$ 2.43

	For the year ended 31st December 2011				
	Amount		Weighted-average outstanding	Earnings per share (in dollars)	
	Before tax	After tax	common shares	Before tax	After tax
Basic earnings per share					
Net income	$ 1,971,102	$ 1,569,187	637,300,324	$ 3.09	$ 2.46
Effect of potential dilutive common shares:					
Convertible bonds	-	-	9,216,500		
Employee stock options	-	-	7,662,835		
Diluted earnings per share	$ 1,971,102	$ 1,569,187	654,179,659	$ 3.01	$ 2.40

As employees' bonus could be distributed in the form of stock, the diluted EPS computation shall include those estimated shares that would be increased from employees' stock bonus issuance in the weighted-average number of common shares outstanding during the reporting year, which take into account the dilutive effects of stock bonus on potential common shares; whereas, basic EPS shall be calculated based on the weighted-average number of common shares outstanding during the reporting year that include the shares of employees' stock bonus for the appropriation of prior year earnings, which have already been resolved at the stockholders' meeting held in the reporting year.

24) Personnel expenses, depreciation and amortization

Personnel expenses, depreciation and amortization which were classified according to their functions are as follows:

	For the year ended 31st December 2012		
Item	Operating cost	Operating expense	Total
Personnel expenses			
Salaries and wages	$ 1,160,508	$ 2,655,717	$ 3,816,225
Insurance expense	81,153	148,028	229,181
Pension expense	59,216	125,061	184,277
Others	45,160	74,496	119,656
	$ 1,346,037	$ 3,003,302	$ 4,349,339
Depreciation	$ 279,141	$ 107,971	$ 387,112
Amortization	$ 5,551	$ 126,054	$ 131,605

Item	For the year ended 31st December 2011 Operating cost		Operating expense		Total	
Personnel expenses						
Salaries and wages	$	1,077,923	$	2,696,354	$	3,774,277
Insurance expense		80,643		150,222		230,865
Pension expense		58,215		111,234		169,449
Others		56,792		75,453		132,245
	$	1,273,573	$	3,033,263	$	4,306,836
Depreciation	$	293,318	$	124,283	$	417,601
Amortization	$	5,524	$	168,236	$	173,760

5. RELATED PARTY TRANSACTIONS

A. Names and relationships of related parties

Names of the related parties	Relationship with the Company
Salaries/rewards information of key management, such as directors, supervisors, general manager, vice general manager, etc.	Key management of the Company

B. Significant related party transactions and balances

1) Salaries/rewards information of key management, such as directors, supervisors, general manager, vice general manager, etc.

	For the years ended December 31 2012		2011	
Salaries and bonuses	$	170,835	$	165,291
Service execution fees		7,417		6,782
Earnings distribution		93,657		98,067
Total	$	271,909	$	270,140

a. Salaries include regular wages, special responsibility allowances, pensions, various bonuses, severance pay, etc.

b. Service execution fees include travel allowances, special expenditures, various allowances, housing & vehicle benefits, etc.

c. Earnings distribution includes directors' and supervisors' remuneration and employees' bonuses, the amounts of which were estimated and accrued in the statement of income for the current year.

6. PLEDGED ASSETS

Item	31st December 2012		2011		Purpose
Pledged deposits	$	112,399	$	98,204	Guarantee for the customs duties and deposits

7. COMMITMENTS AND CONTINGENT LIABILITIES: None.

8. SIGNIFICANT CASUALTY LOSS: None.

9. SIGNIFICANT SUBSEQUENT EVENT: None.

10. OTHERS

A. Financial statement presentation

Certain accounts in the 2011 financial statements have been reclassified to conform to the 2012 financial statement presentation.

B. The fair values of the consolidated financial instruments

	31st December 2012			31st December 2011		
		Fair value			Fair value	
	Book value	Quotations in an active market	Estimated using a valuation technique	Book value	Quotations in an active market	Estimated using a valuation technique
Non-derivative financial instruments						
Assets:						
Financial assets with fair values equal to book values	$ 14,238,723	$ -	$ 14,238,723	$ 13,662,605	$ -	$ 13,662,605
Financial assets at fair value through profit or loss	1,576,676	1,576,676	-	1,486,256	1,486,256	-
Available-for-sale financial assets	126,027	126,027	-	115,682	115,682	-
Financial assets carried at cost	236,351	-	-	229,862	-	-
Investments in debt security with no active market	69,593	-	70,663	-	-	-
Other financial assets	1,580,000	-	1,573,411	1,290,000	-	1,291,505
Liabilities:						
Financial liabilities with fair values equal to book values	8,879,847	-	8,879,847	8,184,667	-	8,184,667

The methods and assumptions used to estimate the fair values of above financial instruments are as follows:

1) For short-term financial instruments, the fair values were determined based on their carrying values because of the short maturities of the instruments. This method was applied to cash and cash equivalents, notes receivable, accounts receivable, other receivables, pledged assets, deposit out, short - term loans, notes payable, accounts payable, other payables and deposits in etc.
2) If available-for-sale financial assets have quotations in active markets, its fair value is based on market price.
3) The fair values of structured deposits and investments in debt security with no active market were established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.
4) The fair values of derivative financial instruments which include unrealized gains or losses on unsettled contracts were determined based upon the amounts to be received or paid assuming that the contracts were settled as of the reporting date.

C. Information on interest rate risk positions

As of 31st December 2012 and 2011, the Group's financial assets with fair value risk due to interest change amounted to $880,000 and $290,000, and the financial assets with cash flow risk due to the change of interest amounted to $700,000 and $1,000,000, respectively; and the financial liabilities with fair value risk due to interest change amounted to $215,297 and $40,000, and the financial liabilities with cash flow risk due to the change of interest amount to $0 and $60,580, respectively.

D. Information on significant gain/loss on financial instruments and equity items

For available-for-sale financial assets, during the years ended 31st December 2012 and 2011, the amount of gain (loss) recognized directly in equity was $2,234 and ($2,234) respectively.

For available-for-sale financial assets of investees of the Company accounted for under the equity method, during the years ended 31st December 2012 and 2011, the amount of unrealized gain (loss) recognized directly in equity was ($15,375) and $11,015, respectively.

E. Strategy of financial risk control and hedge

1) The Group's strategy for financial risk control and hedge is to minimize the losses that would be caused by the fluctuation of exchange rate on foreign currency denominated assets or liabilities. The Group executes its strategy by entering into derivative financial instruments transactions that are inversely correlated to the fair value movements of those items being hedged. The Group only enters into derivative financial instruments contracts for hedge purpose and for those which are embedded in principal guaranteed host contracts.

2) For the purpose of risk control, the Group executes hedging activities as follows:

a. Keep the position of foreign currency assets and liabilities balanced to achieve natural hedge.

b. Only enter into the financial instruments with the foreign currency used in operations.

c. Only enter into financial instruments transactions to the extent that the maximum loss would not exceed the threshold set forth by the Group.

3) For the risk control administration, the derivative financial instrument transactions were confirmed by the financial department Senior Manager and authorized by the Chief Operations Officer. The financial department periodically evaluates the fair value of the derivative financial instruments and reports to the Chief Operations Officer. When the financial department detects unusual situations, it will be reported at the Board of Directors' meeting and action will be taken to resolve it accordingly. In addition, the Group evaluates the performance of hedging activities and improves its hedging strategy accordingly.

F. Information of financial risks

1) Market risk

a. The financial assets at fair value through profit or loss of the Group are all bond funds and are affected by market price.

b. The Group invests in fixed interest rate bonds. The fair value of the bonds would be changed due to changes in market interest rate. The structured notes of the Company were denominated in US dollars and the fair value was affected by the market interest rate.

c. The Group's business involves some non-functional currency operations (The Company's business and some of it's subsidiaries' business use NTD as functional currency, and some of it's subsidiaries' business use RMB as functional currency). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the fluctuations of the foreign exchange rates is as follows:

	31st December 2012			31st December 2011		
(Foreign currency: Functional currency)	Foreign currency (in thousand)		Exchange rate	Foreign currency (in thousand)		Exchange rate
Financial assets						
Monetary items						
USD:NTD	USD	126,101	29.04	USD	188,051	30.29
EUR:NTD	EUR	1,676	38.49	EUR	450	39.20
Non-monetary items						
USD:NTD	USD	3,468	29.04	USD	3,085	30.29
Financial liabilities						
Monetary items						
USD:NTD	USD	247,023	29.04	USD	170,391	30.29
EUR:NTD	EUR	-	38.49	EUR	11	39.00

2) Credit risk

a. 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, there is low credit risk.

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

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

d. 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.

e. Derivative counterparties and cash transactions are limited to high-credit-quality international financial institutions. The Group has policies that limit the amount of credit exposure to any financial institution.

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 Company. 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.

3) Liquidity risk

a. 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 Company 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.

b. The Group expects no significant liquidity risk since it has sufficient working capital.

4) Cash flow risk

a. Bond funds of the Group were for trading purpose, and accordingly, the Group's future cash flows could fluctuate with the market interest rate change.

b. The structured deposit and financial securities of the Group were range accrual deposit. The effective interest rate of these notes was affected by the market interest rate; accordingly, the Group’s future cash flows would fluctuate with the market interest rate change.

11. DISCLOSURE OF OTHER INFORMATION

A. Related information of significant transactions

1) Loans granted during the year ended 31st December 2012 ： None.

2) Endorsements and guarantees for others:
(For the year ended 31st December 2012)

Name of the company	Name of parties being guaranteed	Relationship with the Company	Ceiling of guarantee for single party (Note)	Maximum outstanding guarantee amount during the year ended 31st December 2012	Outstanding guarantee amount at 31st December 2012	Amount of guarantee with collateral placed	Ratio of accumulated guarantee amount to net asset value of the Company (%)	Ceiling of the outstanding guarantees for the respective party (Note)
Giga-Byte Technology Co., Ltd.	G-Style Co., Ltd.	A wholly-owned subsidiary	$ 6,175,938	$ 500,000	$ 500,000	-	2.43	$ -

Note: The Company's 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.

3) Marketable securities held at 31st December 2012:

Name of the company	Name of marketable securities	Relationship of the issuers with the Company	General ledger account	31st December 2012 Number of shares	Book value	Percentage	Market value
Giga-Byte Technology Co., Ltd.	Capital Multi-income Allocation Fund	None	Financial assets at fair value through profit or loss-current	11,737,089	$ 150,000	-	$ 150,939
	Capital Asian Bond Fund (A)	〃	〃	14,831,074	150,000	-	150,702
	Taishin Lucky Money Market Fund	〃	〃	18,612,616	200,000	-	201,243
	Western Asset US Dollar Fund A	〃	〃	-	2,549	-	1,042
	Morgan Stanley Money Market Fund	〃	〃	-	19,562	-	19,269
	Templeton Global Total Return Fund (Class B)	〃	〃	31,605	16,635	-	16,897
	Morgan Stanley Opportunistic Mortgage Income Fund LP	〃	〃	500,000	14,818		14,568
					553,564		$ 554,660
			Gain on valuation of financial assets		1,096		
					$ 554,660		
	Freedom International Group Ltd.	A wholly-owned subsidiary	Long-term equity investments accounted for under the equity method	136,477,226	$ 4,832,097	100%	$ 4,832,097
	Chi-Ga Investments Corp.	〃	〃	177,500,000	1,760,755	100%	1,760,755
	G-Style Co., Ltd. etc.	Wholly-owned subsidiaries and an investee company accounted for under the equity method	〃	-	414,552	48.63%~100%	414,552
					7,007,404		
	Reclassified to a contra account of accounts receivable-related parties				70,482		
					$ 7,077,886		
	Mustardgiga Corp.	None	Financial assets carried at cost- non-current	4,500	$ 1,222	-	-
			Accumulated impairment		(1,222)		
					$ -		
	TWD 3 year callable spread leverage investment contract	〃	Other financial assets-non-current		$ 880,000	-	$ 872,366
	TWD 3 year callable range accrual investment contract	〃	Other financial assets-current		700,000	-	701,045
					$ 1,580,000		$ 1,573,411
	Morgan Stanley Sr Uns Global 2.875%	〃	Investment in bonds without active markets -non-current		$ 12,822	-	$ 13,331
	Morgan Stanley 4.75% Eclear	〃	〃		15,005	-	15,085
	Bank of America Corpfrn Eclear	〃	〃		21,437	-	21,889
					$ 49,264		$ 50,305

4) Accumulated additions or disposals of marketable securities exceeding NT$100,000 or 20% of contributed capital:
(For the year ended 31st December 2012)

					Beginning balance		Additions		Disposals				Ending balance	
Name of the company	Name of marketable securities	General ledger account	Counterparties	Relationship	Number of shares	Amount	Number of shares	Amount	Number of shares	Proceeds from disposal	Book value	Gain (loss) on disposal	Number of shares	Amount
Giga-Byte Technology Co., Ltd.	Yuanta Wan Tai Money Market Fund	Financial assets at fair value through profit or loss-current	None	None	6,848,471	$ 100,000	10,247,442	$ 150,000	17,095,912	$ 250,157	$ 250,000	$ 157	-	$ -
	Polaris De- Bao Money Market Securities	〃	〃	〃	8,631,628	100,000	8,611,633	100,000	17,243,261	200,385	200,000	385	-	-
	JF (Taiwan) First Money Market Fund	〃	〃	〃	6,823,423	100,000	-	-	6,823,423	100,113	100,000	113	-	-
	Mega Diamond Money Market Fund	〃	〃	〃	-	-	24,011,592	290,000	24,011,592	290,632	290,000	632	-	-
	Taishin Lucky Money Market Fund	〃	〃	〃	-	-	18,612,616	200,000	-	-	-	-	18,612,616	200,000
	Taishin Ta Chong Money Market Fund	〃	〃	〃	-	-	21,115,144	290,000	21,115,144	290,823	290,000	823	-	-
	Taishin 1699 Money Market Fund	〃	〃	〃	-	-	22,813,527	290,000	21,183,527	291,155	290,000	1,155	-	-
	Fuh Hwa Money Market Fund	〃	〃	〃	-	-	7,148,321	100,000	7,148,321	100,162	100,000	162	-	-
	Manulife Asia Pacific Bond Fund-A	〃	〃	〃	-	-	13,452,312	150,000	13,452,312	151,786	150,000	1,786	-	-
	Capital Multi-Income Allocation Fund	〃	〃	〃	-	-	11,737,089	150,000	-	-	-	-	11,737,089	150,000
	Capital Asian Bond Fund (A)	〃	〃	〃	-	-	14,831,074	150,000	-	-	-	-	14,831,074	150,000
	TWD 2 year 100% Principal Guaranteed Callable Investment Contract	Other financial assets-current	〃	〃	-	290,000	-	-	-	-	290,000	-	-	-
	TWD 3 year Callable Spread Leverage Investment Contract	Other financial assets-non-current	〃	〃	-	-	-	800,000	-	-	-	-	-	800,000
	TWD 3 year Callable Range Accrual Investment Contract	Other financial assets-non-current	〃	〃	-	300,000	-	-	-	-	300,000	-	-	-
	Giga-Byte Communication Inc.	Long-term equity investments accounted for under the equity method	〃	A wholly-owned subsidiary	55,782,215	(61,832)	29,000,000	247,366	50,203,993	-	-	-	34,578,222	185,534
								(Note A)	(Note B)					

Note 1: Includes investment gain or loss recognized under the equity method.
Note 2: Covering accumulated deficit through capital reduction.

5) Real estate acquired exceeding NT$100,000 or 20% of contributed capital: None.
6) Proceeds from disposal of real estate exceeding NT$100,000 or 20% of contributed capital: None.
7) Purchases from and sales to related parties exceeding NT$100,000 or 20% of contributed capital:
(For the year ended 31st December 2012)

Name of the Company	Name of the counterparty	Relationship with the counterparty	Description of the transactions: Purchases (sales)	Description of the transactions: Amount	Description of the transactions: % of total purchases (sales)	Description of the transactions: Credit terms	Disclosure of non-standard transaction terms: Price	Disclosure of non-standard transaction terms: Terms	Accounts or notes receivable (payable): Balance	Accounts or notes receivable (payable): % of total accounts or notes receivable (payable)
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	A wholly-owned subsidiary	(Sales)	$ 10,726,223	25%	30 days after receipt of goods	The price was based on the contract price	Normal	$ 1,281,167	27%
	Giga Advance (Labuan) Limited	〃	〃	9,807,955	23%	14 days after receipt of goods	〃	〃	470,678	10%
	G.B.T. Inc.	〃	〃	4,190,685	10%	75 days after receipt of goods	〃	〃	924,187	19%
	G.B.T. LBN. Inc.	An indirect wholly-owned subsidiary	〃	912,378	2%	30 days after receipt of goods	〃	〃	77,157	2%
	G.B.T. LBN. Inc.	〃	Processing cost	1,306,131	58%	45 days after billing	〃	〃	(162,421)	(3%)
	G.B.T. LBN. Inc.	〃	Purchases	107,096	1%	45 days after billing	〃	〃	(152,539)	(2%)
	G-Style Co., Ltd.	A wholly-owned subsidiary	(Sales)	399,566	1%	90 days after receipt of goods	〃	〃	81,578	2%
	Giga-Byte Communication Inc.	〃	〃	162,861	-	60 days after recepit of goods	〃	〃	42,765	1%

8) Receivables from related parties exceeding NT$100,000,000 or 20% of the contributed capital:
(31st December 2012)

Name of the Company	Name of the counterparty	Relationship with the counterparty	Balance of receivables from related parties at 31st December 2012		Turnover rate	Overdue receivables: Amount	Overdue receivables: Action adopted for overdue accounts	Subsequent collections	Bad debts allowance provided
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	A wholly-owned subsidiary	Accounts receivable	$ 1,281,167	8.41	$ -	-	$ 1,281,167	-
	G.B.T. Inc.	〃	〃	924,187	4.85	-	-	847,682	-
	Giga Advance (Labuan) Limited	〃	〃	470,678	25.44	-	-	470,678	-

9) Transaction of financial instruments: None.

(31st December 2012)

Name of the company	Name of the investee company	Address	Major operating activities	Accumulated capital infusion as of 31st December: Currency	2012	Currency	2011	Holding Status: Shares	Percentage	Currency	Book value	Currency	Net income (loss) of investee company	Currency	Investment income (loss) recognized by the Company	Relationship with the Company
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	British Virgin Islands	Holding company	USD	136,477	USD	136,477	136,477,226	100.00	TWD	4,832,097	TWD	69,279	TWD	69,279	The Company's subsidiary
	Chi-Ga Investments Corp.	R.O.C.	〃	TWD	1,775,000	TWD	1,775,000	177,500,000	100.00	TWD	1,760,755	TWD	33,774	TWD	35,091	〃
	G-Style Co., Ltd.	〃	Manufacturing and selling of notebooks	TWD	600,000	TWD	600,000	60,000,000	100.00	TWD	108,744	TWD	(122,133)	TWD	(122,133)	〃
	Giga-Byte Communication Inc.	〃	Manufacturing and selling of communications	TWD	345,782	TWD	557,822	34,578,222	99.12	TWD	185,534	TWD	(42,634)	TWD	(42,634)	〃
	Giga-Zone International Co., Ltd.	〃	Selling of PC peripherals	TWD	54,965	TWD	54,965	9,142,702	100.00	TWD	20,567	TWD	(56,860)	TWD	(59,630)	〃
	Giga-Byte Technology B.V.	Netherlands	Selling of motherboards	TWD	25,984	TWD	25,984	8,500	100.00	TWD	20,322	TWD	21,561	TWD	21,561	〃
	GBT Tech. Co. Ltd.	UK	〃	TWD	47,488	TWD	47,488	800,000	100.00	TWD	5,647	TWD	(569)	TWD	(545)	〃
	Nippon Giga-Byte Corp.	Japan	〃	TWD	3,495	TWD	3,495	1,000	100.00	TWD	3,356	TWD	(3,714)	TWD	(3,714)	〃
	Giga Advance (Labuan) Limited	Malaysia	〃	TWD	12,924	TWD	12,924	10,000	100.00	TWD	12,546	TWD	(56)	TWD	(56)	〃
	G.B.T. Technology Trading GmbH	Germany	〃	TWD	24,614	TWD	24,614	-	100.00	TWD	40,021	TWD	2,795	TWD	3,251	〃
	Giga-Byte Technology Pty Ltd.	AUS	Repairing of motherboards	TWD	9,345	TWD	9,345	400,000	100.00	TWD	15,902	TWD	1,023	TWD	1,023	〃
	Giga-Byte Technology (India) Private Limited	India	Selling of motherboards	USD	3,995	USD	3,995	4,600,000	100.00	TWD	8,451	TWD	4,981	TWD	3,968	〃
	eRiver Precision Machining Co., Ltd.	R.O.C.	Metalwork	TWD	-	TWD	101,341	-	-	TWD	-	TWD	(2,261)	TWD	(2,261)	〃
	Gigabyte Global Business Corporation	U.S.A.	ODM Business	TWD	319	TWD	319	1,000	100.00	TWD	290	TWD	-	TWD	-	〃
	Gigabyte Technology ESPANA S.L.U.	Spain	Repairing of motherboards	TWD	241	TWD	241	5,000	100.00	TWD	639	TWD	564	TWD	564	〃
	G.B.T., Inc.	U.S.A.	Selling of motherboards	TWD	3,938	TWD	3,938	10,000	48.63	TWD	(70,482)	TWD	23,270	TWD	11,316	The Company's indirect subsidiary
	Axper International (Labuan) Inc.	Malaysia	Holding company	USD	1,050	USD	1,050	3,000,001	100.00	TWD	30,563	TWD	85	TWD	85	The Company's subsidiary
	Gigabyte Information Technology Commerce Limited Company	Turkey	Repairing of motherboards	TRY	200	TRY	200	8,000	100.00	TWD	4,627	TWD	1,150	TWD	1,031	〃
	Gigabyte Technology LLC	South Korea	Selling of montheronards	TWD	22,534	TWD	-	168,000	100.00	TWD	27,825	TWD	5,024	TWD	4,702	〃
Giga -Byte Technology B.V.	Gigabyte Technology France	France	Selling of motherboards	USD	250	USD	250	200,000	100.00	USD	379	EUR	10		NA	The Company's indirect subsidiary
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland	Poland	Repairing of motherboards	EUR	11	EUR	11	100	100.00	EUR	11	PLN	41		〃	〃
Freedom International Group Ltd.	Charleston Investments Limited	Cayman Islands	Holding company	USD	53,638	USD	53,638	53,637,677	100.00	USD	75,973	USD	2,698		〃	〃
	G.B.T. LBN Inc.	Malaysia	Selling of motherboards	USD	-	USD	-	-	100.00	USD	(2,563)	USD	(1,393)		〃	〃
	G.B.T., Inc.	U.S.A.	〃	USD	965	USD	965	10,564	51.37	USD	(2,564)	USD	787		〃	〃
	Gigabyte Trading Inc.	U.S.A.	ODM Business	USD	10	USD	-	10,000	100.00	USD	10	USD	-		〃	〃
	Giga Future Limited	British Virgin Islands	Holding company	USD	82,820	USD	82,820	82,819,550	100.00	USD	88,998	USD	532		〃	〃
	Gigabyte Singapore Pte. Ltd.	Singapore	Selling of motherboards	USD	1,871	USD	1,871	3,073,000	100.00	USD	1,132	USD	(1)		〃	〃
Charleston Investments Ltd.	Dongguan Giga-Byte Electronics Co., Ltd.	P.R.C.	Manufacturing of motherboards	USD	36,286	USD	36,286	-	100.00	USD	53,249	USD	734		〃	〃
	Ningbo Giga-Byte International Trade Co., Ltd.	〃	Selling of motherboards	USD	8,000	USD	8,000	-	100.00	USD	20,086	USD	1,948		〃	〃
	Ningbo Best Yield Technology Services Co., Ltd.	〃	Repairing of motherboards	USD	2,000	USD	2,000	-	100.00	USD	1,944	USD	159		〃	〃
Giga Future Limited	Ningbo Giga-Byte Technology Co., Ltd.	〃	Manufacturing of motherboards	USD	85,630	USD	85,630	-	100.00	USD	86,447	USD	81		〃	〃
Ningbo Giga-Byte International Trade Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	〃	Selling of motherboards	CNY	28,000	CNY	28,000	-	100.00	CNY	84,822	CNY	15,560		〃	〃
Chi-Ga Investments Corp.	Gigatrend Technology Co., Ltd.	R.O.C.	Manufacturing and selling of semiconductor components	TWD	175,000	TWD	175,000	17,500,000	100.00	TWD	195,503	TWD	1,027		〃	〃
	Giga-Trend International Investment Group Ltd.	R.O.C.	Holding Company	TWD	600,000	TWD	600,000	60,000,000	100.00	TWD	600,060	TWD	23,404		〃	〃
	Giga-Trend International Management Group Ltd.	R.O.C.	Venture capital management consulting company	TWD	6,000	TWD	6,000	600,000	60.00	TWD	13,212	TWD	4,788		〃	〃
	Giga Win International Venture Investment Group Ltd.	R.O.C.	Venture capital management and consulting company	TWD	220,000	TWD	220,000	22,000,000	40.00	TWD	202,888	TWD	(36,155)		〃	Subsidiary's investee company accounted for under the equity method
Giga-Byte Communication Inc.	G-Smart Holding Limited	British Virgin Islands	Holding Company	TWD	-	TWD	3,956	-	-	TWD	-	USD	-		〃	The Company's indirect subsidiary
Giga-Byte Communication Inc.	Giga win Limited	Mauritius	Selling of VGA Cards	USD	3,770	USD	-	100,000	100.00	USD	3,796	USD	1		〃	〃
Giga-Zone International Co., Ltd.	Gigazone Holdings Limited	British Virgin Islands	Holding company	USD	1,800	USD	1,800	18,000	100.00	TWD	(14,993)	USD	(1,616)		〃	〃
Gigazone Holdings Limited	Gigazone (Zhzun) Limited	P.R.C.	Selling of PC peripherals	CNY	11,527	CNY	11,527	-	100.00	USD	(516)	CNY	(10,198)		〃	〃

2) The related information of the investee companies in which the Company has direct or indirect control is as follows:
(1) Lending to others: None.
(2) Endorsements and guarantees for others:None.
(3)Marketable securities held at 31st December 2012:

Name of the company	Name of marketable securities	Relationship of the issuers with the Company	General ledger account	Number of shares	31st December 2012 Book value	Percentage	Market value
Chi-Ga Investment Corp.	Walsin Technology Corporation	None	Financial assets at fair value through profit or loss-current	9,389,770	$ 198,644	1.36%	$ 66,761
	FSITC Taiwan Bond Fund	〃	〃	17,177,259	247,518	-	254,984
	Yuanta Wan Tai Money Market Fund	〃	〃	9,596,147	140,000	-	141,203
	Allianz Global Investors All Seasons Return Fund of Bond Funds	〃	〃	1,169,670	14,842	-	16,170
	ING Taiwan Money Market Fund	〃	〃	1,298,087	20,461	-	20,570
	Fuh Hwa Global Short-Term Income Fund	〃	〃	1,376,337	14,842	-	15,115
					636,307		$ 514,803
			Loss on valuation of financial assets		(121,504)		
					$ 514,803		
	Info-Tek Corp.	〃	Available-for-sale financial assets-current	9,406,586	$ 127,033	8.17%	$ 48,538
			Accumulated impairment		(51,983)		
					$ 75,050		
	Gigatrend Technology Co., Ltd.	The Company's subsidiary	Long-term equity investments accounted for under the equity method	17,500,000	$ 195,503	100.00%	195,503
	Giga-Trend International Investment Group Ltd.	〃	〃	60,000,000	600,060	100.00%	600,060
	Giga-Trend International Management Group Ltd.	〃	〃	600,000	13,212	60.00%	13,212
	Giga Win International Venture Investment Group Ltd.	Investee company accounted for under the equity method	〃	22,000,000	202,888	40.00%	202,888
					$ 1,011,663		
	Hui Yang Venture Capital Co., Ltd.	None	Financial assets carried at cost-non-current	15,000,000	$ 150,000	7.69%	None
	Hemavista etc.	〃	-	None	20,932	0.01%~0.62%	〃
					170,932		
			Accumulated impairment		(9,413)		
					$ 161,519		
Giga-Trend International Investment	Innodisk Coproration etc.	None	Financial assets carried at cost-non-current	〃	$ 96,532	-	〃
			Accumulated impairment		(21,700)		
					$ 74,832		
	Eastspring Investments Well Pool Money Market Fund	〃	Financial assets at fair value through profit or loss-current	〃	$ 266,105	-	$ 269,887
			Gain on valuation of financial assets		3,782		
					$ 269,887		
	Epileds Technologies, Inc.	〃	Available-for-sale-non-current	〃	$ 73,681		$ 56,621
			Loss on valuation of financial assets		(17,060)		
					$ 56,621		
Gigatrend Technology Co., Ltd.	FSITC Bond Fund	〃	Financial assets at fair value through profit or loss-current	551,580	$ 94,001	-	$ 95,582
	FSITC Taiwan Money Market Fund	〃	〃	6,620,799	97,000	-	98,281
			Gain on valuation of financial assets		2,862		$ 193,863
					$ 193,863		
Ningbo Giga-Byte International Trade Co., Ltd.	Ningbo Zhongjia Technology Co., Ltd.	The Company's subsidiary	Long-term equity investments accounted for under the equity method	-	RMB 84,822	100%	RMB 84,822
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O. O.	〃	〃	100	EUR 11	100%	EUR 11
Giga-Byte Technology B.V.	Gigabyte Technology France	〃	〃	200,000	US$ 379	100%	US$ 379
Freedom International Group Ltd.	Moragan Stanley Map Index	None	Financial assets at fair value through profit or loss-current	8,000	US$ 800	-	US$ 798
			Loss on valuation of financial assets		(US$ 2)		
					US$ 798		
	Charleston Investments Limited	〃	Long-term equity investments accounted for under the equity method	53,637,677	US$ 75,973	100%	US$ 75,973
	Giga Future Limited	〃	〃	82,819,550	US$ 88,998	100%	US$ 88,998
	G.B.T. LBN Inc.	〃	〃	-	(US$ 2,563)	100%	(US$ 2,563)
	G.B.T. Inc etc.	〃	〃	-	(US$ 1,422)	51.37%~100%	(US$ 1,422)
					US$ 160,986		
Charleston Investments Limited	Dongguan Giga-Byte Electronics Co., Ltd.	〃	Long-term equity investments accounted for under the equity method	-	US$ 53,249	100%	US$ 53,249
	Ningbo Giga-Byte International Trade Co., Ltd. etc.	〃	〃	-	US$ 20,086	100%	US$ 20,086
	Ningbo Best Yield Technology Services Co., Ltd.	〃	〃	-	US$ 1,944	100%	US$ 1,944
					US$ 75,279		
Giga Future Limited	Moragn Stanley Map Index	None	Financial assets at fair value through profit or loss-current	7,000	US$ 700	-	US$ 698
			Loss on valuation of financial assets		(US$ 2)		
					US$ 698		
	Bank of America Corp.	〃	Investment in bonds without active market-non-current	-	US$ 700	100%	US$ 701
	Ningbo Giga-Byte Technology Co., Ltd.	The Company's subsidiary	Long-term equity investments accounted for under the equity method	-	US$ 86,447	100%	US$ 86,447
Giga-Byte Communication Inc.	Giga Win Limited	〃	〃	10,000	$ 3,796	100%	$ 3,796
Giga-Zone International Co., Ltd.	Gigazone Holdings Limited	〃	〃	18,000	($ 14,993)	100%	($ 14,993)
Business Holdings Limited	Gigazone (Zhzun) Limited	〃	〃	-	(US$ 516)	100%	(US$ 516)

4) Accumulated additions and disposals of marketable securities exceeding NT$100,000 or 20% of contributed capital: None.
5) Real estate acquired exceeding NT$100,000 or 20% of contributed capital: None.
6) Proceeds from disposals of real estate exceeding NT$100,000 or 20% of contributed capital: None.
7) Purchases from and sales to related parties exceeding NT$100,000 or 20% of contributed capital:
(For the year ended 31st December 2012)

			Description of the transactions					Disclosure of non-standard transaction terms		Accounts or notes receivable (payable)			
Name of the Company	Name of the counterparty	Relationship with the counterparty	Purchases (sales)	Amount (Note)		% of total purchases (sales)	Credit terms	Price	Terms	Balance (Note)		% of total accounts or notes receivable (payable)	Note
Giga-Byte Technology B.V.	Giga-Byte Technology Co., Ltd.	The company's subsidiary	Purchases	US$	360,137	96%	30 days after billing	The sales price was based on the contract price	Normal	(US$	67,325)	93%	
G.B.T., Inc.	〃	〃	〃	US$	143,439	99%	30 days after receipt of goods	〃	〃	(US$	44,245)	99%	
Giga Advance (Labuan) Limited	〃	〃	〃	US$	333,221	100%	14 days after receipt of goods	〃	〃	(US$	36,187)	99%	
G-Style Co., Ltd.	〃	〃	〃	$	536,993	44%	90 days after billing	〃	〃	($	156,945)	43%	
Giga Advance (Labuan) Limited	Ningbo Zhongjia Technology Co., Ltd.	Affiliates	(sales)	US$	332,075	99%	14 days after receipt of goods	〃	〃	US$	36,139	99%	
G.B.T. LBN Inc.	Ningbo Giga-Byte Technology Co., Ltd.	〃	Purchases	US$	24,440	32%	60 days after billing	〃	〃	(US$	7,202)	58%	
〃	Dongguan Giga-Byte Electronic Co., Ltd.	〃	〃	US$	23,301	30%	〃	〃	〃	(US$	1,763)	14%	
〃	Ningbo Zhongjia Technology Co., Ltd.	〃	(sales)	US$	28,708	37%	〃	〃	〃	US$	2,482	19%	
〃	Giga-Byte Technology Co., Ltd.	The company's subsidiary	〃	US$	3,585	5%	〃	〃	〃	US$	1,921	15%	
Giga-Byte Communication Inc.	Giga-Byte Technology B.V.	Affiliates	〃	$	370,863	64%	90 days after billing	〃	〃	$	64,094	72%	
Ningbo Zhongjia Technology Co., Ltd.	Gigabyte Advance (Labuan) Limited	〃	Purchases	RMB	2,078,243	90%	14 days after receipt of goods	〃	〃	(RMB	225,231)	92%	
Ningbo Giga-Byte Technology Co., Ltd.	G.B.T. LBN Inc.	〃	(sales)	RMB	161,620	94%	60 days after billing	〃	〃	RMB	44,869	97%	
Dongguan Giga-Byte Electronic Co., Ltd.	〃	〃	〃	RMB	146,804	100%	〃	〃	〃	RMB	10,984	100%	

Note : The balance are 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.

8) Receivables from related parties exceeding NT$100,000 or 20% of the contributed capital:

Name of the Company	Name of the counterparty	Relationship with the counterparty	Balance of receivables from related parties at 31st December 2012 (Note)			Turnover rate	Overdue receivables Amount	Overdue receivables Action adopted for overdue accounts	Subsequent collections		Bad debts allowance provided
Giga Advance (Labuan) Limited	Ningbo Zhongjia Technology Co., Ltd.	Affiliates	Accounts receivable	US$	36,139	9.62	-	-	US$	36,139	-
Ningbo Giga-Byte Technology Co., Ltd.	G.B.T. LBN Inc.	〃	〃	RMB	44,869	5.76	-	-	RMB	44,060	-

Note: The balances are 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.

9) Transaction of financial instruments:
As of 31st December 2012, the unexpired financial instruments were as follows:

Name of the Company	Financial Assets held for trading purpose	Book value (Fair value)	Notional Amount (in thousands)
Giga-Byte Communication Inc.	Forward foreign exchange contracts	($ 2,081)	GBP (sell) 452

C. Disclosure of investment in Mainland China:

1. Basic information as of and for the year ended 31st December 2012:

Name of the investee company in Mainland China	Main activities of investee company	Capital	Investment method	Accumulated amount remitted out from Taiwan at the beginning of the year	Transactions during the year Remitted amount	Transactions during the year Collected amount	Accumulated amount remitted out from Taiwan at the end of the year	Percentage directly or indirectly owned by the Company	Investment income (loss) recognized during the year (Note B)	Book value of investment at the end of the year	Investment income collected as of the end of the year
Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of motherboards	$ 1,053,732	(Note A)	$ 1,053,732	$ -	$ -	$ 1,053,732	100	$ 21,304	$ 1,546,333	-
Ningbo Giga-Byte Technology Co., Ltd.	Manufacturing of motherboards	2,486,688	〃	2,486,688	-	-	2,486,688	100	2,366	2,510,408	-
Ningbo Giga-Byte International Trade Co., Ltd.	Selling of motherboards	232,320	〃	232,320	-	-	232,320	100	56,583	583,306	-
Ningbo Best Yield Technology Services Co., Ltd.	Repairing of motherboards	58,080	〃	58,080	-	-	58,080	100	4,628	56,463	-
Ningbo Zhongjia Technolgy Co.	Selling of motherboards	130,511	(Note B)	-	-	-	-	100	72,528	395,362	-
Gigazone International (Shenzhen)	Selling of PC peripherals	53,728	(Note A)	53,728	-	-	53,728	100	(47,534)	(14,985)	-

Note A: Invested by Charleston Investments Limited and Giga Future Limited., which are subsidiaries of Freedom International Group Ltd.
Note B: Invested by Ningbo Giga-Byte International Trade Co., Ltd., which is a subsidiary of Charleston Investments Ltd.

Company	Accumulated amount wired out from Taiwan to Mainland China as of the end of the year	Investment amount approved by FIC of MOEA	Ceiling of investment amount of the Company (Note)
Giga-Byte Technology Co., Ltd.	$ 3,830,820	$ 3,879,522	$ 12,351,877
Giga-Zone International Co., Ltd.	53,728	53,728	4,789

Note: The initial investment amount of Giga-Zone International Co., Ltd. in GigaZone(Zhzun) Limited in 2010 was approved by the Investment Commission of the Ministry of Economic Affairs. The ceiling on investment for 2012 was reduced because of the reduction in net equity of Giga-Zone International Co., Ltd..

2. Processing factory

Investment in subcontractors in Mainland China: None.

3. Material transactions directly between the Company and its mainland investees and material transactions indirectly between the Company and its mainland investees via entities in other areas:

(1) Purchases for the year ended 31st December 2012, its percentage over total purchases and the balance of related payables as of 31st December 2012: Note (5).

(2) Sales for the year ended 31st December 2012, its percentage over total sales and the balance of related receivables as of 31st December 2012:

Name of the sellers	Name of the mainland investees	Sales amount between the Company and its mainland investees via entities in other areas (Note)	% of total sales of the Company	Credit term	Accounts receivable: Balance (Note)	Accounts receivable: % of total accounts receivable of the Company	Unrealized gain
G.B.T. LBN Inc. and Gigabyte Advance (Labuan) Limited etc.	Ningbo Giga-Byte Technology Co., Ltd.	$ 10,645	-	60 days after billing	$ 13,395	-	$ -
	Ningbo Giga-Byte International Trade Co., Ltd.	9,916	-	〃	2,290	-	-
〃	Ningbo Zhongjia Technology Co., Ltd.	9,838,833	23%	14 days after receipt of goods	1,031,793	13%	-
〃	Dongguan Gigabyte Electronics Co., Ltd.	882,652	2%	60 days after billing	99,091	1%	-
〃	Ningbo Best Yield Technology Services Co., Ltd.	9,165	-	〃	1,758	-	-

Note: The balances are 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.

(3) Disposal or selling price of asset transactions and related gains or losses recognized during the year ended 31st December 2012: None.

(4) The purpose and the balance of endorsement, guarantee or collateral provided as of 31st December 2012: None.

(5) The maximum balance for the year ended 31st December 2012, the ending balance as of 31st December 2012, the range of interest rate and interest income recognized during the year ended 31st December 2012 resulting from financing activities: None.

(6) Other significant direct transactions of the Company with the investee companies in Mainland China.
The Company agreed to pay a processing fee of NT$1,306,131 to G.B.T. LBN Inc. for the year ended 31st December 2012, within 45 days after the month of billing, of which US$20,853,898 and US$23,233,312 were paid to Ningbo Giga-Byte Technology Co., Ltd. and Dongguan Gigabyte Electronics Co., Ltd., respectively.

D. Material transactions between the Company and its subsidiaries

For the year ended 31st December 2012

Number	Name of the Company	Name of the counterparty	Relationship with the counterparty	Account	Amount	Terms	% of total sales or total assets
0	Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Parent company to its subsidiary	Sales	$ 10,726,223	Note C	23%
		Giga Advance (Labuan) Limited	〃	〃	9,807,655	〃	21%
		G.B.T., Inc.	〃	〃	4,190,685	〃	9%
		G-Style Co., Ltd.	〃	〃	399,566	Note A	1%
		G.B.T. LBN Inc.	Parent company to its indirect subsidiary	〃	912,378	Note C	2%
		Giga-Byte Communications Inc.	Parent company to its subsidiary	〃	162,861	Note A	-
		G.B.T. LBN Inc.	Parent company to its indirect subsidiary	Processing expenses	1,306,131	Note C	3%
		Gigabyte Technology Pty. Ltd.	Parent company to its subsidiary	Service expense	50,662	Note B	-
		Gigabyte Technology (India) Private Limited	〃	〃	66,020	〃	-
		Giga Advance (Labuan) Limited	Parent company to its indirect subsidiary	Purchases	74,212	Note C	-
		G.B.T. LBN Inc.	〃	〃	107,096	〃	-
		G.B.T. LBN Inc.	〃	Accrued expense	18,070	〃	-
		G.B.T. LBN Inc.	〃	Other expense	99,084	〃	-
		G.B.T. LBN Inc.	〃	Accounts payable	314,960	〃	1%
		G.B.T. LBN Inc.	〃	Accounts receivable	77,157	Note C	-
		Giga-Byte Technology B.V.	Parent company to its subsidiary	〃	1,281,167	〃	4%
		G.B.T., Inc.	〃	〃	924,187	〃	3%
		Giga Advance (Labuan) Limited	〃	〃	470,678	〃	2%
		Giga-Byte Communications Inc.	〃	〃	42,765	Note A	-
		G-Style Co., Ltd.	〃	〃	81,578	〃	-
		Gigabyte Singapore Pte. Ltd.	Parent company to its indirect subsidiary	Other current liability	29,190	〃	-
1	Giga-Byte Technology B.V.	G.B.T. Technology Trading GmbH, etc.	Subsidairy to subsidiary	Commission	140,147	〃	-
		Giga-Byte Communications Inc.	〃	Accounts payable	64,093	〃	-
		Giga-Zone International Co., Ltd.	〃	Purchases	33,878	〃	-
		Giga-Byte Communications Inc.	〃	〃	370,863	〃	1%
2	Ningbo Zhongjia Technology Co., Ltd.	Ningbo Best Yield Technology services Co., Ltd.	Indirect subsidiary to indirect subsidiary	Accounts payable	18,671	〃	-
		〃	〃	Warranty cost	213,881	〃	-
3	Giga Advance (Labuan) Limited	Ningbo Zhongjia Technology Co., Ltd.	Indirect subsidiary to indirect subsidiary	Sales	9,862,080	〃	22%
		〃	〃	Accounts receivable	1,049,480	〃	3%
4	G.B.T. LBN Inc.	Ningbo Giga-Byte Technology Co., Ltd.	Indirect subsidiary to indirect subsidiary	Accounts receivable	209,140	Note B	1%
		Dongguan Giga-Byte Electronic Co., Ltd.	〃	Accounts payables	51,199	〃	-
		Ningbo Zhongjia Technology Co., Ltd.	〃	Purchases	619,809	〃	1%
		Dongguan Giga-Byte Electronic Co., Ltd.	〃	〃	689,100	〃	2%
		Ningbo Zhongjia Technology Co., Ltd.	〃	Sales	854,805	Note A	2%

Note A: Credit terms were 60 days after billing or 90 days upon receipt of goods.

Note B: Credit terms were 45 days after billing.

Note C: Credit terms were 30 days after billing.

Note D: Credit terms were 90 days after billing.

Note E: Regarding the ratio of transaction amount to consolidated total operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet accounts and based on accumulated amount in the interim to consolidated total operating revenues for income statement accounts.

Note F: The transaction amount were disclosed if percentage of consolidated total assets exceed 0.1% or consolidated total revenues exceed 0.1%.

For the year ended 31st December 2011

Number	Name of the Company	Name of the counterparty	Relationship with the counterparty	Account	Amount	Terms	% of total sales or total assets
0	Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Parent company to its subsidiary	Sales	$ 10,514,053	Note C	19%
		Giga Advance (Labuan) Limited	Parent company to its indirect subsidiary	〃	9,280,761	〃	17%
		G.B.T., Inc.	Parent company to its subsidiary	〃	3,956,127	〃	7%
		G-Style Co., Ltd.	〃	〃	452,809	Note A	1%
		G.B.T. LBN Inc.	Parent company to its indirect subsidiary	〃	355,607	Note C	1%
		Giga-Byte Communications Inc.	Parent company to its subsidiary	〃	291,276	Note A	1%
		G.B.T. LBN Inc.	Parent company to its indirect subsidiary	Processing expenses	1,152,698	Note C	2%
		Gigabyte Technology Pty. Ltd.	Parent company to its subsidiary	Service expense	47,001	Note B	-
		Gigabyte Technology (India) Private Limited	〃	〃	36,165	〃	-
		Nippon Giga-Byte Corp.	〃	〃	32,175	Note A	-
		G.B.T. LBN Inc.	Parent company to its indirect subsidiary	Purchases	160,243	Note C	-
		eRiver Precision Machining Co., Ltd.	Parent company to its subsidiary	〃	85,489	〃	-
		Giga Advance (Labuan) Limited	Parent company to its indirect subsidiary	〃	75,657	〃	-
		Giga-Byte Technology B.V.	Parent company to its subsidiary	Accounts receivable	1,087,897	〃	4%
		G.B.T., Inc.	〃	〃	730,719	〃	3%
		Giga Advance (Labuan) Limited	Parent company to its indirect subsidiary	〃	302,919	〃	1%
		Giga-Byte Communications Inc.	Parent company to its subsidiary	〃	193,224	Note A	1%
		G-Style Co., Ltd.	〃	〃	91,852	〃	-
		G.B.T. LBN Inc.	Parent company to its indirect subsidiary	〃	51,748	Note C	-
		〃	〃	Accounts payable	266,604	〃	-
		Gigabyte Singapore Pte. Ltd.	Parent company to its subsidiary	Other current liability	29,190	Note A	-
1	Giga-Byte Technology B.V.	G.B.T. Technology Trading GmbH, etc.	Subsidairy to subsidiary	Commission	143,889	〃	-
		Giga-Zone International Co., Ltd.	〃	Purchases	57,771	〃	-
2	Ningbo Zhongjia Technology Co., Ltd.	Ningbo Best Yield Technology services Co., Ltd.	Indirect subsidiary to indirect subsidiary	Accounts payable	24,989	〃	-
		〃	〃	Warranty expense	169,895	〃	-
3	Giga Advance (Labuan) Limited	Ningbo Zhongjia Technology Co., Ltd.	〃	Sales	9,752,112	〃	17%
		〃	〃	Accounts receivable	772,335	〃	3%
4	G.B.T. LBN Inc.	Ningbo Giga-Byte Technology Co., Ltd.	〃	Accounts payable	163,811	〃	1%
		Dongguan Giga-Byte Electroic Co., Ltd.	〃	〃	48,350	〃	-
		Ningbo Zhongjia Technology Co., Ltd.	〃	〃	42,470	〃	-
		Ningbo Giga-Byte Technology Co., Ltd.	〃	Accounts receivable	664,016	〃	2%
		〃	〃	Sales	115,516	〃	-
		Ningbo Zhongjia Technology Co., Ltd.	〃	〃	328,633	〃	1%

Note A: Credit terms were 60 days after billing or 90 days upon receipt of goods.

Note B: Credit terms were 45 days after billing.

Note C: Credit terms were 30 days after billing.

Note D: Credit terms were 90 days after billing.

Note E: Regarding the ratio of transaction amount to consolidated total operating revenues or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet accounts and based on accumulated amount in the interim to consolidated total operating revenues for income statement accounts.

Note F: The transaction amount were disclosed if percentage of consolidated total assets exceed 0.1% or consolidated total revenues exceed 0.1%.

12. SEGMENT INFORMATION

A. General information

The Group management has determined the operating segments based on the reports reviewed by the chief operating decision-maker 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.

B. Measurement of segment information

The chief operating decision-maker assesses the performance of the operating segments based on the operating income (loss).

C. Information on segment profit (loss), assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments for the years ended December 31st 2012 and 2011 is as follows:

2012

	Global brand business group	Other business group	Total
Total segment revenue	$ 39,479,942	$ 6,317,716	$ 45,797,658
Operating income (loss)	$ 2,343,453	($ 1,109,532)	$ 1,233,921
Depreciation and amortization	$ 57,142	$ 461,575	$ 518,717
Total assets (Note)	$ -	$ -	$ -
Total liabilities (Note)	$ -	$ -	$ -

2011

	Global brand business group	Other business group	Total
Total segment revenue	$ 36,311,407	$ 9,136,577	$ 45,447,984
Operating income (loss)	$ 1,331,036	($ 295,447)	$ 1,035,589
Depreciation and amortization	$ 54,471	$ 536,890	$ 591,361
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.

D. Reconciliation for segment profit (loss), assets and liabilities

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 income statement. Therefore, such reconciliation is not required.

E. Revenue information by category

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.

F. Revenue information by geographic area

1) Revenue by geographic area:

	For the years ended December 31	
	2012	2011
China	$ 11,601,673	$ 10,919,305
Europe	11,113,653	10,707,570
Taiwan	4,066,053	4,930,918
Others	19,016,279	18,890,191
Total	$ 45,797,658	$ 45,447,984

2) Non-current assets:

	December 31	
	2012	2011
Taiwan	$ 2,507,517	$ 2,545,356
China	2,027,993	2,378,611
Others	256,373	113,640
Total	$ 4,791,883	$ 5,037,607

G. Information on major customers

There was no customer accounting for more than 10% of the Group’s operating revenue for the years ended December 31, 2012 and 2011.

13. DISCLOSURES RELATING TO THE ADOPTION OF IFRSs

Pursuant to the regulations of the Financial Supervisory Commission, Executive Yuan, R.O.C., effective January 1, 2013, a public company whose stock is listed on the Taiwan Stock Exchange Corporation or traded in the GreTai Securities Market should prepare financial statements in accordance with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), and relevant interpretations and interpretative bulletins that are ratified by the Financial Supervisory Commission.

The Company discloses the following information in advance prior to the adoption of IFRSs under the requirements of Jin-Guan-Zheng-Shen-Zi Order No. 0990004943 of the Financial Supervisory Commission, dated February 2, 2010:

Major contents and status of execution of the Company's plan for IFRSs adoption:

1) The Company has formed an IFRSs group headed by the Company's General Manager, which is responsible for setting up a plan relative to the Company's transition to IFRSs. The major contents and status of execution of this plan are outlined below:

Working Items for IFRSs Adoption	Status of Execution
a. Formation of an IFRSs group	Completed.
b. Setting up a plan relative to the Company's transition to IFRSs	Completed.
c. Identification of the differences between current accounting policies and IFRSs	Completed.
d. Identification of consolidated entities under the IFRSs framework	Completed.
e. Evaluation of the impact of each exemption and option on the Company under IFRS 1 – First-time Adoption of International Financial Reporting Standards	Completed.
f. Evaluation of needed information system adjustments	Completed.
g. Evaluation of needed internal control adjustments	Completed.
h. Establish IFRSs accounting policies	Completed.
i. Selection of exemptions and options available under IFRS 1 – First-time Adoption of International Financial Reporting Standards	Completed.
j. Preparation of statement of financial position on the date of transition to IFRSs	Completed.
k. Preparation of IFRSs comparative financial information for 2012	In progress.
l. Completion of relevant internal control (including financial reporting process and relevant information system) adjustments	Completed.

2) Material differences that may arise between current accounting policies used in the preparation of financial statements and IFRSs and "Rules Governing the Preparation of Financial Statements by Securities Issuers" that will be used in the preparation of financial statements in the future:

   The Company uses the IFRSs already ratified currently by the Financial Supervisory Commission and the "Rules Governing the Preparation of Financial Statements by Securities Issuers" that will be applied in 2013 as the basis for evaluation of material differences in accounting policies as mentioned above. However, the Company's current evaluation results may be different from the actual differences that may arise when new issuances of or amendments to IFRSs are subsequently ratified by the Financial Supervisory Commission or relevant interpretations or amendments to the "Rules Governing the Preparation of Financial Statements by Securities Issuers" come in the future.

Material differences identified by the Company that may arise between current accounting policies used in the preparation of financial statements and IFRSs and "Rules Governing the Preparation of Financial Statements by Securities Issuers" that will be used in the preparation of financial statements in the future, and the effects of exemptions selected by the Company under IFRS 1 – First-time Adoption of International Financial Reporting Standards (see Note 13(3)) are set forth below:

A. As of 1st January 2012, the reconciliation of balance sheet accounts with material differences was as follows:

	R.O.C. GAAP	Adjustments	IFRSs	Explanation
Deferred income tax assets-current	$ 285,734	($ 285,734)	$ -	(A)
Available-for-sale financial assets-current	40,632	229,140	269,772	(B), (G)
Financial assets at fair value through profit or loss	229,862	(229,862)	-	(B)
Investment property	-	146,508	146,508	(C)
Rental assets	146,508	(146,508)	-	(C)
Other intangible assets	64,349	(54,034)	10,315	(D)
Long-term prepaid rent	-	54,034	54,034	(D)
Deferred income tax assets-non-current	35,169	285,941	321,110	(A)
Others	28,721,656	-	28,721,656	
Total Assets	$ 29,523,910	($ 515)	$ 29,523,395	
Accrued expenses	$ -	$ 49,994	$ 49,994	(E)
Accrued pension liabilities	159,182	140,294	299,476	(F)
Deferred income tax liabilities-non-current	-	207	207	(A)
Others	8,636,431	-	8,636,431	
Total Liabilities	8,795,613	190,495	8,986,108	
Capital reserve from long-term investments	2,970	(2,970)	-	(G)
Retained earnings	6,432,171	-	6,432,171	(B), (E), (F), (G), (H) and (I)
Special reserve	-	426,354	426,354	(I)
Cumulative translation adjustments	630,692	(630,692)	-	(G) and (H)
Asset revaluation increment of investee company	5,382	(5,382)	-	(G)
Unrealized (loss) gain on financial instruments	2,675	21,680	24,355	(B)
Others	13,654,407	-	13,654,407	
Total Shareholders' Equity	20,728,297	(191,010)	20,537,287	
Total Labilities and Shareholders' Equity	$ 29,523,910	($ 515)	$ 29,523,395	

B. As of 31st December 2012, the reconciliation of balance sheet accounts with of material differences was as follows:

	R.O.C. GAAP	Adjustments	IFRSs	Explanation
Deferred income tax assets-current	$ 226,096	($ 226,096)	$ -	(A)
Available-for-sale financial assets-current	56,621	234,806	291,427	(B), (G)
Financial assets at fair value through profit or loss	236,351	(236,351)	-	(B)
Investment property	-	46,915	46,915	(C)
Rental assets	46,915	(46,915)	-	(C)
Other intangible assets	63,791	(52,762)	11,029	(D)
Long-term prepaid rent	-	52,762	52,762	(D)
Deferred income tax assets-non-current	32,347	232,739	265,086	(A)
Others	29,968,626	-	29,968,626	
Total Assets	$ 30,630,747	$ 5,098	$ 30,635,845	
Accrued expenses	$ 1,856,073	$ 57,346	$ 1,913,419	(E)
Accrued pension liabilities	165,048	227,793	392,841	(F)
Deferred income tax liabilities-non-current	-	6,643	6,643	(A)
Others	8,014,368	-	8,014,368	
Total Liabilities	10,035,489	291,782	10,327,271	
Capital reserve from long-term investments	2,970	(2,970)	-	(G)
Retained earnings	6,477,737	(95,566)	6,382,171	(B), (E), (F), (G), (H) and (I)
Special reserve	-	426,354	426,354	(I)
Cumulative translation adjustments	471,762	(630,692)	(158,930)	(G) and (H)
Asset revaluation increment of investee company	5,382	(5,382)	-	(G)
Unrealized (loss) gain on financial instruments	(10,466)	21,572	11,106	(B)
Others	13,647,873	-	-	
Total Shareholders' Equity	163,852,464	82,743,118	81,926,232	
Total Labilities and Shareholders' Equity	$ 10,035,489	$ 291,782	$ 92,253,503	

C. As of 31st December 2012, the reconciliation of statement of income accounts with material differences was as follows:

	R.O.C. GAAP	Adjustments	IFRSs	Explanation
Operating Revenue	$ 45,797,658	$ -	$ 45,797,658	
Operating Cost	(37,916,068)	(2,098)	(37,918,166)	(E), (F)
Operating Expense	(6,647,669)	(1,050)	(6,648,719)	(E), (F)
Gross profit	1,233,921	(3,148)	1,230,773	
Non-operating income and expense	542,794	(715)	542,079	(B)
Income before income tax	1,776,715	(3,863)	1,772,852	
Income tax expense	(222,230)	-	(222,230)	
Income after income tax	$ 1,554,485	($ 3,863)	$ 1,550,622	

The reason of adjustment:

(A) Income taxes

In accordance with current accounting standards in R.O.C., a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or noncurrent. However, a deferred tax asset or liability that is not related to an asset or liability for financial reporting, should be classified as current or noncurrent according to the expected time period to realize or settle a deferred tax asset or liability. However, under IAS 1, “Presentation of Financial Statements”, an entity should not classify a deferred tax asset or liability as current.

Therefore, the Group increased deferred income tax assets-noncurrent and deferred income tax liabilities-noncurrent by $232,739 and $6,643, respectively, and decreased deferred income tax assets-current by $226,096 on December 31, 2012.

(B) Financial assets: equity instruments

In accordance with the amended “Rules Governing the Preparation of Financial Statements by Securities Issuers”, dated July 7, 2011, unlisted stocks and emerging stocks held by the Company should be measured at cost and recognized in “Financial assets carried at cost”. However, in accordance with IAS 39, “Financial Instruments: Recognition and Measurement”, investments in equity instruments without an active market but with reliable fair value measurement (i.e. the variability of the estimation interval of reasonable fair values of such equity instruments is insignificant, or the probability for these estimates can be made reliably) should be measured at fair value. Therefore, in accordance with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” amended on December 22, 2011, the Company designated such financial assets measured at cost of $229,862 as ‘Available-for-sale financial assets’ on the date of transition to IFRSs, and increased unrealized gain or loss on financial instruments by $21,680 and increased available-for-sale financial assets by $21,680, which was the difference between the fair value and the carrying amount, and because impairment loss had been recognized for some of these assets in prior years, and their fair value continued to decline on the date of transition to IFRSs, the Company decreased retained earnings and available-for-sale financial assets by $1,534 and $1,534, respectively, which was the difference between the fair value and the carrying amount.

Additionally, the Group decreased financial assets measured at cost by $236,351, increased available-for-sale financial assets by $255,674, increased other comprehensive income by $21,572, and decreased retained earnings by $1,534 on December 31, 2012, and increased impairment loss by $715 for 2012.

(C) Investment property

In accordance with current accounting standards in R.O.C., the Company's property that is leased to others is presented in 'Other assets' account. In accordance with IAS 40, "Investment Property", property that meets the definition of investment property is classified and accounted for as 'Investment property'. As a result, on the date of IFRSs adoption, the Group increased investment property by $146,508, and reduced rental assets by $146,508.

As of 31st December 2012, the Group increased investment property by $46,915, and reduced rental assets by $46,915.

(D) Land-use right

The land-use right is classified to intangible assets under current accounting standards in ROC. However, it shall be regarded as long-term operating lease and classified to 'long-term rent prepayment' under IAS 17, 'Leases'. Therefore the Group increased long-term rent prepayment by $54,034 and decreased other intangible assets by $54,034 on the date of transition to IFRSs.

Additionally, the Group increased long-term rent prepayment by $52,762 and decreased other intangible assets by $52,762 on December 31, 2012.

(E) Employee benefits

The current accounting standards in R.O.C. do not specify the rules on the cost recognition for accumulated unused compensated absences. The Company recognizes such costs as expenses upon actual payment. However, IAS 19, "Employee Benefits", requires that the costs of accumulated unused compensated absences should be accrued as expenses at the end of the reporting period. As a result, on the date of IFRSs adoption, the Company increased accrued expense by $49,994, and reduced retained earnings by $49,994. As of 31st December 2012, the Group increased cost of goods sold by $6,255 and reduced operating expenses by $1,097.

(F) Pensions

a. The discount rate used to calculate pensions shall be determined with reference to the factors specified in R.O.C. SFAS 18, paragraph 23. However, IAS 19, "Employee Benefits", requires an entity to determine the rate used to discount employee benefits with reference to market yields on high quality corporate bonds that match the currency at the end day of the reporting period and duration of its pension plan; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end day of the reporting period) instead.

b. The Company has elected to recognize all cumulative actuarial gains and losses relating to all employee benefit plans in 'retained earnings' on the date of transition to IFRSs under IFRS 1 – First-time Adoption of International Financial Reporting Standards. Therefore the Group increased accrued pension liability by $140,294 and decreased retained earnings by $140,294 on the date of transition to IFRSs.

c. In accordance with the Company's accounting policies, unrecognized transitional net benefit obligation should be amortized on a straight-line basis over the average remaining service period of employees still in service and expected to receive benefits. However, the transitional provisions in IAS 19 are not applied to the Company as a first-time adopter of IFRSs, so the Company has no unrecognized transitional liabilities.

d. In accordance with current accounting standards in R.O.C., actuarial pension gain or loss of the Company is recognized in net pension cost of current period using the 'corridor' method. However, IAS 19, "Employee Benefits", requires that actuarial pension gain or loss should be recognized immediately in other comprehensive income. Therefore, the Group increased accrued pension liability by $227,793 and decreased retained earnings by $140,294 on December 31, 2012, and decreased cost of goods sold by $4,157 and operating expenses by $47 and increased actuarial pension loss on defined benefit plans by $91,703 for 2012.

(G) Investments in associates/long-term equity investments accounted for under equity method

a. In accordance with current accounting standards in R.O.C., for long-term equity investment under equity method, if an investor company loses its significant influence over an investee company because of a decrease in ownership or other reasons and therefore ceases using the equity method, the remaining investment in the investee company shall be reclassified to 'available-for-sale financial assets', and the cost of the remaining investment will be the book value at the time of change. If there is a balance on additional paid-in capital or other equity adjustment items from the long-term equity investment, then an investor company shall calculate its share when the investment is sold, so that the pro-rata gains or losses from the disposal of the long-term investment can be accounted for. In accordance with IAS 28, "Investments in Associates", when an investment ceases to be an associate, the fair value of the remaining investment at the date when it ceases to be an associate should be regarded as its fair value on initial recognition of the financial asset. If there is a balance on additional paid-in capital or other equity adjustment items from the long-term equity investment, it shall be written off totally by the investor company when the investment is sold, so that the gains or losses from the disposal of the long-term investment can be accounted for. Therefore, the Group decreased cumulative translation adjustments and unrealized revaluation increment by $15,486 and $5,382, respectively, and decreased available-for-sale financial assets-noncurrent by $20,868 on the date of transition to IFRSs and on December 31, 2012.

b. The Group has elected not to apply the requirements in IFRS 3, ‘Business Combinations’, retrospectively to the previous acquisitions of investments in associates, and elected to adjust retained earnings for previous ROC GAAP capital surplus that did not meet the regulations of IFRSs on the date of transition to IFRSs. Therefore, the Company decreased ‘capital surplus-long-term investments’ by $2,970 and increased retained earnings by $2,970 on the date of transition to IFRSs and on December 31, 2012.

(H) Cumulative translation adjustments

The Company has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the date of transition to IFRSs in accordance with IFRS 1 – First-time Adoption of International Financial Reporting Standards. Therefore the Company decreased cumulative translation adjustments by $615,206 and increased retained earnings by $615,206 on the date of transition to IFRSs and on December 31, 2012.

(I) Special reserves

In accordance with Jin-Guan-Zheng-Fa-Zi Order No. 1010012865, dated April 6, 2012, the Company has elected to transfer cumulative translation adjustments into ‘undistributed earnings’. Therefore the Company increased special surplus by $426,354 and decreased retained earnings by $426,354 on the date of transition to IFRSs and on December 31, 2012.

3) The Company has elected the following exemptions in accordance with IFRS 1, “First-time Adoption of International Financial Reporting Standards” and “Rules Governing the Preparation of Financial Statements by Securities Issuers” that are applicable in 2013:

A. Business combinations

The Company has elected not to apply the requirements in IFRS 3, ‘Business Combinations’, retrospectively to business combinations that occurred prior to the date of transition to IFRSs (“the transition date”).

B. Share-based payment transactions

The Company has elected not to apply the requirements in IFRS 2, ‘Share-based Payment’, retrospectively to equity instruments/liabilities that were vested/settled arising from share-based payment transactions prior to the transition date.

C. Employee benefits

The Company has elected to recognise all cumulative actuarial gains and losses relating to all employee benefit plans in ‘retained earnings’ at the transition date, and to disclose the information of present value of defined benefit obligation, fair value of plan assets, gain or loss on plan assets and experience adjustments under the requirements of paragraph 120A (P), IAS 19, ‘Employee Benefits’, based on their prospective amounts for financial periods from the transition date.

D. Cumulative translation differences

The Company has elected to reset the cumulative translation differences arising on the translation of the financial statements of foreign operations under R.O.C. GAAP to zero at the transition date, and to deal with translation differences arising subsequent to the transition date in accordance with IAS 21, ‘The Effects of Changes in Foreign Exchange Rates’.

E. Compound financial instruments

The Company has elected not to segregate between liability components and equity components of compound financial instruments whose liability components were no longer outstanding at the transition date.

F. Designation of previously recognised financial instruments

The Company has elected to designate certain financial assets measured at cost as ‘available-for-sale financial assets’ at the transition date.

The selection of exemptions applied in these consolidated financial statements may be different from those applied in the first year-end IFRSs consolidated financial statements due to the issuance of related regulations by regulatory authorities, changes in economic environment, or changes in the evaluation of the impact of application of exemptions by the Company.