GIGA-BYTE TECHNOLOGY CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF INDEPENDENT ACCOUNTANTS

31ST DECEMBER 2013 AND 2012

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

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GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended 31st December 2013, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under Statements of Financial Accounting Standards No.7. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

GIGA-BYTE TECHNOLOGY CO., LTD.

Dandy Yeh

18th March 2014

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have audited the accompanying consolidated balance sheets of Giga-Byte Technology Co., Ltd. and its subsidiaries as of 31st December 2013, 31st December 2012 and 1st January 2012, and the related consolidated statements of comprehensive income, of changes in shareholders' equity and of cash flows for the years ended 31st December 2013 and 2012. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of certain investee companies accounted for under the equity method as of and for the years ended 31st December 2013 and 2012 were audited by other auditors, whose reports thereon were furnished to us. Long-term equity investment balance in these investee companies amounted to $306,284 thousand and $202,888 thousand as of 31st December 2013 and 2012, respectively, and the related investment loss recognized amounted to $13,701 thousand and $14,462 thousand for the years then ended. Our opinion, insofar as it relates to the amounts included in the financial statements and information disclosed in Note 13 relating to these long-term equity investments, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Giga-Byte Technology Co., Ltd. and its subsidiaries as of 31st December 2013, 31st December 2012, and 1st January 2012, and their financial performance and cash flows for the years ended 31st December 2013 and 2012 in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the unconsolidated financial statements of Giga-Byte Technology Co., Ltd. (not presented herein) as of and for the years ended 31st December 2013 and 2012.

PricewaterhouseCoopers, Taiwan
18th March 2014

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	ASSETS	Notes	31st December 2013 Amount	%	31st December 2012 Amount	%	1st January 2012 Amount	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 8,146,406	23	$ 8,737,663	29	$ 9,398,272	32
1110	Financial assets at fair value through profit or loss - current	6(2)	1,518,811	4	1,576,676	5	1,486,256	5
1125	Available-for-sale financial assets – current	6(6)	83,610	-	69,406	-	75,050	-
1150	Notes receivable-net		10,991	-	8,138	-	15,487	-
1170	Accounts receivable-net	6(3)	5,435,125	16	4,962,088	16	3,434,216	12
1200	Other receivables		476,788	2	352,005	1	665,283	2
130X	Inventories	6(4)	8,365,361	24	7,511,768	25	6,887,393	24
1470	Other current assets	6(5)	3,161,356	9	917,224	3	658,525	2
11XX	Total current assets		27,198,448	78	24,134,968	79	22,620,482	77
	Non-current assets							
1523	Available-for-sale financial assets – non-current	6(6)	509,384	2	291,427	1	269,772	1
1527	Held-to-maturity financial assets- non-current	6(7)	148,410	-	-	-	-	-
1546	Investments in bonds without active markets – non-current	6(8)	19,662	-	69,593	-	-	-
1550	Investments accounted for under equity method	6(9)	306,284	1	202,888	1	223,280	1
1600	Property, plant and equipment	6(10)	4,212,396	12	4,411,796	14	4,609,170	16
1760	Investment property-net	6(11)	142,029	-	46,915	-	146,508	-
1780	Intangible assets		45,002	-	83,839	-	49,295	-
1840	Deferred income tax assets	6(18)	274,939	1	265,086	1	321,110	1
1900	Other non-current assets	6(12)	2,140,848	6	1,129,333	4	1,283,778	4
15XX	Total non-current assets		7,798,954	22	6,500,877	21	6,902,913	23
1XXX	TOTAL ASSETS		$ 34,997,402	100	$ 30,635,845	100	$ 29,523,395	100

(Continued)

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31st December 2013 Amount	%	31st December 2012 Amount	%	1st January 2012 Amount	%
	Current liabilities							
2100	Short-term loans	6(13)	$ 2,605,649	7	$ 215,297	1	$ 100,580	-
2120	Financial liabilities at fair value through profit or loss - current	6(14)	-	-	2,081	-	-	-
2150	Notes payable		37,511	-	24,681	-	35,207	-
2170	Accounts payable		5,423,326	16	6,385,965	21	4,919,374	17
2200	Other payables	6(15)	2,884,329	8	1,968,925	6	2,043,256	7
2230	Current income tax liabilities		342,925	1	82,094	-	361,999	1
2250	Provisions for liabilities - current	6(16)	562,578	2	476,667	2	545,429	2
2300	Other current liabilities		824,553	2	745,747	2	557,574	2
21XX	Total current liabilities		12,680,871	36	9,901,457	32	8,563,419	29
	Non-current liabilities							
2570	Deferred income tax liabilities	6(18)	15,734	-	6,643	-	207	-
2600	Other non-current liabilities	6(17)	451,095	2	419,171	2	422,482	1
25XX	Total non-current liabilities		466,829	2	425,814	2	422,689	1
2XXX	Total liabilities		13,147,700	38	10,327,271	34	8,986,108	30
	Equity attributable to owners of the parent							
	Share capital	6(19)						
3110	Common stock		6,265,714	18	6,258,914	20	6,383,064	22
	Capital surplus	6(20)						
3200	Capital surplus		4,587,562	13	4,585,372	15	4,685,059	16
	Retained earnings	6(21)						
3310	Legal reserve		2,950,047	9	2,794,790	9	2,637,871	9
3320	Special reserve		426,354	1	426,354	1	426,354	1
3350	Unappropriated retained earnings		7,341,889	21	6,382,171	21	6,432,171	22
	Other equity							
3400	Other equity		267,119	-	(147,824)	-	24,355	-
3500	Treasury share		-	-	-	-	(60,912)	-
31XX	Total equity attributable to owners of the parent		21,838,685	62	20,299,777	66	20,527,962	70
36XX	Non-controlling interest		11,017	-	8,797	-	9,325	-
3XXX	Total equity		21,849,702	62	20,308,574	66	20,537,287	70
	TOTAL LIABILITIES AND EQUITY		$ 34,997,402	100	$ 30,635,845	100	$ 29,523,395	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated 18th March 2014.

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

			For the years ended 31st December			
			2013		2012	
		Notes	Amount	%	Amount	%
4000	Operating revenue		$ 51,118,994	100	$ 45,797,658	100
5000	Operating costs	6(4)(26)	(41,969,788)	(82)	(37,918,166)	(83)
5900	Gross profit		9,149,206	18	7,879,492	17
	Operating expenses	6(25)(26)				
6100	Selling expenses		(3,775,899)	(8)	(3,412,600)	(7)
6200	General & administrative expenses		(1,605,844)	(3)	(1,602,093)	(3)
6300	Research and development expenses		(1,963,294)	(4)	(1,634,027)	(4)
6000	Total operating expenses		(7,345,037)	(15)	(6,648,720)	(14)
6900	Operating profit		1,804,169	3	1,230,772	3
	Non-operating revenue and expenses					
7010	Other income	6(24)	468,874	1	470,734	1
7020	Other gains and losses	6(25)	499,123	1	88,164	-
7050	Finance costs		(26,108)	-	(2,356)	-
7060	Share of (loss)/profit of associates and joint ventures accounted for under the equity method	6(9)	(13,701)	-	(14,462)	-
7000	Total non-operating revenue and expenses		928,188	2	542,080	1
7900	Profit before income tax		2,732,357	5	1,772,852	4
7950	Income tax expense	6(18)	(372,877)	(1)	(222,230)	(1)
8200	Profit for the year		$ 2,359,480	4	$ 1,550,622	3
	Other comprehensive income-net					
8310	Currency translation differences		$ 300,038	1	($ 158,930)	-
8325	Unrealised gain (loss) on valuation of available-for-sale financial assets	6(6)	114,905	-	(13,249)	-
8360	Actuarial gain (loss) on defined benefit plan	6(17)	14,328	-	(91,703)	-
8399	Income tax relating to the components of other comprehensive income	6(18)	(2,436)	-	-	-
8500	Total comprehensive income for the year		$ 2,786,315	5	$ 1,286,740	3
	Profit (loss) attributable to:					
8610	Owners of parent		$ 2,355,536	4	$ 1,548,707	3
8620	Non-controlling interest		3,944	-	1,915	-
	Total		$ 2,359,480	4	$ 1,550,622	3
	Comprehensive income attributable to:					
8710	Owners of parent		$ 2,782,371	5	$ 1,284,825	3
8720	Non-controlling interest		3,944	-	1,915	-
	Total		$ 2,786,315	5	$ 1,286,740	3
	Basic earnings per share	6(23)				
9750	Total basic earnings per share		$	3.76	$	2.48
	Diluted earnings per share					
9850	Total diluted earnings per share		$	3.69	$	2.43

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated 18th March 2014.

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

		Equity attributable to owners of the parent										
				Retained earnings			Other equity					
	Notes	Common stock	Capital reserve	Legal reserve	Special reserve	Unappropriated retained earnings	Currency translation differences	Unrealised gain (loss) on valuation of available-for-sale financial assets	Treasury share	Total	Non-controlling interest	Total equity
2012												
Balance at 1st January 2012		$ 6,383,064	$ 4,685,059	$ 2,637,871	$ 426,354	$ 6,432,171	$ -	$ 24,355	($ 60,912)	$ 20,527,962	$ 9,325	$ 20,537,287
Appropriations of 2011 retained earnings:	6(21)											
Legal reserve		-	-	156,919	-	(156,919)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,248,645)	-	-	-	(1,248,645)	-	(1,248,645)
Share-based payment	6(22)	51,450	23,239	-	-	-	-	-	-	74,689	-	74,689
Acquisition of treasury stock	6(19)	-	-	-	-	-	-	-	(339,054)	(339,054)	-	(339,054)
Treasury stock retired	6(19)	(175,600)	(122,926)	-	-	(101,440)	-	-	399,966	-	-	-
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(2,443)	(2,443)
Profit for the year		-	-	-	-	1,548,707	-	-	-	1,548,707	1,915	1,550,622
Other comprehensive income for the year		-	-	-	-	(91,703)	(158,930)	(13,249)	-	(263,882)	-	(263,882)
Balance at 31st December 2012		$ 6,258,914	$ 4,585,372	$ 2,794,790	$ 426,354	$ 6,382,171	($ 158,930)	$ 11,106	$ -	$ 20,299,777	$ 8,797	$ 20,308,574
2013												
Balance at 1st January 2013		$ 6,258,914	$ 4,585,372	$ 2,794,790	$ 426,354	$ 6,382,171	($ 158,930)	$ 11,106	$ -	$ 20,299,777	$ 8,797	$ 20,308,574
Appropriations of 2012 retained earnings:	6(21)											
Legal reserve		-	-	155,257	-	(155,257)	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,252,453)	-	-	-	(1,252,453)	-	(1,252,453)
Share-based payment	6(22)	6,800	2,190	-	-	-	-	-	-	8,990	-	8,990
Changes in non-controlling interest		-	-	-	-	-	-	-	-	-	(1,724)	(1,724)
Profit for the year		-	-	-	-	2,355,536	-	-	-	2,355,536	3,944	2,359,480
Other comprehensive income for the year		-	-	-	-	11,892	300,038	114,905	-	426,835	-	426,835
Balance at 31st December 2013		$ 6,265,714	$ 4,587,562	$ 2,950,047	$ 426,354	$ 7,341,889	$ 141,108	$ 126,011	$ -	$ 21,838,685	$ 11,017	$ 21,849,702

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated 18th March 2014.

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

	Notes	For the years ended 31st December 2013	2012
Cash flows from operating activities:			
Profit before income tax		$ 2,732,357	$ 1,772,852
Adjustments to reconcile profit before income tax to net cash provided by operating activities:			
Income and expenses having no effect on cash flows			
Depreciation	6(10)(26)	376,056	387,112
Depreciation charge on investment property	6(11)	801	680
Amortisation	6(26)	179,647	131,605
Provision for doubtful accounts	6(3)	65,417	9,793
Net gain on financial assets and liabilities at fair value through profit or loss	6(2)(25)	(3,151)	(11,538)
Interest expense		26,109	2,356
Interest income	6(24)	(158,977)	(93,333)
Dividends income		(15,197)	(23,589)
Share of loss of associates accounted for under equity method	6(9)	13,701	14,462
Loss (gain) on disposal of property, plant and equipment	6(10)(25)	3,433	(20,413)
Gain on disposal of available-for-sale financial assets	6(6)(25)	(43,968)	(42,786)
Gain on disposal of investments in bonds without active markets	6(8)(25)	(797)	-
Impairment loss on available-for-sale financial assets		7,483	5,644
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets and liabilities at fair value through profit or loss	6(2)	57,865	(76,801)
Notes receivable-net		(2,853)	7,349
Accounts receivable-net	6(3)	(510,384)	(1,526,171)
Other receivables		(124,783)	313,278
Inventories	6(4)	(850,925)	(622,615)
Other current assets	6(5)	(153,122)	220,388
Net changes in liabilities relating to operating activities			
Notes payable		12,830	(10,526)
Accounts payable		(962,639)	1,466,591
Other payables	6(15)	915,404	(74,331)
Provisions for liabilities	6(16)	85,911	(68,762)
Other current liabilities		78,806	188,173
Other non-current liabilities	6(17)	41,007	(75,023)
Cash generated from operations		1,770,031	1,874,395
Interest received		15,197	23,589
Interest paid		(26,109)	(2,356)
Interest received	6(24)	158,977	93,333
Income taxes paid	6(18)	(115,244)	(433,788)
Net cash provided by operating activities		1,802,852	1,555,173

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

	Notes	For the years ended 31st December 2013	2012
Cash flows from investing activities:			
Acquisition of available-for-sale financial assets	6(6)	($ 427,477)	($ 252,963)
Proceeds from disposal of available-for-sale financial assets	6(6)	303,217	225,860
Capital reduction by returning cash for available-for-sale financial assets	6(6)	45,000	37,500
Acquisition of investments in bonds without active markets	6(8)	(67,155)	(69,593)
Proceeds from disposal of investments in bonds without active markets	6(8)	118,314	-
Acquisition of held-to-maturity financial assets	6(7)	(148,410)	-
Acquisition of investments accounted for under equity method	6(9)	(207,000)	-
Capital reduction by returning cash from investee companies recognised under equity method	6(9)	88,000	-
Acquisition of property, plant and equipment	6(10)	(199,288)	(207,788)
Proceeds from disposal of property, plant and equipment	6(10)	5,946	42,741
Acquisition of intangible assets		(130,225)	(153,148)
Increase in other financial assets		(3,124,631)	(290,000)
Decrease (increase) in other non-current assets		11,521	(47,644)
Net cash used in investing activities		(3,732,188)	(715,035)
Cash flows from financing activities:			
Increase in short-term loans		2,390,352	114,717
Increase (decrease) in deposits received		2,809	(19,991)
Cash dividends paid	6(21)	(1,252,453)	(1,248,645)
Employee stock options exercised	6(22)	8,990	74,689
Cost of treasury stock buyback	6(19)	-	(339,054)
Changes in non-controlling interest		(1,724)	(2,443)
Net cash provided by (used in) financing activities		1,147,974	(1,420,727)
Effect of exchange rate changes on cash and cash equivalents		190,105	(80,020)
Decrease in cash and cash equivalents		(591,257)	(660,609)
Cash and cash equivalents at beginning of year	6(1)	8,737,663	9,398,272
Cash and cash equivalents at end of year	6(1)	$ 8,146,406	$ 8,737,663

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated 18th March 2014.

GIGA-BYTE TECHNOLOGY CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31ST DECEMBER 2013 AND 2012
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

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

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

These consolidated financial statements were authorized for issuance by the Board of Directors on 17th March 2014.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

Not applicable as it is the first-time adoption of IFRSs by the Group this year.

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

IFRS 9, 'Financial Instruments': Classification and measurement of financial instruments

A. The International Accounting Standards Board ("IASB") published IFRS 9, 'Financial Instruments', in November 2009, which will take effect on 1st January 2013 with early application permitted (Through the amendments to IFRS 9 published on 19th November 2013, the IASB has removed the previous mandatory effective date, but the standard is available for immediate application). Although the FSC has endorsed IFRS 9, FSC does not permit early application of IFRS 9 when IFRSs are adopted in R.O.C. in 2013. Instead, enterprises should apply International Accounting Standard No. 39 ("IAS 39"), 'Financial Instruments: Recognition and Measurement' reissued in 2009.

B. IFRS 9 was issued as the first step to replace IAS 39. IFRS 9 outlines the new classification and measurement requirements for financial instruments, which might affect the accounting treatments for financial instruments of the Group.

C. The Group has not yet evaluated the overall effect of the IFRS 9 adoption. However, based on our preliminary evaluation, it was noted that the IFRS 9 adoption might have an impact on those instruments classified as 'available-for-sale financial assets' held by the Group, as IFRS 9 specifies that the fair value changes in the equity instruments that meet certain criteria may be reported in other comprehensive income, and such amount that has been recognised in other comprehensive income should not be reclassified to profit or loss when such assets are derecognised. The Group recognised gain (or loss) on equity instruments amounting to $114,905, in other comprehensive income for the year ended 31st December 2013.

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

The following are the assessment of new standards, interpretations and amendments issued by IASB but not yet endorsed by the FSC (application of the new standards and amendments should follow the regulations of the FSC):

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
Limited exemption from comparative IFRS 7 disclosures for first-time adopters (amendment to IFRS 1)	The amendment provides first-time adopters of IFRSs with the same transition relief that existing IFRS preparers received in IFRS 7, ‘Financial Instruments: Disclosures’ and exempts first-time adopters from providing the additional comparative disclosures.	1st July 2010
Improvements to IFRSs 2010	Amendments to IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 34 and IFRIC 13.	1st January 2011
IFRS 9, ‘Financial instruments: Classification and measurement of financial liabilities’	IFRS 9 requires gains and losses on financial liabilities designated at fair value through profit or loss to be split into the amount of change in the fair value that is attributable to changes in the credit risk of the liability, which shall be presented in other comprehensive income, and cannot be reclassified to profit or loss when derecognising the liabilities; and all other changes in fair value are recognised in profit or loss. The new guidance allows the recognition of the full amount of change in the fair value in the profit or loss only if there is reasonable evidence showing on initial recognition that the recognition of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch (inconsistency) in profit or loss. (That determination is made at initial recognition and is not reassessed subsequently.)	19th November 2013 (Not mandatory)
Disclosures - transfers of financial assets (amendment to IFRS 7)	The amendment enhances qualitative and quantitative disclosures for all transferred financial assets that are not derecognised and for any continuing involvement in transferred assets, existing at the reporting date.	1st July 2011
Deferred tax: recovery of underlying assets (amendment to IAS 12)	The amendment gives a rebuttable presumption that the carrying amount of investment properties measured at fair value is recovered entirely by sale, unless there exists any evidence that could rebut this presumption. The amendment also replaces SIC 21, ‘Income taxes—recovery of revalued non-depreciable assets’.	1st January 2012
IFRS 10, ‘Consolidated	The standard builds on existing principles by	1st January 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
financial statements’	identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where it is difficult to assess.	
IFRS 11,‘Joint arrangements’	Judgments applied when assessing the types of joint arrangements-joint operations and joint ventures, the entity should assess the contractual rights and obligations instead of the legal form only. The standard also prohibits the proportional consolidation for joint ventures.	1st January 2013
IFRS 12,‘Disclosure of interests in other entities’	The standard requires the disclosure of interests in other entities including subsidiaries, joint arrangements, associates and unconsolidated structured entities.	1st January 2013
IAS 27,‘Separate financial statements’ (as amended in 2011)	The standard removes the requirements of consolidated financial statements from IAS 27 and those requirements are addressed in IFRS 10, ‘Consolidated financial statements’.	1st January 2013
IAS 28,‘Investments in associates and joint ventures’ (as amended in 2011)	As consequential amendments resulting from the issuance of IFRS 11, ‘Joint arrangements’, IAS 28 (revised) sets out the requirements for the application of the equity method when accounting for investments in joint ventures.	1st January 2013
IFRS 13, ‘Fair value measurement’	IFRS 13 aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs.	1st January 2013
IAS 19 revised, ‘Employee benefits’ (as amended in 2011)	The revised standard eliminates corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service costs will be recognised immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net	1st January 2013

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
	interest expense, is recognised in other comprehensive income.	
Presentation of items of other comprehensive income (amendment to IAS 1)	The amendment requires profit or loss and other comprehensive income (OCI) to be presented separately in the statement of comprehensive income. Also, the amendment requires entities to separate items presented in OCI into two groups based on whether or not they may be recycled to profit or loss subsequently.	1st July 2012
Disclosures—Offsetting financial assets and financial liabilities (amendment to IFRS 7)	The amendment requires disclosures to include quantitative information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements.	1st January 2013
Offsetting financial assets and financial liabilities (amendment to IAS 32)	The amendments clarify the requirements for offsetting financial instruments on the statement of financial position: (i) the meaning of 'currently has a legally enforceable right to set off the recognised amounts'; and (ii) that some gross settlement mechanisms with certain features may be considered equivalent to net settlement.	1st January 2014
Government loans (amendment to IFRS 1)	The amendment provides exception to first-time adopters to apply the requirements in IFRS 9, ' Financial instruments', and IAS 20, 'Accounting for government grants and disclosure of government assistance', prospectively to government loans that exist at the date of transition to IFRSs; and first-time adopters should not recognise the corresponding benefit of the government loan at a below-market rate of interest as a government grant.	1st January 2013
Improvements to IFRSs 2009- 2011	Amendments to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34.	1st January 2013
Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance (amendments to IFRS 10, IFRS 11 and IFRS 12)	The amendment clarifies that the date of initial application is the first day of the annual period in which IFRS 10, 11 and 12 is adopted.	1st January 2013
Investment entities (amendments to IFRS 10, IFRS 12 and IAS 27)	The amendments define 'Investment Entities' and their characteristics. The parent company that meets the definition of investment entities	1st January 2014

New Standards, Interpretations and Amendments	Main Amendments	IASB Effective Date
	should measure its subsidiaries using fair value through profit of loss instead of consolidating them.	
IFRIC 21, 'Levies'	The interpretation addresses the accounting for levies imposed by governments in accordance with legislation (other than income tax). A liability to pay a levy shall be recognised in accordance with IAS 37, 'Provisions, contingent liabilities and contingent assets'.	1st January 2014
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	The amendments remove the requirement to disclose recoverable amount when a cash generating unit (CGU) contains goodwill or intangible assets with indefinite useful lives that were not impaired.	1st January 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	The amendment states that the novation of a hedging instrument would not be considered an expiration or termination giving rise to the discontinuation of hedge accounting when the hedging instrument that is being novated complies with specified criteria.	1st January 2014
IFRS 9 "Financial assets: hedge accounting" and amendments to IFRS 9, IFRS 7 and IAS 39	1. IFRS 9 relaxes the requirements for hedged items and hedging instruments and removes the bright line of effectiveness to better align hedge accounting with the risk management activities of an entity. 2. An entity can elect to early adopt the requirement to recognise the changes in fair value attributable to changes in an entity's own credit risk from financial liabilities that are designated under the fair value option in 'other comprehensive income'.	19th November, 2013 (Not mandatory)
Services related contributions from employees or third parties (amendments to IAS 19R)	The amendment allows contributions from employees or third parties that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.	1st July, 2014
Improvements to IFRSs 2010-2012	Amendments to IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38.	1st July, 2014
Improvements to IFRSs 2011-2013	Amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40.	1st July, 2014

The Group is assessing the potential impact of the new standards, interpretations and amendments above and has not yet been able to reliably estimate their impact on the consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1)Compliance statement

A. These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

B. In the preparation of the balance sheet of January 1, 2012 (the Group's date of transition to IFRSs) ("the opening IFRS balance sheet"), the Group has adjusted the amounts that were reported in the consolidated financial statements in accordance with previous R.O.C. GAAP. Please refer to Note 15 for the impact of transitioning from R.O.C. GAAP to IFRSs, on the Group's financial position, financial performance and cash flows.

(2)Basis of preparation

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

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

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

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

(3)Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a)All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies. In general, control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. The existence and effect of potential voting rights that are currently exercisable or convertible have been considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

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

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

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

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

B.Subsidiaries included in the consolidated financial statements:

			Ownership(%) 31st December		
Investor	Subsidiary	Main activities	2013	2012	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	
〃	Chi-Ga Investment Corp.	Holding company	100.00	100.00	
〃	Gigabyte Technology (India) Private Limited	Selling of motherboards	100.00	100.00	
〃	G-Style Co., Ltd.	Manufacturing and selling of notebooks	100.00	100.00	
〃	Giga-Zone International Co., Ltd.	Selling of PC peripherals	100.00	100.00	
〃	Giga-Byte Communications Inc.	Manufacturing and selling of communications	99.12	99.12	
〃	Gigabyte Advance (Labuan) Limited	Selling of motherboards	100.00	100.00	
〃	Gigabyte Technology ESPANA S.L.U.	Repairing of motherboards	100.00	100.00	

Investor	Subsidiary	Main activities	Ownership(%) 31st December 2013	2012	Description
The Company	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	100.00	
Freedom International Group Ltd.	Charleston Investments Limited	Holding company	100.00	100.00	
Freedom International Group Ltd.	Giga Future Limited	〃	100.00	100.00	
Freedom International Group Ltd.	G.B.T. LBN Inc.	Selling of motherboards	100.00	100.00	
Freedom International Group Ltd.	G.B.T. Inc.	〃	51.37	51.37	
Freedom International Group Ltd.	Gigabyte Singapore Pte. Ltd.	〃	100.00	100.00	
Freedom International Group Ltd.	Gigabyte Trading Inc.	Selling of ODM products	100.00	100.00	
Freedom International Group Ltd.	Cloud Ride Limited	Selling of communications	100.00	-	Note 1
Giga-Byte Technology B.V.	Gigabyte Technolgoy 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	
Charleston Investments Limited	Ningbo Giga-Byte International Trade Co., Ltd.	Selling of motherboards	100.00	100.00	
Charleston Investments Limited	Ningbo Best Yield Technology Services Co., Ltd.	Repairing of motherboards	100.00	100.00	

Investor	Subsidiary	Main activities	Ownership(%) 31st December 2013	2012	Description
Giga Future Limited	Ningbo Giga-Byte Technology Co., Ltd.	Manufacturing of motherboards	100.00	100.00	
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	
Chi-Ga Investment Corp.	Gigatrend International Investment Group Ltd.	Holding company	100.00	100.00	
Chi-Ga Investment Corp.	Giga-Trend International Management Group Ltd.	Venture capital management and consulting business	60.00	60.00	
Chi-Ga Investment Corp.	Gigazone Holdings Limited	Holding company	73.91	-	Note 2
Giga-Byte Communications Inc.	Giga Win Limited	Selling of communications	100.00	100.00	
Giga-Zone International Co., Ltd.	Gigazone Holdings Limited	Holding company	26.09	100.00	
Gigazone Holdings Limited	Gigazone International (Shenzhen)	Selling of PC peripherals	100.00	100.00	

Note 1: The establishment of new investment in 2013.

Note 2: Chi-Ga Investment Corp. increased the capital of Gigazone Holding Limited through cash by $150,557 in February 2013, and acquired 73.91% of the company's ownership interest.

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

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

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

F.Except for Gigabyte Technology LLC, Gigabyte Trading Inc., GSmart Holding Limited, Cloud Ride Limited, Giga-Byte Communications Inc. and eRiver Precision Machining Co., Ltd, the consolidated entities of the Group at 1st January 2012 were the same as the chart shown above.

(4)Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

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

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

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

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

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

(b) Assets held mainly for trading purposes;

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

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

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

(a) Liabilities that are expected to be paid off within the normal operating cycle;
(b) Liabilities arising mainly from trading activities;
(c) Liabilities that are to be paid off within twelve months from the balance sheet date;
(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

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

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

(8) Available-for-sale financial assets

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

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

(9) Held-to-maturity financial assets

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

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

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

(10) Loans and receivables

A. Accounts receivable

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

B. Bond investments without active market

(a) Bond investments without active market are loans and receivables not originated by the entity. They are bond investments with fixed or determinable payments that are not quoted in an active market, and also meet all of the following conditions:
i. Not designated on initial recognition as at fair value through profit or loss;
ii. Not designated on initial recognition as available-for-sale;
iii. Not for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

(b) On a regular way purchase or sale basis, bond investments without active market are recognised and derecognised using settlement date accounting.

(c) Bond investments without active market are initially recognised at fair value on the trade date plus transaction costs and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Amortisation of a premium or a discount on such assets is recognised in profit or loss.

(11) Impairment of financial assets

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

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

(a) Significant financial difficulty of the issuer or debtor;
(b) A breach of contract, such as a default or delinquency in interest or principal payments;
(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
(e) The disappearance of an active market for that financial asset because of financial difficulties;
(f) Information about significant changes with an adverse effect that have taken place in the

technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or

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

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

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

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

(12) Inventories

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

(13) Investments accounted for using equity method / associates

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

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

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

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

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

(14) Property, plant and equipment

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

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

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

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

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

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(16) Intangible assets

A.Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 10 years.

B.Goodwill

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

(17) Impairment of non-financial assets

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

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

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

(18) Borrowings

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

(19) Notes and accounts payable

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

(20) Provisions

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

(21) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

ii. Actuarial gains and losses arising on defined benefit plans are recognised in profit or loss using the ‘corridor’ method in the period in which they arise.

iii. Past service costs are recognised immediately in profit or loss if vested immediately; if not, the past service costs are amortised on a straight-line basis over the vesting period.

C. Employees’ bonus and directors’ and supervisors’ remuneration

Employees’ bonus and directors’ and supervisors’ remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. However, if the accrued amounts for employees’ bonus and directors’ and supervisors’ remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders’ meeting subsequently, the differences should be recognised based on the accounting for changes in estimates. The Group calculates the number of shares of employees’ stock bonus based on the fair value per share 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) Employee share-based payment

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

(23) Income tax

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

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

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

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

E. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employees' training costs and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Revenue recognition

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

B. The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Allowance accounts for such liabilities are recorded when the sales are recognised.

(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, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

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

(1) Critical judgements in applying the Group's accounting policies

Financial assets—impairment of equity investments

The Group follows the guidance of IAS 39 to determine whether a financial asset—equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an equity investment is less than its cost and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(2) Critical accounting estimates and assumptions

The accounting assumptions are made based on estimates of future events. Assumptions may differ from the actual results. The information on assumptions and estimates that may have risks of major adjustments to carrying amount of assets and liabilities of the next fiscal year is as follows:

A. Revenue recognition

In principle, sales revenues are recognised when the earning process is completed. The Group estimates discounts and returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognised. The Group reassesses the reasonableness of estimates of discounts and returns periodically.

B. Impairment assessment of tangible and intangible assets (excluding goodwill)

The Group assesses impairment based on its subjective judgement and determines the separate cash flows of a specific group of assets, useful lives of assets and the future possible income and expenses arising from the assets depending on how assets are utilised and industrial characteristics. Any changes of economic circumstances or estimates due to the change of Group strategy might cause material impairment on assets in the future.

C. Realisability of deferred income tax assets

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised. Assessment of the realisability of deferred income tax assets involves critical accounting judgements and estimates of the management, including the assumptions of expected future sales revenue growth rate and profit rate, tax exempt duration, available tax credits, tax planning, etc. Any variations in global economic environment, industrial environment, and laws and regulations might cause material adjustments to deferred income tax assets.

As of 31st December 2013, the Group recognised deferred income tax assets amounting to $274,939.

D. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory comsumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of 31st December 2013, the carrying amount of inventories was $8,365,361.

E. Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Group must apply judgements and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and expected rate of return on plan assets. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations.

As of 31st December 2013, the carrying amount of accrued pension obligations was $381,841.

F. Financial assets—fair value measurement of unlisted stocks without active market

The fair value of unlisted stocks held by the Group that are not traded in an active market is determined considering those companies' recent funding raising activities and technical development status, fair value assessment of other companies of the same type, market conditions and other economic indicators existing on balance sheet date. Any changes in these judgements and estimates will impact the fair value measurement of these unlisted stocks. Please refer to Note 12(3) for the financial instruments fair value information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	31st December 2013	31st December 2012	1st January 2012
Cash on hand	$ 668,911	$ 42,807	$ 8,889
Checking accounts and demand deposits	2,987,089	4,024,310	3,325,494
Time deposits	4,490,406	4,670,546	6,063,889
	$ 8,146,406	$ 8,737,663	$ 9,398,272

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of all cash and cash equivalents.

B. Details of the Group's cash and cash equivalents pledged to others as collateral are provided in Note 8.

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

	31st December 2013	31st December 2012	1st January 2012
Current items :			
Financial assets held for trading			
Open-end funds-Domestic	$ 960,158	$ 1,349,469	$ 1,217,991
Open-end funds-Overseas	315,361	97,124	179,870
Listed (OTC) stocks	198,644	198,644	198,644
Corporate bonds	154,966	45,300	15,150
	1,629,129	1,690,537	1,611,655
Valuation adjustment	(110,318)	(113,861)	(125,399)
	$ 1,518,811	$ 1 ,576,676	$ 1,486,256

A. The Group recognized net gain of $19,131 and $17,280 on financial assets held for trading for the years ended 31st December 2013 and 2012, respectively.

B. The counterparties of the Group's debt instrument investments have credit quality ratings above "investment grade". The maximum exposure to credit risk at balance sheet date is the carrying amount of financial assets-debt instruments at fair value through profit or loss.

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

	31st December 2012		
Financial Instruments	Contract Amount (Notional Principal)		Contract period
Forward exchange contracts	GBP	452	2013.3.11

The Group is involved in presale of forward foreign exchange contracts to hedge exchange rate risk of accounts receivable arising from export transactions. However, these forward foreign exchange contracts are not accounted for under hedge accounting. For the years ended 31st December 2013 and 2012, the Group has recognized profit of $943 and loss of $1,216, respectively, on transactions of derivatives.

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

(3) Accounts receivable - net

	31st December 2013	31st December 2012	1st January 2012
Accounts receivable – third parties	$ 5,774,199	$ 5,263,815	$ 3,753,002
Less: Allowance for doubtful accounts	(339,074)	(301,727)	(318,786)
Accounts receivable - net	$ 5,435,125	$ 4,962,088	$ 3,434,216

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

B. The Group did not hold any financial assets that were past due but not impaired for the year ended 31st December 2013.

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

	For the year ended 31st December 2013		
	Individual provision	Group provision	Total
At 1st January	$ 231,309	$ 70,418	$ 301,727
Provision for impairment	785	64,632	65,417
Net exchange differences	6,462	(34,532)	(28,070)
At 31st December	$ 238,556	$ 100,518	$ 339,074

	For the year ended 31st December 2012		
	Individual provision	Group provision	Total
At 1st January	$ 240,471	$ 78,315	$ 318,786
Provision for impairment	1,177	8,616	9,793
Net exchange differences	(10,339)	(16,513)	(26,852)
At 31st December	$ 231,309	$ 70,418	$ 301,727

D. The maximum exposure to credit risk at 31st December 2013, 31st December 2012 and 1st January 2012 was the carrying amount of each class of accounts receivable.

(4) Inventories

	31st December 2013		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 1,784,759	($ 74,383)	$ 1,710,376
Work in process	1,363,527	(3,137)	1,360,390
Finished goods and merchandise inventories	5,395,237	(100,642)	5,294,595
	$ 8,543,523	($ 178,162)	$ 8,365,361

	31st December 2012		
	Cost	Allowance for valuation loss	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

	1st January 2012		
	Cost	Allowance for valuation loss	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 2013 and 2012 were as follows:

	For the years ended 31st December	
	2013	2012
Cost of inventories sold	$ 41,444,768	$ 37,460,737
Cost of warranty	521,581	534,836
Gain from price recovery of inventory (loss on market decline)	2,590	(78,184)
Others	849	777
	$ 41,969,788	$ 37,918,166

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

(5) Other current assets

	31st December 2013	31st December 2012	1st January 2012
Other financial assets	$ 2,834,631	$ 700,000	$ 290,000
Pledged assets	27,823	71,444	2,357
Others	298,902	145,780	366,168
	$ 3,161,356	$ 917,224	$ 658,525

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

(6) Available-for-sale financial assets

	31st December 2013	31st December 2012	1st January 2012
Current items			
Listed (TSE and OTC) stocks	$ 106,165	$ 127,033	$ 127,033
Valuation adjustment	35,072	-	
Accumulated impairment	(57,627)	(57,627)	(51,983)
	$ 83,610	$ 69,406	$ 5,050
Non-current items			
Listed (TSE and OTC) stocks	$ 214,724	$ 73,681	$ 35,592
Listed stocks-overseas	-	-	14,889
Emerging and unlisted stocks	226,103	215,483	208,994
Subtotal	440,827	289,164	259,475
Valuation adjustment	85,152	4,512	11,831
Accumulated impairment	(16,595)	(2,249)	(1,534)
	$ 509,384	$ 291,427	$ 269,772

The Group recognised $114,905 and ($13,249) in other comprehensive income for fair value change for the years ended 31st December 2013 and 2012, respectively.

(7) Held-to-maturity financial assets

	31st December 2013	31st December 2012	1st January 2012
Non-current items			
Bank debentures	$ 148,410	$ -	$ -

A. The counterparties of the Group's debt instrument investments have credit quality ratings above "investment grade". The maximum exposure to credit risk at balance sheet date is the carrying amount of held-to-maturity financial assets.

B. As of 31st December 2013, no held-to-maturity financial assets held by the Group were pledged to others.

(8) Investments in bonds without active markets

	31st December 2013	31st December 2012	1st January 2012
Non-current items			
Bank debentures	$ -	$ 48,156	$ -
Corporate bonds	19,662	21,437	-
	$ 19,662	$ 69,593	$ -

A. The counterparties of the Group's debt instrument investments have credit quality ratings above "investment grade". The maximum exposure to credit risk at balance sheet date is the carrying amount of bond investments without active market.

B. As of 31st December 2013 and 2012, no investments in bonds without active markets held by the Group were pledged to others.

(9) Investments accounted for using equity method

	31st December 2013	31st December 2012	1st January 2012
Giga Win International Venture Investment Group Ltd.	$ 97,401	$ 202,888	$ 223,280
Senyun Precise Optical Co., Ltd	208,883	-	-
	$ 306,284	$ 202,888	$ 223,280

The financial information of the Group's principal associates is summarized below:

	Assets	Liabilities	Revenue	Profit/(Loss)	% interest held
31st December 2013					
Giga Win International Venture Investment Group Ltd.	$ 243,604	$ 102	$ 146,150	($ 38,958)	40%
Senyun Precise Optical Co., Ltd	582,899	164,023	153,070	3,775	49.87%
	$ 826,503	$ 164,125	$ 299,220	($ 35,183)	
31st December 2012					
Giga Win International Venture Investment Group Ltd.	$ 506,385	$ 126	$ 148,932	($ 36,155)	40%
1st January 2012					
Giga Win International Venture Investment Group Ltd.	$ 558,314	$ 114			40%

The investment loss of $13,701 and $14,462 recognised for the long-term equity investments accounted for under the equity method for the years ended 31st December 2013 and 2012, respectively, are based on the audited financial statements for the same periods of the investee companies.

(10) Property, plant and equipment

	Land	Buildings	Machinery	Others	Total
At 1st January 2013					
Cost	$ 1,055,657	$ 3,257,355	$ 3,148,742	$ 1,065,399	$ 8,527,153
Accumulated depreciation	-	(1,116,420)	(2,176,390)	(822,547)	(4,115,357)
	$ 1,055,657	$ 2,140,935	$ 972,352	$ 242,852	$ 4,411,796
2013					
Opening net book amount	$ 1,055,657	$ 2,140,935	$ 972,352	$ 242,852	$ 4,411,796
Additions	-	17,232	49,463	132,593	199,288
Disposals	-	(2,441)	(3,931)	(3,007)	(9,379)
Reclassifications	(44,366)	(51,549)	-	-	(95,915)
Depreciation charge	-	(105,747)	(174,669)	(95,640)	(376,056)
Net exchange differences	1,598	58,712	25,853	(3,501)	82,662
Closing net book amount	$ 1,012,889	$ 2,057,142	$ 869,068	$ 273,297	$ 4,212,396
At 31st December 2013					
Cost	$ 1,012,889	$ 3,279,595	$ 3,218,485	$ 1,165,965	$ 8,676,934
Accumulated depreciation	-	(1,222,453)	(2,349,417)	(892,668)	(4,464,538)
	$ 1,012,889	$ 2,057,142	$ 869,068	$ 273,297	$ 4,212,396

	Land	Buildings	Machinery	Others	Total
At 1st January 2012					
Cost	$ 980,304	$ 3,247,977	$ 3,308,145	$ 1,154,838	$ 8,691,264
Accumulated depreciation	-	(1,044,188)	(2,128,807)	(909,099)	(4,082,094)
	$ 980,304	$ 2,203,789	$ 1,179,338	$ 245,739	$ 4,609,170
2012					
Opening net book amount	$ 980,304	$ 2,203,789	$ 1,179,338	$ 245,739	$ 4,609,170
Additions	17,063	36,758	40,759	113,208	207,788
Disposals	-	-	(17,396)	(4,932)	(22,328)
Reclassifications	63,842	35,071	-	-	98,913
Depreciation charge	-	(105,284)	(195,814)	(86,014)	(387,112)
Net exchange differences	(5,552)	(29,399)	(34,535)	(25,149)	(94,635)
Closing net book amount	$ 1,055,657	$ 2,140,935	$ 972,352	$ 242,852	$ 4,411,796
At 31st December 2012					
Cost	$ 1,055,657	$ 3,257,355	$ 3,148,742	$ 1,065,399	$ 8,527,153
Accumulated depreciation	-	(1,116,420)	(2,176,390)	(822,547)	(4,115,357)
	$ 1,055,657	$ 2,140,935	$ 972,352	$ 242,852	$ 4,411,796

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

(11) Investment property

	Land	Buildings	Total
At 1st January 2013			
Cost	$ 30,390	$ 16,998	$ 47,388
Accumulated depreciation	-	(473)	(473)
	$ 30,390	$ 16,525	$ 46,915
2013			
Opening net book amount	$ 30,390	$ 16,525	$ 46,915
Reclassifications	44,366	51,549	95,915
Depreciation charge	-	(801)	(801)
Closing net book amount	$ 74,756	$ 67,273	$ 142,029
At 31st December 2013			
Cost	$ 74,756	$ 82,548	$ 157,304
Accumulated depreciation	-	(15,275)	(15,275)
	$ 74,756	$ 67,273	$ 142,029

	Land	Buildings	Total
At 1st January 2012			
Cost	$ 94,232	$ 52,707	$ 146,939
Accumulated depreciation	-	(431)	(431)
	$ 94,232	$ 52,276	$ 146,508
2012			
Opening net book amount	$ 94,232	$ 52,276	$ 146,508
Reclassifications	(63,842)	(35,071)	(98,913)
Depreciation charge	-	(680)	(680)
Closing net book amount	$ 30,390	$ 16,525	$ 46,915
At 31st December 2012			
Cost	$ 30,390	$ 16,998	$ 47,388
Accumulated depreciation	-	(473)	(473)
	$ 30,390	$ 16,525	$ 46,915

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

	For the years ended 31st December	
	2013	2012
Rental income from the lease of the investment property	$ 5,878	$ 7,854
Direct operating expenses arising from the investment property that generated rental income in the period	$ 801	$ 680

B. The fair value of the investment property held by the Group as at 31st December 2013, 31st December 2012 and 1st January 2012 was $188,547, $129,356 and $265,686, respectively, which was valuated with reference to the future rental income and the related discounted cash flows of the investment property. Key assumptions are as follows:

	31st December 2013	31st December 2012	1st January 2012
Discount rate	2.125%～4.80%	1.72%	1.88%

(12) Other non-current assets

	31st December 2013	31st December 2012	1st January 2012
Other financial assets	$ 1,870,000	$ 880,000	$ 1,000,000
Pledged assets	40,979	40,955	95,847
Land-use right	54,354	52,762	54,034
Other	175,515	155,616	133,897
	$ 2,140,848	$ 1,129,333	$ 1,283,778

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

(13) Short-term borrowings

	31st December 2013	Interest rate range	Collateral
Credit loans	$ 2,460,649	0.95%～1.23%	None
Others	145,000	1.21%	None
	$ 2,605,649		

	31st December 2012	Interest rate range	Collateral
Credit loans	$ -		None
Others	215,297	0.97%～1.45%	None
	$ 215,297		

	1st January 2012	Interest rate range	Collateral
Credit loans	$ 40,000	1.50%	None
Others	60,580	1.02%～2.50%	None
	$ 100,580		

(14) Financial liabilities at fair value through profit or loss

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

Transactions of derivatives and contract information are provided in Note 6(2).

(15) Other payables

	31st December 2013	31st December 2012	1st January 2012
Salary and bonus payable	$ 1,864,866	$ 1,236,486	$ 1,400,594
Employees' dividends and directors' and supervisors' remuneration payable	233,360	194,465	192,484
Royalties payable	145,131	77,689	84,160
Shipping and freight-in payable	76,558	84,111	67,101
Others	564,414	376,174	298,917
	$ 2,884,329	$ 1,968,925	$ 2,043,256

(16) Provisions

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

	For the years ended 31st December	
	2013	2012
At 1st January 2013	$ 476,667	$ 545,429
Additional provisions	521,581	534,836
Used during the period	(435,670)	(603,598)
At 31st December 2013	$ 562,578	$ 476,667

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

(17) Pensions

A.(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

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

	31st December 2013	31st December 2012	1st January 2012
Present value of funded obligations	($ 626,517)	($ 634,668)	($ 539,391)
Fair value of plan assets	244,676	241,827	239,915
Net liability in the balance sheet	($ 381,841)	($ 392,841)	($ 299,476)

(c) Changes in present value of funded obligations are as follows:

	2013	2012
Present value of funded obligations		
At 1st January	($ 634,668)	($ 539,391)
Current service cost	(7,901)	(7,279)
Interest expense	(9,502)	(9,423)
Actuarial profit and loss	15,608	(89,117)
Benefits paid	9,946	10,542
At 31st December	($ 626,517)	($ 634,668)

(d) Changes in fair value of plan assets are as follows:

	2013	2012
Fair value of plan assets		
At 1st January	$ 241,827	$ 239,915
Expected return on plan assets	4,334	4,912
Actuarial profit and loss	(1,280)	(2,586)
Employer contributions	9,741	10,128
Benefits paid	(9,946)	(10,542)
At 31st December	$ 244,676	$ 241,827

(e) Amounts of expenses recognised in comprehensive income statements are as follows:

	2013	2012
Current service cost	$ 7,901	$ 7,279
Interest cost	9,502	9,423
Expected return on plan assets	(4,334)	(4,912)
Current pension costs	$ 13,069	$ 11,790

Details of cost and expenses recognised in comprehensive income statements are as follows:

	2013	2012
Operating costs	$ 6,914	$ 6,237
Selling expenses	2,395	2,160
General and administrative expenses	1,127	1,017
Research and development expenses	2,633	2,376
	$ 13,069	$ 11,790

(f) Amounts recognised under other comprehensive income are as follows:

	2013	2012
Recognition for current period	($ 14,328)	$ 91,703
Accumulated amount	$ 77,375	$ 91,703

(g) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. The constitution of fair value of plan assets as of 31st December 2013 and 2012 is given in the Annual Labor Retirement Fund Utilisation Report published by the government. Expected return on plan assets was a projection of overall return for the obligations period, which was estimated based on historical returns and by reference to the status of Labor Retirement Fund utilisation by the Labor Pension Fund Supervisory Committee and taking into account the effect that the Fund's minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks.

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

	2013	2012	2011
Discount rate	2.00%	1.50%	1.75%
Future salary increases	3.00%	3.00%	3.00%
Expected return on plan assets	1.75%	1.75%	2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

(i) Historical information of experience adjustments was as follows:

	2013	2012
Present value of defined benefit obligation	($ 626,517)	($ 634,668)
Fair value of plan assets	244,676	241,827
Deficit in the plan	($ 381,841)	($ 392,841)
Experience adjustments on plan liabilities	($ 4,020)	($ 58,139)
Experience adjustments on plan assets	($ 1,280)	($ 2,586)

(j) Expected contributions to the defined benefit pension plans of the Group within one year from 31st December 2013 amounts to $13,967.

B.(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the years ended 31st December 2013 and 2012 were $84,340 and $105,439, respectively.

(b) The Company's mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended 31st December 2013 and 2012 was 12~22% and 10~22%, respectively. Other than the monthly contributions, the Group has no further obligations. For the years ended 31st December 2013 and 2012, the Company's mainland subsidiaries have recognised pension cost of $69,906 and $62,919, respectively.

(18) Income tax

A. Income tax expense

Components of income tax expense:

	For the years ended 31st December	
	2013	2012
Current tax:		
Current tax on profits for the period	$ 361,493	$ 173,279
Adjustments in respect of prior years	9,274	(37,184)
Total current tax	370,767	136,095
Deferred tax:		
Origination and reversal of temporary differences	(3,198)	62,460
Impact of change in tax rate	5,308	23,675
Total deferred tax	2,110	86,135
Income tax expense	$ 372,877	$ 222,230

B. Reconciliation between income tax expense and accounting profit

	For the years ended 31st December	
	2013	2012
Tax calculated based on profit before tax and statutory tax rate	$ 464,501	$ 301,385
Effects from items disallowed by tax regulation	(68,612)	(58,415)
Effect from investment tax credit	(37,466)	(32,065)
Additional 10% tax on undistributed earnings	14,638	16,363
Prior year income tax (over) underestimation	9,274	(37,322)
Changes from revaluation of deferred tax assets	(25,096)	1,212
Effect from tax-exempted income	(34,044)	(24,133)
Effect of tax from different applicable taxes within the Group	49,682	55,205
Tax expense	$ 372,877	$ 222,230

C. Amounts of deferred tax assets or liabilities as a result of temporary difference and investment tax credit are as follows:

	For the year ended 31st December 2013				
	1st January	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	31st December
Temporary differences:					
—Deferred tax assets:					
Provision for warranty expense	$ 75,744	$ 563	$ -	$ -	$ 76,307
Allowance for inventory loss	25,854	(2,590)	-	-	23,264
Pension expense	32,347	566	-	-	32,913
Unrealized profit on intercompany sales	36,426	40,848	-	-	77,274
Others	53,657	11,524	-	-	65,181
Investment tax credits	41,058	(41,058)	-	-	-
Subtotal	265,086	9,853	-	-	274,939
—Deferred tax liabilities:					
Unrealized exchange gain	(6,643)	(6,655)	-	-	(13,298)
Actuarial gain (loss) on defined benefit plan	-	-	(2,436)	-	(2,436)
Subtotal	(6,643)	(6,655)	(2,436)	-	(15,734)
Total	$ 258,443	$ 3,198	($ 2,436)	$ -	$ 259,205

	For the year ended 31st December 2012				
	1st January	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	31st December
Temporary differences:					
—Deferred tax assets:					
Provision for warranty expense	$ 75,505	$ 239	$ -	$ -	$ 75,744
Allowance for inventory loss	35,414	(9,560)	-	-	25,854
Pension expense	29,559	2,788	-	-	32,347
Royalties payable	5,610	(5,610)	-	-	-
Unrealized profit on intercompany sales	43,531	(7,105)	-	-	36,426
Others	65,142	(11,485)	-	-	53,657
Investment tax credits	54,617	(13,559)	-	-	41,058
Subtotal	309,378	(44,292)	-	-	265,086
—Deferred tax liabilities:					
Unrealized exchange gain	11,525	(18,168)	-	-	(6,643)
Total	$ 320,903	($ 62,460)	$ -	$ -	$ 258,443

D. According to Statute for Upgrading Industries (before its abolishment), details of the amount the Company is entitled as investment tax credit are as follows:

	31st December 2012	
Qualifying items	Unused tax credits	Final year tax credits are due
Research and development	$ 41,058	2013

	1st January 2012	
Qualifying items	Unused tax credits	Final year tax credits are due
Research and development	$ 54,617	2013

E. Expiration dates of unused net operating loss carryfoward and amounts of unrecognised deferred tax assets are as follows:

31st December 2013				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2004	$ 86,477	$ 48,811	$ 48,811	2014
2005	334,873	334,873	334,873	2015
2006	366,081	366,081	366,081	2016
2007	421,786	421,786	421,786	2017
2008	343,356	343,356	343,356	2018
2009	423,520	423,520	423,520	2019
2010	322,083	322,083	322,083	2020
2011	116,913	116,913	116,913	2021
2012	164,232	164,232	164,232	2022
2013 (Note)	138,762	138,762	138,762	2023
	$ 2,718,083	$ 2,680,417	$ 2,680,417	

Note：Estimates

31st December 2012				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2004	$ 86,477	$ 86,477	$ 86,477	2014
2005	334,873	334,873	334,873	2015
2006	366,081	366,081	366,081	2016
2007	421,787	421,787	421,787	2017
2008	343,356	343,356	343,356	2018
2009	423,520	423,520	423,520	2019
2010	322,083	322,083	322,083	2020
2011	138,003	138,003	138,003	2021
2012	188,888	188,888	188,888	2022
	$ 2,625,068	$ 2,625,068	$ 2,625,068	

1st January 2012				
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Usable until year
2004	$ 86,477	$ 86,477	$ 86,477	2014
2005	350,654	350,654	350,654	2015
2006	385,547	385,547	385,547	2016
2007	437,256	437,256	437,256	2017
2008	382,275	382,275	382,275	2018
2009	425,003	425,003	425,003	2019
2010	331,555	331,555	331,555	2020
2011	148,656	148,656	148,656	2021
	$ 2,547,423	$ 2,547,423	$ 2,547,423	

F. The Group's motherboard products qualify for manufacturing enterprises and related technical service enterprises, and the Company is entitled to the income tax exemption for 5 consecutive years (until June 2013) under the Statute for Upgrading Industry.

G. As of 31st December 2013, the Company's income tax returns have been assessed and approved by the Tax Authority through 2011.

H. 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 27th June 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. Unappropriated retained earnings

	31st December 2013	31st December 2012	1st January 2012
Earnings generated in and before 1997	$ 62,797	$ 62,797	$ 164,237
Earnings generated in and after 1998	7,279,092	6,319,374	6,267,934
	$ 7,341,889	$ 6,382,171	$ 6,432,171

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

	31st December 2013	31st December 2012	1st January 2012
Imputation tax credit account balance	$ 791,590	$ 965,651	$ 837,206

	For the years ended 31st December	
	2013	2012
Creditable tax ratio of the total distributed retained earnings	10.87%	15.70%
	(estimated)	(actual)

(19) Share capital

A. As of 31st December 2013, the Company's authorized capital was $9,500,000, consisting of 950,000 thousand shares of ordinary stock (including 250,000 thousand shares reserved for employee stock options and for convertible bonds issued by the Company), and the paid-in capital was $6,265,714 with a par value of $10 per share. All proceeds from shares issued have been collected:

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

	For the years ended 31st December	
	2013	2012
At 1st January	625,891,386	638,306,386
Employee stock options exercised	680,000	5,145,000
Shares retired	-	(17,560,000)
At 31st December	626,571,386	625,891,386

B. Treasury shares

(a)Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	1st January 2012	
		Number of shares	Carrying amount
The Company	To preserve the Company's credit rating and shareholders' equity	2,803,000	$ 60,912

(b)Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% 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 realised capital surplus.

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

(d)Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

C.The Group issued 7.5 million units (entitled to 30 million ordinary shares of the Company) of Global Deposit Receipts (GDRs) as of 17th July 2000, with the issue price was USD $16.76 per unit; as of 31st December 2012, the Group had only 7,509 units outstanding, in order to lower the related managing expenses, the Group terminated the abovementioned GDRs in January 2013, and the depositing and custodian institution completed the transactions for cancellation and allotment of the purchase price in August of the same year.

D.The number of shares of common stock issued for the year ended 31st December 2013 due to the exercise of employee stock options is 680,000 shares. Such shares shall be registered on a quarterly basis pursuant to relevant laws and regulations. As of 18th March 2014, the shares above have been registered.

(20) Capital surplus

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

(21) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior year's operating losses and then 10% of the remaining amount shall be set aside as legal reserve, unless accumulated legal reserve has reached an amount equal to the Company's paid-in capital. And then special reserve shall be set aside or reversed according to the laws or decrees or the regulations of competent authorities. Appropriation (5% ~ 80%) of the remainder plus prior year's accumulated retained earnings shall be proposed by the Board of Directors and resolved by the stockholders 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.(a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

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

D.The estimated amount of employees' bonus of 2013 and 2012 was $176,667 and $146,667, respectively; and the estimated amounts of directors' and supervisors' remuneration of 2013 and 2012 was $53,000 and $45,081, respectively, as prescribed by the Group's Articles of Incorporation, of the Company's 2013 and 2012 net income after taking into account the legal reserve and other factors.

The amounts of employees' cash bonus and directors' and supervisors' remuneration of 2012 as resolved by stockholders are different from the amounts recognised in the 2012 financial statements (employees' cash bonus of $146,667 and directors' and supervisors' remuneration of $45,081). The difference of $4,600 has been adjusted in the profit or loss for 2013. The appropriation of retained earnings for 2013 has not been resolved by the Board of Directors. 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.

E. The appropriation of 2012 earnings had been proposed by the Board of Directors on 14th June 2013 and the appropriation of 2011 earnings had been resolved at the stockholders' meeting on 18th June 2012. Details are summarized below:

	2012		2011	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 155,257		$ 156,919	
Cash dividends	1,252,453	$ 2.00	1,248,645	$ 2.00
Directors' and supervisors' remuneration	43,188		43,057	
Employees' cash bonus	143,960		143,522	

(22) Share-based payment

A.As of 31st December 2013, the Company's share-based payment transactions are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conitions	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 vested immediately	0%	0%

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

	For the years ended 31st December			
	2013		2012	
Stock options	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	13,211	$ 13.68	18,372	$ 14.80
Options granted	-	-	-	-
Options exercised	(680)	13.22	(5,145)	14.51
Options revoked	-	-	(16)	14.29
Options outstanding at end of year	12,531	12.70	13,211	13.68
Options exercisable at end of year	12,531		13,211	

C.The weighted-average stock price of stock options at exercise date of 2013 and 2012 was $25.99~$37.48 and $22.67~$27.66 (in dollars), respectively.

D.As of 31st December 2013, 31st December 2012 and 1st January 2012, the range of exercise price of stock options outstanding was $12.70, $13.68 and $14.80 respectively, and the weighted-average remaining vesting period was 3.97 years, 4.97 years and 5.97 years, respectively.

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

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

(23) Earnings per share

	For the year ended 31st December 2013		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 2,355,536	626,259	$ 3.76
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
－Employees' bonus	-	4,401	
－Convertible bonds	-	7,205	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,355,536	637,865	$ 3.69

	For the year ended 31st December 2012		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 1,548,707	625,162	$ 2.48
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
－Employees' bonus	-	6,111	
－Convertible bonds	-	6,807	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 1,548,707	638,080	$ 2.43

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) Other income

	For the years ended 31st December	
	2013	2012
Interest income	$ 158,977	$ 93,333
Other income	309,897	377,401
Total	$ 468,874	$ 470,734

(25) Other gains and losses

	For the years ended 31st December	
	2013	2012
Net currency exchange gains	$ 446,822	$ 12,405
Gains on disposal of investments	60,745	48,528
Net gains on financial liabilities at fair value through profit or loss	3,151	11,538
Gains (losses) on disposal of property, plant and equipment	(3,433)	20,413
Other	(8,162)	(4,720)
Total	$ 499,123	$ 88,164

(26) Expenses by nature

	For the year ended 31st December					
	2013			2012		
Item	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expense	$ 1,515,615	$ 3,339,935	$ 4,855,550	$ 1,348,135	$ 3,004,353	$ 4,352,488
Depreciation	272,653	103,403	376,056	279,141	107,971	387,112
Amortization	5,873	173,774	179,647	5,551	126,054	131,605

(27) Employee benefit expense

	For the years ended 31st December	
	2013	2012
Wages and salaries	$ 4,274,701	$ 3,823,503
Labor and health insurance fees	260,898	229,181
Pension costs	167,315	180,148
Other personnel expenses	152,636	119,656
	$ 4,855,550	$ 4,352,488

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions and balances

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

(2) Key management compensation

	For the years ended 31st December	
	2013	2012
Salaries and other short-term employee benefits	$ 343,181	$ 271,909

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	31st December 2013	31st December 2012	1st January 2012	Purpose
Pledged asset (accounted for as "Other current assets" and "Other non-current assets") - Pledged deposits	$ 68,802	$ 112,399	$ 98,204	Guarantee for the customs duties and deposits

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Fair value information of financial instruments

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

	31st December 2013	
	Book value	Fair value
Financial assets:		
Held-to-maturity financial assets	$ 148,410	$ 148,113
Investments in bonds without active markets	19,662	18,543
Other financial assets	4,704,631	4,699,580
Total	$ 4,872,703	$ 4,866,236

	31st December 2012	
	Book value	Fair value
Financial assets:		
Investments in bonds without active markets	$ 69,593	$ 70,589
Other financial assets	1,580,000	1,573,411
Total	$ 1,649,593	$ 1,644,000

	1st January 2012	
	Book value	Fair value
Financial assets:		
Other financial assets	$ 1,290,000	$ 1,291,505

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses derivative financial instruments to hedge certain risk exposures (see Notes 6(2) and 6(14)).

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

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

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

	31st December 2013								
					Sensitivity analysis				
	Foreign currency amount (In Thousands)		Exchange rate	Book value (NTD)		Degree of variation	Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)									
Financial assets									
Monetary items									
USD:NTD	$	139,047	29.95	$	4,164,458	1%	$	41,645	$ -
Non-monetary items									
USD:NTD	$	9,628	29.95	$	288,359	1%	$	2,884	$ -
Financial liabilities									
Monetary items									
USD:NTD	$	216,769	29.95	$	6,492,232	1%	$	64,922	$ -

	31st December 2012								
					Sensitivity analysis				
	Foreign currency amount (In Thousands)		Exchange rate	Book value (NTD)		Degree of variation	Effect on profit or loss		Effect on other comprehensive income
(Foreign currency: functional currency)									
Financial assets									
Monetary items									
USD:NTD	$	126,101	29.04	$	3,661,973	1%	$	36,620	$ -
Non-monetary items									
USD:NTD	$	3,468	29.04	$	100,711	1%	$	1,007	$ -
Financial liabilities									
Monetary items									
USD:NTD	$	247,023	29.04	$	7,173,548	1%	$	71,735	$ -

(Foreign currency: functional currency)	1st January 2012					
				Sensitivity analysis		
	Foreign currency amount (In Thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary items						
USD:NTD	$ 188,051	30.29	$ 5,696,065	1%	$ 56,961	$ -
Non-monetary items						
USD:NTD	$ 3,085	30.29	$ 93,445	1%	$ 934	$ -
Financial liabilities						
Monetary items						
USD:NTD	$ 170,391	30.29	$ 5,161,143	1%	$ 51,611	$ -

Price risk

a. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.
b. The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended 31th December 2013 and 2012 would have increased/decreased by $13,672 and $15,298, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $5,930 and $3,608, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

a. The domestic bond fund investment by the Group was held mainly for trading purposes, the effective interest rate of this fund is affected by the market interest rate.
b. The structured notes and investment floating bonds of the Group were range accrual notes, the effective interest rate of these notes are affected by the market interest rate; accordingly, the Group's future cash flows would fluctuate with the market interest rate change.
c. For fixed interest rate bond investments held by the Group classified as financial assets at fair value through profit or loss, changes in market interest rates would affect their fair values. At 31st December 2013 and 2012, if market interest rates had been 1% higher/lower with all other variables held constant, other comprehensive income for the years ended 31st December 2013 and 2012 would have been $1,516 and $469 lower/higher, respectively.
d. At 31st December 2013 and 2012, if interest rates on borrowings had been 0.1% higher/lower with all other variables held constant, profit for the years ended 31st December 2013 and 2012 would have been $1,201 and $155 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

a. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
b. The bond fund held by the Group was issued by well-known foreign banks and securities investment trust companies owned by or affiliated with domestic financial holding companies with good credit standing. Since the Group trades with several securities investment trust companies, credit risk is low.
c. The Group has lower significant concentrations of credit risk, due to investment in corporate bonds or financial bonds. The maximum loss to the Group is the total

amount of all book value.

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

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

f. 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.

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

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

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

(c) Liquidity risk

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

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

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

Non-derivative financial liabilities:

31st December 2013	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	$ 2,605,649	$ -	$ -	$ 2,605,649
Notes payable	37,511	-	-	37,511
Accounts payable	5,423,326	-	-	5,423,326
Other payables	2,884,329	-	-	2,884,329

Non-derivative financial liabilities:

31st December 2012	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	$ 215,297	$ -	$ -	$ 215,297
Notes payable	24,681	-	-	24,681
Accounts payable	6,385,965	-	-	6,385,965
Other payables	1,968,925	-	-	1,968,925

Non-derivative financial liabilities:

1st January 2012	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Short-term borrowings	$ 100,580	$ -	$ -	$ 100,580
Notes payable	35,207	-	-	35,207
Accounts payable	4,919,374	-	-	4,919,374
Other payables	2,043,256	-	-	2,043,256

Derivative financial liabilities:

31st December 2012	Less than 1 year	Between 1 and 2 years	Over 2 years	Total
Forward exchange contracts	$ 2,081	$ -	$ -	$ 2,081

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

(3) Fair value estimation

A. The table below analyses financial instruments measured at fair value, by valuation method.
The different levels have been defined as follows:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data.
The following table presents the Group's financial assets and liabilities that are measured at fair value at 31st December 2013, 31st December 2012 and 1st January 2012:

31st December 2013	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,367,163	$ -	$ -	$ 1,367,163
Debt securities	151,648	-	-	151,648
Available-for-sale financial assets	390,623	-	202,371	592,994
Total	$ 1,909,434	$ -	$ 202,371	$ 2,111,805

31st December 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,529,809	$ -	$ -	$ 1,529,809
Debt securities	46,867	-	-	46,867
Available-for-sale financial assets	179,990	-	180,843	360,833
Total	$ 1,756,666	$ -	$ 180,843	$ 1,937,509

1st January 2012	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Equity securities	$ 1,471,631	$ -	$ -	$ 1,471,631
Debt securities	14,625	-	-	14,625
Available-for-sale financial assets	135,921	-	208,901	344,822
Total	$ 1,622,177	$ -	$ 208,901	$ 1,831,078

B. The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the closing price. These instruments are included in level 1. Instruments included in level 1 comprise primarily equity instruments and debt instruments classified as financial assets/financial liabilities at fair value through profit or loss or available-for-sale financial assets.

C. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

D. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

E. Specific valuation techniques used to value financial instruments include:

(a) Quoted market prices or dealer quotes for similar instruments.

(b) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

(c) Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

F. The following table presents the changes in level 3 instruments as at 31st December 2013, 31st December 2012 and 1st January 2012:

	For the years ended 31st December	
	2013	2012
At 1st January	$ 180,843	$ 208,901
Gains and losses recognised in profit or loss	(1,425)	(715)
Gains and losses recognised in other comprehensive income	67,953	(108)
Disposed of in the period	-	(21,305)
Capital deducted by returning cash	(45,000)	-
Liquidating distribution	-	(5,930)
At 31st December	$ 202,371	$ 180,843

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others:

Number	Endorser/ guarantor	Party being endorsed/guaranteed		Limit on endorsements/ guarantees provided for a single party (Note)	Maximum outstanding endorsement/ guarantee amount as of 31st December 2013	Outstanding endorsement/ guarantee amount at 31st December 2013	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note)	Provision of endorsements/ guarantees by parent company to subsidiary	Provision of endorsements/ guarantees by subsidiary to parent company	Provision of endorsements/ guarantees to the party in Mainland China	Note
		Company name	Relationship with the endorser/ guarantor											
0	Giga-Byte Technology Co., Ltd.	G-Style Co., Ltd.	Subsidiaries	$ 6,551,605	$ 500,000	$ -	$ 500,000	$ -	2.29	$ 6,551,605	Y	N	N	
1	Ningbo Zhongjia Technology Co., Ltd.	Ningbo Giga-Byte Technology Co., Ltd.	Associates	101,556	3,919	3,958	3,958	-	0.59	134,656	N	N	Y	

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.

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

				As of 31st December 2013				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership(%)	Fair value	Note
Giga-Byte Technology Co., Ltd.	Beneficiary certificates - Taishin Lucky Money Market Fund	None	Financial assets at fair value through profit or loss-current	18,612,616	$ 200,000	-	$ 202,477	
	Manulife Asia Pacific Bond Fund-A	〃	〃	9,008,441	100,000	-	100,591	
	Manulife China Offshore Bond Fund-A	〃	〃	4,797,221	50,000	-	51,035	
	CTBC Global Emerging Markets Strategic Bond Fund-A	〃	〃	1,000,000	10,000	-	10,001	
	Beneficiary certificates - Morgan Stanley Money Market Fund	〃	〃	-	543	-	357	
	Morgan Stanley Opprotunistic Mortgage Income Fund LP	〃	〃	515,710	14,818	-	15,446	
	Manulife Global Fund-US Bond AA	〃	〃	5,617,424	200,000	-	201,503	
	Edmond de Rothschild Europe Convertibles	〃	〃	4,325	100,000	-	99,932	
	Corporate bonds－AXA SA 5.5%	〃	〃	950,000	28,041	-	27,101	
	Sinopec Capital 2013 Ltd 3.125%	〃	〃	750,000	22,261	-	20,111	
	Rabobank Sub Deb 4.625%	〃	〃	780,000	23,265	-	23,525	
					748,928		$ 752,079	
			Gain on valuation of financial assets		3,151			
					$ 752,079			

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of 31st December 2013 Number of shares	Book value	Ownership(%)	Fair value	Note
Giga-Byte Technology Co., Ltd.	Mustardgiga Corp.	None	Available-for-sale financial assets - non-current	4,500	$ 1,222	-	$ -	
			Accumulated impairment		(1,222)			
					$ -			
	Chinatrust Commercial Bank Senior-Unsecured Financial Bonds 2013 Phase I	〃	Held-to-maturity financial assets - non-current		$ 148,410	-	$ 148,410	
	TWD 3 year callable spread leverage investment contract	〃	Other financial assets - non-current		$ 1,170,000	-	$ 1,170,136	
	TWD 3 year callable range accrual investment contract	〃	〃		700,000	-	694,813	
					$ 1,870,000		$ 1,864,949	
	Prudential Plc 5.25%	〃	Investments in bonds without active markets - non-current		$ 19,662	-	None	
Chi-Ga Investments Corp.	Walsin Technology Corporation	None	Financial assets at fair value through profit or loss-current	9,389,770	$ 198,644	1.36%	$ 75,118	
	FSITC Taiwan Bond Fund	〃	〃	1,366,537	17,812	-	20,408	
	Yuanta Wan Tai Money Market Fund	〃	〃	5,390,918	79,483	-	79,830	
	ING Taiwan Money Market Fund			7,945,356	126,239	-	126,656	
	Manulife Asia Pacific Bond Fund-A	〃	〃	1,331,876	14,818	-	14,872	
					436,996		$ 316,884	
			Loss on valuation of financial assets		(120,112)			
					$ 316,884			
	Info-Tek Corp.	None	Available-for-sale financial assets-current	9,406,586	$ 106,165	8.10%	$ 83,610	
			Valuation adjustment		35,072			
			Accumulated impairment		(57,627)			
					$ 83,610			
	Hui Yang Venture Capital Co., Ltd.	〃	Available-for-sale financial assets - non-current	10,500,000	$ 105,000	10.99%	$ 186,797	
	Heimavista etc.	None	None	None	11,520	0.11%~ 10.20%	15,539	
					116,520		$ 202,336	
			Valuation adjustment		89,490			
			Accumulated impairment		(3,674)			
					$ 202,336			

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of 31st December 2013 Number of shares	Book value	Ownership(%)	Fair value	Note
Giga-Trend International Investment Group Ltd.	Eastspring Investments Well Pool Money Market Fund etc.	None	Financial assets at fair value through profit or loss-current	–	$ 170,805	-	$ 173,914	
			Gain on valuation of financial assets		3,109			
					$ 173,914			
	Innodisk Corproration etc.	〃	Available-for-sale financial assets - non-current	–	$ 214,724	-	$ 231,924	
			Valuation adjustment		17,200			
					$ 231,924			
	Eversol Corporation etc.	〃	Available-for-sale financial assets - non-current	–	$ 66,790	-	$ 55,090	
			Accumulated impairment		(11,700)			
					$ 55,090			
Gigatrend Technology Co., Ltd.	FSITC Bond Fund	〃	Financial assets at fair value through profit or loss-current	551,580	$ 94,001	-	$ 96,146	
	FSITC Taiwan Money Market Fund	〃	〃	6,620,799	97,000	-	98,877	
			Gain on valuation of financial assets		4,022		$ 195,023	
					$ 195,023			
Freedom International Group Ltd.	Wells Fargo & Co. 5.375%	〃	Financial assets at fair value through profit or loss-current	7,000	USD 712 thousand	-	USD 717 thousand	
	Rabobank Sub Deb 4.625%	〃	〃	5,000	USD 502 thousand	-	USD 503 thousand	
					USD1,214 thousand			
			Gain on valuation of financial assets		USD 6 thousand			
					USD1,220 thousand		USD1,220 thousand	
Giga Future Limited	Prudential Plc 5.25%	〃	Financial assets at fair value through profit or loss-current	7,800	USD 768 thousand	-	USD 743 thousand	
	Goldman Sachs Group Inc	〃	〃	6,900	USD 736 thousand	-	USD 738 thousand	
					USD1,504 thousand			
			Loss on valuation of financial assets		(USD 23 thousand)			
					USD1,481 thousand		USD1,481 thousand	
G-Style Co., Ltd.	JM Material Technology Inc.	None	Available-for-sale financial assets - non-current	160,000	$ 20,000	12.20%	$ 20,000	
Ningbo Zhongjia Technology Co., Ltd.	China Construction Bank Qianyuan Capital Guarantee RMB wealth investment products	〃	Other financial assets-current	-	RMB553,000 thousand	-	RMB553,000 thousand	
Ningbo Giga-Byte Technology Co., Ltd.	China Construction Bank Qianyuan Capital Guarantee RMB wealth investment products	〃	〃	-	RMB 20,000 thousand	-	RMB 20,000 thousand	

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

					Balance as at 1st January 2013		Addition		Disposal				Balance as at 31st December 2013		
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount	Note
Giga-Byte Technology Co., Ltd.	TWD 3 year callable range accrual investment contract	Other financial assets - non-current	None	None	-	$ 700,000		$ 700,000	-	$ 700,000	$ 700,000	$ -	-	$ 700,000	
	G-Style Co., Ltd.	Long-term equity investments accounted for under equity method	〃	A wholly-owned subsidiary	60,000,000	108,744	50,000,000	370,594 (Note1)	49,000,000 (Note2)	-	-	-	61,000,000	479,338	
	Freedom International Group Ltd.	〃	〃	〃	136,477,226	4,825,867	2,894,466	651,121 (Note1)	-	-	-	-	139,371,692	5,476,988	
Ningbo Zhongjia Technology Co., Ltd.	Citibank China - callable RMB wealth investment products	Other financial assets-current	None	None	-	-	-	RMB391,000 thousand	-	RMB391,000 thousand	RMB391,000 thousand	-	-	-	
	China Construction Bank Qianyuan Capital Guarantee RMB wealth investment products	〃	〃	〃	-	-	-	RMB1,440,000 thousand	-	RMB887,000 thousand	RMB887,000 thousand	-	-	RMB553,000 thousand	

Note 1: Includes share of profit or loss of subsidiaries and associates accounted for under equity method and cumulative translation adjustments.

Note 2: Covering accumulated deficit through capital reduction.

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

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

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

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts Purchaser/seller Counterparty receivable (payable)	Note
Giga-Byte Technology Co., Ltd.	Giga-Byte Tecnology B.V.	A wholly-owned subsidiary	(Sales)	$ 12,496,979	27%	30 days after receipt of goods	The price was based on the contract price	Normal	$ 1,631,274	33%	
	Giga Advance (Labuan) Limited	〃	〃	11,288,083	24%	14 days after receipt of goods	〃	〃	43,940	1%	
	G.B.T. Inc.	〃	〃	5,189,089	11%	75 days after receipt of goods	〃	〃	1,058,568	23%	
	G.B.T. LBN Inc.	An indirect wholly-owned subsidiary	〃	1,411,130	3%	30 days after receipt of goods	〃	〃	12,562	-	
	G.B.T. LBN Inc.	〃	Processing cost	1,277,876	52%	45 days after billing	〃	〃	(9,226)	-	
	G.B.T. LBN Inc.	〃	Purchases	255,342	1%	45 days after billing	〃	〃	(43,702)	(1%)	
	Gigabyte Trading Inc.	〃	(Sales)	210,361	1%	180 days after receipt of goods	〃	〃	46,946	1%	
	G-Style Co., Ltd.	A wholly-owned subsidiary	〃	604,844	1%	90 days after billing	〃	〃	129,440	3%	
Giga-Byte Technology B.V.	Giga-Byte Technology Co., Ltd.	A wholly-owned subsidiary	Purchases	USD 427,721 thousand	100%	30 days after billing	The price was based on the contract price	Normal	(USD 75,506 thousand)	95%	
G.B.T. Inc.	Giga-Byte Technology Co., Ltd.	A wholly-owned subsidiary	Purchases	USD 179,305 thousand	74%	30 days after receipt of goods	The price was based on the contract price	Normal	(USD 52,523 thousand)	98%	
Giga Advance (Labuan) Limited	Giga-Byte Technology Co., Ltd.	A wholly-owned subsidiary	Purchases	USD 395,050 thousand	100%	14 days after receipt of goods	The price was based on the contract price	Normal	(USD 32,059 thousand)	99%	
G-Style Co., Ltd.	Giga-Byte Technology Co., Ltd.	A wholly-owned subsidiary	Purchases	$ 528,360	48%	90 days after billing	The price was based on the contract price	Normal	($ 126,502)	60%	
Giga-Byte Communication Inc.	Giga-Byte Tecnology B.V.	Associates	(Sales)	$ 123,875 thousand	12%	90 days after billing	The price was based on the contract price	Normal	-	-	
Giga Advance (Labuan) Limited	Ningbo Zhongjia Technology Co., Ltd.	Associates	(Sales)	USD 394,012 thousand	99%	14 days after receipt of goods	The price was based on the contract price	Normal	USD 111,011 thousand	99%	
G.B.T. LBN Inc.	Ningbo Giga-Byte Technology Co., Ltd.	Associates	Purchases	USD 24,916 thousand	25%	60 days after billing	The price was based on the contract price	Normal	(USD 6,701 thousand)	50%	
	Dongguan Giga-Byte Electronics Co., Ltd.	〃	〃	USD 26,504 thousand	26%	60 days after billing	〃	〃	(USD 2,413 thousand)	18%	
	Ningbo Zhongjia Technology Co., Ltd.	〃	(Sales)	USD 47,790 thousand	48%	60 days after billing	〃	〃	USD 4,034 thousand	26%	
	Giga-Byte Technology Co., Ltd.	A wholly-owned subsidiary	〃	USD 8,537 thousand	8%	60 days after billing	〃	〃	USD 4,179 thousand	27%	
Ningbo Zhongjia Technology Co., Ltd.	Giga Advance (Labuan) Limited	Associates	Purchases	RMB2,446,776 thousand	88%	14 days after receipt of goods	The price was based on the contract price	Normal	(RMB 667,710 thousand)	95%	
Ningbo Giga-Byte Technology Co., Ltd.	G.B.T. LBN Inc.	Associates	(Sales)	RMB 153,257 thousand	94%	60 days after billing	The price was based on the contract price	Normal	RMB 40,569 thousand	100%	

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

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

Creditor	Counterparty	Relationship with the counterparty	Balance as at 31st December 2013	Turnover rate	Overdue receivables Amount	Overdue receivables Amount Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	A wholly-owned subsidiary	$ 1,631,274	8.58	$ -	-	$ 1,631,274	$ -
	G.B.T. Inc.	A wholly-owned subsidiary	1,058,568	5.06	-	-	1,027,523	-
	G-Style Co., Ltd.	A wholly-owned subsidiary	129,440	5.87	-	-	129,440	-
Giga Advance (Labuan) Limited	Ningbo Zhongjia Technology Co., Lt	Associates	USD111,011 thousand	5.41	-	-	USD 70,156 thousand	-
Ningbo Giga-Byte Technology Co., Ltd.	G.B.T. LBN Inc.	〃	RMB 40,569 thousand	6.00	-	-	RMB 40,569 thousand	-
G.B.T. LBN Inc.	Giga-Byte Technology Co., Ltd.	A wholly-owned subsidiary	USD 4,179 thousand	3.87	-	-	USD 1,002 thousand	-

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

I. Derivative financial instruments undertaken during the year ended 31st December 2013: None.

J. Significant inter-company transactions during the year ended 31st December 2013:

For the year ended 31st December 2013

Number	Company name	Counterparty	Relationship	Transaction: General ledger account	Transaction: Amount	Transaction: Transaction terms	Transaction: Percentage of consolidated total operating revenues or total assets
0	Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Parent company to its subsidiary	Sales	$ 12,496,979	Note C	24%
		Giga Advance (Labuan) Limited	〃	〃	11,288,083	〃	22%
		G.B.T. Inc.	〃	〃	5,189,089	〃	10%
		G-Style Co., Ltd.	〃	〃	604,844	Note A	1%
		Gigabyte Trading Inc.	Parent company to its indirect subsidiary	〃	210,361	Note E	－
		G.B.T. LBN Inc.	〃	〃	1,411,130	Note C	3%
		G.B.T. LBN Inc.	〃	Processing expenses	1,277,876	Note C	2%
		Gigabyte Technology（India）Private Limited.	Parent company to its subsidiary	Service expense	60,108	〃	－
		Giga Advance (Labuan) Limited	〃	Purchases	67,755	Note C	－
		G.B.T. LBN Inc.	Parent company to its indirect subsidiary	〃	255,342	〃	－
		〃	〃	Other expense	100,179	〃	－
		〃	〃	Accounts payable	43,702	〃	－
		Giga-Byte Technology B.V.	Parent company to its subsidiary	Accounts receivable	1,631,274	〃	5%
		G.B.T. Inc.	〃	〃	1,058,568	〃	3%
		Giga Advance (Labuan) Limited	〃	〃	43,940	〃	－
		G-Style Co., Ltd.	〃	〃	126,379	Note A	－
		Gigabyte Trading Inc.	Parent company to its indirect subsidiary	〃	46,946	Note E	－
1	Giga-Byte Technology B.V.	G.B.T. Technology Trading GmbH等	Subsidiary to subsidiary	Commission	152,220	〃	－
		Giga-Zone International Co., Ltd.	〃	Purchases	44,511	〃	－
		Giga-Byte Communication Inc.	〃	〃	123,875	〃	－
2	Ningbo Zhongjia Technology Co., Ltd.	Ningbo Best Yield Technology Services Co., Ltd.	Indirect subsidiary to indirect subsidiary	Warranty cost	212,988	〃	－
		Ningbo Giga-Byte Technology Co., Ltd.	〃	Purchases	53,171	〃	－
3	Giga Advance (Labuan) Limited	Giga Advance (Labuan) Limited	Indirect subsidiary to indirect subsidiary	Sales	11,721,870	〃	23%
		Giga Advance (Labuan) Limited	〃	Accounts receivable	3,335,749	〃	10%
4	G.B.T. LBN Inc.	Giga Advance (Labuan) Limited	Indirect subsidiary to indirect subsidiary	Accounts receivable	120,806	Note A	－
		Dongguan Gigabyte Electronics Co., Ltd.	〃	Accounts payable	72,282	Note B	－
		Ningbo Giga-Byte Technology Co., Ltd.	〃	〃	200,701	〃	－
		〃	〃	Purchases	738,884	〃	1%
		Dongguan Gigabyte Electronics Co., Ltd.	〃	〃	788,481	〃	2%
		Giga Advance (Labuan) Limited	〃	Sales	1,473,233	Note A	3%

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 : Credit terms were 180 days upon receipt of goods.

(2)Information on investees (not including investees in Mainland China)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at 31st December 2013	Initial investment amount: Balance as at 31st December 2012	Shares held as at 31st December 2013: Number of shares	Shares held as at 31st December 2013: Ownership (%)	Shares held as at 31st December 2013: Book value	Net profit (loss) of the investee for the year ended 31st December 2013	Investment income (loss) recognised by the Company for the year ended 31st December 2013	Note
Giga-Byte Technology Co., Ltd.	Freedom International Group Ltd.	British Virgin Islands	Holding company	$ 4,517,105	$ 4,431,221	139,371,692	100.00	$ 5,476,988	$ 266,582	$ 266,582	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Chi-Ga Investments Corp.	Taiwan	Holding company	1,775,000	1,775,000	177,500,000	100.00	1,826,113	5,733	5,343	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G-Style Co., Ltd.	Taiwan	Manufacturing and selling of notebooks	610,000	600,000	61,000,000	100.00	479,338	(129,406)	(129,406)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Byte Communication Inc.	Taiwan	Manufacturing and selling of communications	345,782	345,782	34,578,228	99.12	202,591	15,052	17,057	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Zone International Co., Ltd.	Taiwan	Selling of PC peripherals	54,965	54,965	9,142,702	100.00	41,476	(30,244)	(33,014)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga-Byte Technology B.V.	Netherlands	Selling of motherboards	25,984	25,984	8,500	100.00	19,396	(2,061)	(2,061)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	GBT Tech. Co. Ltd	UK	Selling of motherboards	47,488	47,488	800,000	100.00	6,741	837	716	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Nippon Giga-Byte Corp.	Japan	Selling of motherboards	3,495	3,495	1,000	100.00	2,548	(322)	(322)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Giga Advance (Labuan)Limited	Malaysia	Selling of motherboards	328	328	10,000	100.00	4,848	(8,037)	(8,037)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Technology Trading GmbH	Germany	Selling of motherboards	24,614	24,614	-	100.00	48,692	4,531	5,565	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology Pty. Ltd.	AUS	Selling of motherboards	9,346	9,346	400,000	100.00	14,268	638	249	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology (India) Private Limited	India	Selling of motherboards	182,868	182,868	4,600,000	100.00	9,481	5,122	5,122	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Global Business Corporation	U.S.A.	ODM Business	322	322	1,000	100.00	299	-	-	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology ESPANA S.L.U.	Spain	Repairing of motherboards	241	241	5,000	100.00	2,424	1,662	1,662	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	G.B.T. Inc.	U.S.A.	Selling of motherboards	16,701	16,701	10,000	48.63	(69,198)	7,134	3,469	The Company's indirect subsidiary
Giga-Byte Technology Co., Ltd.	Axper International (Labuan) Inc.	Malaysia	Holding company	-	33,707	-	-	-	(96)	(2,541)	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Information Technology Commerce Limited Company	Turkey	Repairing of motherboards	3,541	3,541	8,000	100.00	4,694	1,056	810	The Company's subsidiary
Giga-Byte Technology Co., Ltd.	Gigabyte Technology LLC	South Korea	Selling of motherboards	22,534	22,534	168,000	100.00	32,004	2,290	2,290	The Company's subsidiary
Giga-Byte Technology B.V.	Gigabyte Technology France	France	Selling of motherboards	6,200	6,200	200,000	100.00	16,884	1,179	-	The Company's indirect subsidiary
G.B.T. Technology Trading GmbH	Gigabyte Technology Poland SP Z O.O.	Poland	Repairing of motherboards	500	500	100	100.00	1,350	194	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Charleston Investments Limited	Cayman Islands	Holding company	1,744,344	1,741,562	53,732,142	100.00	2,608,825	259,110	-	The Company's indirect subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at 31st December 2013	Initial investment amount: Balance as at 31st December 2012	Shares held as at 31st December 2013: Number of shares	Shares held as at 31st December 2013: Ownership (%)	Shares held as at 31st December 2013: Book value	Net profit (loss) of the investee for the year ended 31st December 2013	Investment income (loss) recognised by the Company for the year ended 31st December 2013	Note
Freedom International Group Ltd.	G.B.T. LBN Inc.	Malaysia	Selling of PC peripherals	-	-	-	100.00	(101,571)	(24,649)	-	The Company's indirect subsidiary
Freedom International Group Ltd.	G.B.T. Inc.	U.S.A.	Selling of PC peripherals	31,326	31,326	10,564	51.37	(73,097)	7,134	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Gigabyte Trading Inc.	U.S.A.	ODM Business	1,623	325	50,000	100.00	1,989	489	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Giga Future Limited	British Virgin Islands	Holding company	2,689,068	2,689,068	82,819,550	100.00	2,766,271	24,544	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Gigabyte Singapore Pte. Ltd.	Singapore	Selling of PC peripherals	60,757	60,757	3,073,000	100.00	32,698	(23)	-	The Company's indirect subsidiary
Freedom International Group Ltd.	Cloud Ride Limited	British Virgin Islands	Holding company	99,336	-	3,300,000	100.00	98,721	(113)	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Gigatrend Technology Co., Ltd.	Taiwan	Manufacturing and selling of semiconductor components	175,000	175,000	17,500,000	100.00	196,290	787	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Giga-Trend International Investment Group Ltd.	Taiwan	Holding company	600,000	600,000	60,000,000	100.00	656,749	25,991	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Giga-Trend International Management Group Ltd.	Taiwan	Venture capital management and consulting company	6,000	6,000	600,000	60.00	16,542	5,914	-	The Company's indirect subsidiary
Chi-Ga Investments Corp.	Giga Win International Venture Investment Group Ltd.	Taiwan	Venture capital management and consulting company	132,000	220,000	13,200,000	40.00	97,401	(38,958)	-	Subsidiary's investee company accounted for under the equity method
Chi-Ga Investments Corp.	Senyun Precise Optical Co.,Ltd	Taiwan	Manufacture and sale of optical lens	207,000	-	20,700,000	49.87	208,883	3,775	-	Subsidiary's investee company accounted for under the equity
Chi-Ga Investments Corp.	Gigazone Holdings Limited	British Virgin Islands	Holding company	150,557	-	25,500	73.91	65,603	(47,253)	-	The Company's indirect subsidiary
Giga-Byte Communication Inc.	Giga Win Limited	Mauritius	Selling of VGA Cards	3,770	3,770	100,000	100.00	3,823	27	-	The Company's indirect subsidiary
Giga-Zone International Co., Ltd.	Gigazone Holdings Limited	British Virgin Islands	Holding company	53,204	53,204	9,000	26.09	24,478	(47,253)	-	The Company's indirect subsidiary

(3) Information on investments in Mainland China

A. Basic information:

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from	Amount remitted from Taiwan to: Remitted to Mainland China	Amount remitted from Taiwan to: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland	Net income of investee as of 31st December 2013	Ownership held by the Company	Investment income (loss) recognised by the Company for the year	Book value of investment in Mainland China as of 31st	Accumulated amount of investment	Note
Dongguan Gigabyte Electronics Co., Ltd.	Manufacturing of motherboards	$ 1,180,937	(Note A)	$ 1,178,155	$ 2,782	-	$ 1,180,937	$ 20,804	100	$ 20,804	$ 1,659,654	$ -	The Company's indirect subsidiary
Ningbo Giga-Byte Technology Co., Ltd.	Manufacturing of motherboards	2,780,313	(Note A)	2,780,313	-	-	2,780,313	14,278	100	14,278	2,689,022	-	The Company's indirect subsidiary
Ningbo Giga-Byte International Trade Co., Ltd.	Selling of motherboards	259,752	(Note A)	259,752	-	-	259,752	239,912	100	239,912	864,583	-	The Company's indirect subsidiary
Ningbo Best Yield Technology Services Co., Ltd.	Repairing of motherboards	64,938	(Note A)	64,938	-	-	64,938	2,676	100	2,676	62,632	-	The Company's indirect subsidiary
Ningbo Zhongjia Technology Co., Ltd.	Selling of motherboards	109,838	(Note B)	-	-	-	-	247,765	100	247,765	673,299	-	The Company's indirect subsidiary
Gigazone International (Shenzhen)	Selling of PC peripherals	203,761	(Note A)	53,204	150,557	-	203,761	(47,270)	100	(47,270)	91,714	-	The Company's indirect subsidiary

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 Investment Ltd.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of 31st December 2013	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note)
Giga-Byte Technology Co., Ltd.	$ 4,285,940	$ 4,285,940	$ 13,109,821
Giga-Zone International Co., Ltd.	53,204	53,204	18,997
Chi-Ga Investments Corp.	150,557	150,557	1,054,499

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.

B.Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas.

Investee in Mainland China	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements / guarantees or collaterals		Financing				Others
	Amount	%	Amount	%	Amount	%	Balance at 31st December 2013	Purpose	Maximum balance during the year ended 31st December 2013	Balance at 31st December 2013	Interest rate	Interest during the year ended 31st December 2013	
Ningbo Giga-Byte Technology Co., Ltd.	$ 9,037	-	$ -	-	$ 13,344	-	$ -	-	$ -	$ -	-	-	Processing cost paid at $623,351
Ningbo Giga-Byte International Trade Co., Ltd.	52,214	-	-	-	87	-	-	-	-	-	-	-	
Ningbo Zhongjia Technology Co., Ltd.	11,952,732	26	-	-	820,204	18	-	-	-	-	-	-	
Dongguan Gigabyte Electronics Co., Ltd.	1,470,350	3	-	-	100,649	2	-	-	-	-	-	-	Processing cost paid at $654,525
Ningbo Best Yield Technology Services Co., Ltd.	14,496	-	-	-	2,878	-	-	-	-	-	-	-	

14. SEGMENT INFORMATION

(1) General information

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

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

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

(2) Measurement of segment information

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

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

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

2013

	Global brand business group	Other business group	Total
Total segment revenue	$ 44,978,977	$ 6,140,017	$ 51,118,994
Operating income (loss)	$ 2,672,022	($ 867,853)	$ 1,804,169
Depreciation and amortization	$ 69,855	$ 485,848	$ 555,703
Total assets (Note)	$ -	$ -	$ -
Total liabilities (Note)	$ -	$ -	$ -

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	($ 1,112,681)	$ 1,230,772
Depreciation and amortization	$ 57,142	$ 461,575	$ 518,717
Total assets (Note)	$ -	$ -	$ -
Total liabilities (Note)	$ -	$ -	$ -

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

(4) Reconciliation for segment income (loss)

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

(5) Information on products and services

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

(6) Geographical information

1) Revenue by geographic area:

	For the years ended 31st December	
	2013	2012
China	$ 13,904,862	$ 11,601,673
Europe	13,179,842	11,113,653
Taiwan	3,234,969	4,066,053
Others	20,799,321	19,016,279
Total	$ 51,118,994	$ 45,797,658

2) Non-current assets:

	For the years ended 31st December	
	2013	2012
Taiwan	$ 2,473,722	$ 2,507,517
China	1,996,936	2,027,993
Others	199,617	256,373
Total	$ 4,670,275	$ 4,791,883

(7) Major customer information

There was no customer accounting for more than 10% of the Group’s operating revenue for the years ended 31st December 2013 and 2012.

15. INITIAL APPLICATION OF IFRSs

These consolidated financial statements are the first consolidated financial statements prepared by the Group in accordance with the IFRSs. The Group has adjusted the amounts as appropriate that are reported in the previous R.O.C. GAAP consolidated financial statements to those amounts that should be presented under IFRSs in the preparation of the opening IFRS balance sheet. Information about exemptions elected by the Group, exceptions to the retrospective application of IFRSs in relation to initial application of IFRSs, and how it affects the Group’s financial position, financial performance and cash flows in transition from R.O.C. GAAP to the IFRSs is set out below:

(1) Exemptions elected by the Group

A. Business combinations

The Group 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"). This exemption also applies to the Group's previous acquisitions of investments in associates.

B. Share-based payment transactions

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

C. Employee benefits

The Group has elected to recognize 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 Group 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 Group 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 recognized financial instruments

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

(2) Except for hedge accounting to which exceptions to the retrospective application of IFRSs specified in IFRS 1 are not applied as they have no relation with the Group, other exceptions to the retrospective application are set out below:

A. Accounting estimates

Accounting estimates made under IFRSs on January 1, 2012 are consistent with those made under R.O.C. GAAP on that day.

B. Derecognition of financial assets and financial liabilities

The derecognition requirements in IAS 39, 'Financial Instruments: Recognition and Measurement' shall be applied prospectively to transactions occurring on or after January 1, 2004.

C. Non-controlling interest

Requirements of IAS 27 (amended in 2008) that shall be applied prospectively are as follows:

(a) Requirements concerning total comprehensive income (loss) attributed to owners of the parent and non-controlling interest, even which results in a loss to non-controlling interest;

(b) Requirements that change in interest ownership of the parent in a subsidiary while control is retained is accounted for as an equity transaction with the parent; and

(c) Requirements concerning the parent's loss of control over a subsidiary.

(3) Requirement to reconcile from R.O.C. GAAP to IFRSs at the time of initial application

IFRS 1 requires that an entity should prepare reconciliations for equity, comprehensive income and cash flows for the comparative periods. Reconciliations for equity and comprehensive income for the comparative periods as to transition from R.O.C. GAAP to IFRSs is shown below:

A. Reconciliation for equity on 1st January 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 9,398,272	$ -	$ 9,398,272	
Financial assets at fair value through profit or loss - current	1,486,256	-	1,486,256	
Available-for-sale financial assets - current	75,050	-	75,050	
Notes receivable	15,487	-	15,487	
Accounts receivable	3,434,216	-	3,434,216	
Other receivables	665,283	-	665,283	
Inventories	6,887,393	-	6,887,393	
Deferred income tax assets - current	285,734	(285,734)	-	(a)
Other current assets	658,525	-	658,525	
Total current assets	22,906,216	(285,734)	22,620,482	
Non-current assets				
Available-for-sale financial assets - non-current	40,632	229,140	269,772	(b)(g)
Financial assets measured at cost - non-current	229,862	(229,862)	-	(b)
Investments accounted for under equity method	223,280	-	223,280	
Property, plant and equipment	4,609,170	-	4,609,170	
Investment property - net	-	146,508	146,508	(c)
Rental assets	146,508	(146,508)	-	(c)
Intangible assets	103,329	(54,034)	49,295	(d)
Deferred income tax assets	35,169	285,941	321,110	(a)
Other non-current assets	1,229,744	54,034	1,283,778	(d)
Total non-current assets	6,617,694	285,219	6,902,913	
Total assets	$ 29,523,910	($ 515)	$ 29,523,395	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Short-term borrowings	$ 100,580	$ -	$ 100,580	
Notes payable	35,207	-	35,207	
Accounts payable	4,919,374	-	4,919,374	
Other payables	1,993,262	49,994	2,043,256	(e)
Current income tax liabilities	361,999	-	361,999	
Provisions for liabilities - current	545,429	-	545,429	
Other current liabilities	557,574	-	557,574	
Total current liabilities	8,513,425	49,994	8,563,419	
Non-current liabilities				
Deferred income tax liabilities	-	207	207	(a)
Other non-current liabilities	282,188	140,294	422,482	(f)
Total non-current liabilities	282,188	140,501	422,689	
Total Liabilities	8,795,613	190,495	8,986,108	
Equity attributable to owners of the parent				
Share capital				
Common shares	6,383,064	-	6,383,064	
Capital surplus				
Paid-in capital in excess of par value of common share	4,685,059	-	4,685,059	
Capital surplus from long-term investments	2,970	(2,970)	-	(g)
Retained earnings				
Legal reserve	2,637,871	-	2,637,871	
Special reserve	-	426,354	426,354	(i)
Unappropriated retained earnings	6,432,171	-	6,432,171	(b)(e)(f)(g)(h)(i)
Other equity				
Currency translation differences	630,692	(630,692)	-	(g)(h)
Asset revaluation increment of investee company	5,382	(5,382)	-	(g)
Unrealized gain (loss) on valuation of available-for-sale financial assets	2,675	21,680	24,355	(b)
Treasury share	(60,912)	-	(60,912)	
Non-controlling interest	9,325	-	9,325	
Total equity	20,728,297	(191,010)	20,537,287	
Total liabilities and equity	$ 29,523,910	($515)	$ 29,523,395	

B. Reconciliation for equity on 31st December 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current assets				
Cash and cash equivalents	$ 8,737,663	$ -	$ 8,737,663	
Financial assets at fair value through profit or loss - current	1,576,676	-	1,576,676	
Available-for-sale financial assets - current	69,406	-	69,406	
Notes receivable	8,138	-	8,138	
Accounts receivable	4,962,088	-	4,962,088	
Other receivables	352,005	-	352,005	
Inventories	7,511,768	-	7,511,768	
Deferred income tax assets - current	226,096	(226,096)	-	(a)
Other current assets	917,224	-	917,224	
Total current assets	24,361,064	(226,096)	24,134,968	
Non-current assets				
Available-for-sale financial assets – non-current	56,621	234,806	291,427	(b)(g)
Financial assets measured at cost – non-current	236,351	(236,351)	-	(b)
Investments in bonds without active markets – non-current	69,593	-	69,593	
Investments accounted for under equity method	202,888	-	202,888	
Property, plant and equipment	4,411,796	-	4,411,796	
Investment property - net	-	46,915	46,915	(c)
Rental assets	46,915	(46,915)	-	(c)
Intangible assets	136,601	(52,762)	83,839	(d)
Deferred income tax assets	32,347	232,739	265,086	(a)
Other non-current assets	1,076,571	52,762	1,129,333	(d)
Total non-current assets	6,269,683	231,194	6,500,877	
Total assets	$ 30,630,747	$ 5,098	$ 30,635,845	

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Current liabilities				
Short-term borrowings	$ 215,297	$ -	$ 215,297	
Financial liabilities at fair value through profit or loss - current	2,081	-	2,081	
Notes payable	24,681	-	24,681	
Accounts payable	6,385,965	-	6,385,965	
Other payables	1,911,579	57,346	1,968,925	(e)
Current income tax liabilities	82,094	-	82,094	
Provisions for liabilities - current	476,667	-	476,667	
Other current liabilities	745,747	-	745,747	
Total current liabilities	9,844,111	57,346	9,901,457	
Non-current liabilities				
Deferred income tax liabilities	-	6,643	6,643	(a)
Other non-current liabilities	191,378	227,793	419,171	(f)
Total non-current liabilities	191,378	234,436	425,814	
Total Liabilities	10,035,489	291,782	10,327,271	
Equity attributable to owners of the parent				
Share capital				
Common shares	6,258,914	-	6,258,914	
Capital surplus				
Paid-in capital in excess of par value of common share	4,585,372	-	4,585,372	
Capital surplus from long-term investments	2,970	(2,970)	-	(g)
Retained earnings				
Legal reserve	2,794,790	-	2,794,790	
Special reserve	-	426,354	426,354	(i)
Unappropriated retained earnings	6,477,737	(95,566)	6,382,171	(b)(e)(f)(g)(h)(i)
Other equity				
Currency translation differences	471,762	(630,692)	(158,930)	(g)(h)
Asset revaluation increment of investee company	5,382	(5,382)	-	(g)
Unrealized gain (loss) on valuation of available-for-sale financial assets	(10,466)	21,572	11,106	(b)
Non-controlling interest	8,797	-	8,797	
Total equity	20,595,258	(286,684)	20,308,574	
Total liabilities and equity	$ 30,630,747	$ 5,098	$ 30,635,845	

C. Reconciliation for comprehensive income for the year ended 31st December 2012:

	R.O.C. GAAP	Effect of transition from R.O.C. GAAP to IFRSs	IFRSs	Remark
Operating revenue	$ 45,797,658	$ -	$ 45,797,658	
Operating costs	(37,916,068)	(2,098)	(37,918,166)	(e)(f)
Gross profit	7,881,590	(2,098)	7,879,492	
Operating expenses				
Selling expenses	(3,412,083)	(516)	(3,412,599)	(e)(f)
General & administrative expenses	(1,601,829)	(264)	(1,602,093)	(e)(f)
Research and development expense	(1,633,757)	(270)	(1,634,027)	(e)(f)
Total operating expenses	(6,647,669)	(1,050)	(6,648,719)	
Operating profit	1,233,921	(3,148)	1,230,773	
Non-operating revenue and expenses				
Other income	497,565	-	497,565	
Other gains and losses	62,047	(715)	61,332	(b)
Finance costs	(2,356)	-	(2,356)	
Share of (loss)/profit of associates and joint ventures accounted for under equity method	(14,462)	-	(14,462)	
Profit before income tax	1,776,715	(3,863)	1,772,852	
Income tax expense	(222,230)	-	(222,230)	
Profit for the year	1,554,485	(3,863)	1,550,622	
Other comprehensive income				
Currency translation differences	-	(158,930)	(158,930)	
Unrealised gain (loss) on valuation of available-for-sale financial assets	-	(13,249)	(13,249)	
Actuarial gain (loss) on defined benefit plan	-	(91,703)	(91,703)	
Total comprehensive income for the year	$ 1,554,485	($ 263,882)	$ 1,286,740	
Profit attributable to:				
Owners of the parent	$ 1,552,570	($ 3,863)	$ 1,548,707	
Non-controlling interest	1,915	-	1,915	
	$ 1,554,485	($ 3,863)	$ 1,550,622	
Total comprehensive income attributable to:				
Owners of the parent	$ 1,552,570	($ 267,745)	$ 1,284,825	
Non-controlling interest	1,915	-	1,915	
	$ 1,554,485	($ 267,745)	$ 1,286,740	

Reasons for reconciliation are outlined below:

(a) Income taxes

In accordance with R.O.C. GAAP, a deferred tax asset or liability should, according to the classification of its related asset or liability, be classified as current or non-current. However, under IAS 12, 'Income Taxes', an entity should not classify a deferred tax asset or liability as current. Furthermore, under the current tax regulations, current income tax assets and liabilities do not possess a legally enforceable right to offset each other, so the deferred tax asset and liabilities may not offset each other. Therefore, the Group increased deferred income tax assets-non-current and deferred income tax liabilities-non-current by $285,941 and $207, respectively, and decreased deferred income tax assets-current by $285,734 at the transition date.

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

(b) Financial assets measured at cost (Available-for-sale financial assets)

In accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" before amendment on 7th July 2011, unlisted stocks held by the Group were measured at cost and recognized as 'Financial assets measured 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 in the range of reasonable fair value estimates is insignificant for that instrument, or the probabilities of the estimates within the range can be reasonably assessed and used in estimating fair value) should be measured at fair value. Therefore, in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" amended on 22nd December 2011, the Group designated such financial assets measured at cost of $229,862 as 'Available-for-sale financial assets' at the transition date, 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 at the transition date, the Group 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 unrealized gain or loss on financial instruments by $21,572, and decreased retained earnings by $1,534 on

31st December 2012, and increased impairment loss by $715 for the year ended 31st December 2012.

(c) Investment property

In accordance with R.O.C. GAAP, the Group'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'. Therefore, the Group increased investment property by $146,508 and decreased rental assets by $146,508 at the transition date.

Additionally, the Group increased investment property by $46,915 and decreased rental assets by $46,915 on 31st December 2012.

(d) Land-use right

In accordance with R.O.C. GAAP, the land-use right is classified to intangible assets. 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 at the transition date.

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

(e) Employee benefits

R.O.C. GAAP does not specify the rules on the cost recognition for accumulated unused compensated absences. The Group 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. Therefore, the Group increased other payables by $49,994 and decreased retained earnings by $49,994 at the transition date.

Additionally, the Group increased other payables by $57,346 and decreased retained earnings by $49,994 at the transition date. The Group increased cost of goods sold by $6,255 and operating expenses by $1,097 on 31st December 2012.

(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 at the end of the reporting period on high quality corporate bonds of a currency and term consistent with the currency and term of the benefit obligation; when there is no deep market in corporate bonds, an entity is required to use market yields on government bonds (at the end of the reporting period) instead.

b. The Group 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 at the transition date.

c. In accordance with the Group'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 Group as the first-time adopter of IFRSs, so the Group has no unrecognized transitional liabilities.

d. In accordance with R.O.C. GAAP, actuarial pension gain or loss of the Group is recognized in net pension cost of current period using the 'corridor'method. However, in accordance with IAS 19, 'Employee Benefits', the Group recognize immediately actuarial pension gain or loss in other comprehensive income. Therefore, the Group increased accrued pension liability by $227,793 and decreased retained earnings by $140,294 on 31st December 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 the year ended 31st December 2012.

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

a. In accordance with R.O.C. GAAP, 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 by $20,868 at the transition date and on 31st December 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 R.O.C. GAAP capital surplus that did not meet the regulations of IFRSs at the transition date. Therefore, the Group decreased 'capital surplus-long-term investments' by $2,970 and increased retained earnings by $2,970 at the transition date and on 31st December 2012.

(h) Cumulative translation adjustments

The Group 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 in accordance with IFRS 1 – First-time Adoption of International Financial Reporting Standards. Therefore, the Group decreased cumulative translation adjustments by $615,206 and increased retained earnings by $615,206 at the transition date and on 31st December 2012.

(i) Special reserves

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

D. Major adjustments for the consolidated statements of cash flows for the year ended 31st December, 2012:

(a) The transition from R.O.C. GAAP to IFRSs has no effect on the Group's cash flows reported.

(b) The reconciliation between R.O.C. GAAP and IFRSs has no net effect on the Group's cash flows reported.