GIGA-BYTE TECHNOLOGY CO., LTD.

UNCONSOLIDATED FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT ACCOUNTANTS

31st DECEMBER 2012 AND 2011

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

GIGA-BYTE TECHNOLOGY CO., LTD.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

We have audited the accompanying unconsolidated balance sheets of Giga-Byte Technology Co., Ltd. as of 31st December 2012 and 2011, and the related unconsolidated statements of income, of changes in shareholders' equity and of cash flows for the years then ended. These financial statements are the responsibility of the Company'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 2012 and 2011 were audited by other auditors, whose reports thereon were furnished to us. Long-term equity investment balance in these investee companies amounted to $202,888 thousand and $223,702 thousand as of 31st December 2012 and 2011, respectively, and the related investment loss recognized amounted to $16,723 thousand and $16,692 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 11 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 "Rules Governing the Examination of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 and the reports of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other auditors, the unconsolidated financial statements referred to above present fairly, in all material respects, the financial position of Giga-Byte Technology Co., Ltd. as of 31st December 2012 and 2011, and the results of its operations and its cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the Republic of China.

We have also audited the consolidated financial statements of Giga-Byte Technology Co., Ltd. and its subsidiaries (not presented herein) as of and for the years ended 31st December 2012 and 2011.

PricewaterhouseCoopers, Taiwan
25th March 2013

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

GIGA-BYTE TECHNOLOGY CO., LTD.
UNCONSOLIDATED BALANCE SHEETS
(Expressed in thousands of dollars)

	31st December 2012	31st December 2011
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4(1))	$ 5,431,853	$ 6,561,706
Financial assets at fair value through profit or loss-current (Note 4(2))	554,660	530,892
Notes receivable-net	6,811	7,607
Accounts receivable-net (Note 4(3))	1,976,460	1,767,901
Accounts receivable-related parties-net (Note 5)	2,807,049	2,309,893
Other receivables (Note 5)	198,873	276,436
Other financial assets-current (Note 4(7))	700,000	290,000
Inventories-net (Note 4(4))	7,190,989	6,081,332
Deferred income tax assets-current (Note 4 (12))	202,983	250,157
Other current assets-others	76,843	100,221
Total current assets	19,146,521	18,176,145
Funds and Investments		
Available-for-sale financial assets-non-current	-	12,655
Investments in debt security with no active market-non-curernt (Note 4(5))	49,264	-
Long-term equity investments accounted for under the equity method (Note 4(6))	7,077,886	7,093,506
Other financial assets-non-current (Note 4(7))	880,000	1,000,000
Total funds and investments	8,007,150	8,106,161
Property, Plant and Equipment, Net (Note 5)		
Cost		
Land	945,891	868,995
Buildings	1,544,072	1,503,372
Machinery and equipment	1,025,400	1,005,141
Transportation equipment	1,485	1,485
Other equipment	602,785	622,209
	4,119,633	4,001,202
Less: Accumulated depreciation (Note 4(8))	(1,945,709)	(1,910,115)
Construction in progress and prepayments for equipment	2,066	5,864
Total property, plant and equipment, net	2,175,990	2,096,951
Intangible Assets		
Computer software cost	53,716	33,551
Other Assets		
Rental assets-net (Note 4(9))	137,586	258,119
Refundable deposits	19,945	24,016
Deferred income tax assets-non-current (Note 4(12))	32,347	35,169
Pledged assets (Note 6)	40,000	94,874
Other assets-others	80,280	53,953
Total other assets	310,158	466,131
TOTAL ASSETS	$ 29,693,535	$ 28,878,939

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GIGA-BYTE TECHNOLOGY CO., LTD.
UNCONSOLIDATED BALANCE SHEETS (CONTINUED)
(Expressed in thousands of dollars)

	31st December 2012	31st December 2011
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Notes payable	$ 20,680	$ 28,385
Accounts payable	6,100,023	4,903,839
Accounts payable-related parties-net (Note 5)	326,566	292,617
Income tax payable (Note 4(12))	17,099	319,898
Accrued expenses (Notes 4(10) and 5)	1,629,892	1,696,126
Receipts in advance	219,525	148,288
Other current liabilities (Note 5)	625,289	593,320
Total current liabilities	8,939,074	7,982,473
Other Liabilities		
Accrued pension liabilities (Note 4(11))	165,048	159,182
Deposits received	2,952	18,312
Total other liabilities	168,000	177,494
Total Liabilities	9,107,074	8,159,967
Shareholders' Equity		
Common stock (Note 4(13))	6,258,914	6,383,064
Capital reserve (Note 4(14))		
Paid-in capital in excess of par value of common stock	4,375,965	4,475,652
Premium on convertible bonds converted to common stock	209,407	209,407
Capital reserve from long-term investments	2,970	2,970
Retained earnings (Note 4(15))		
Legal reserve	2,794,790	2,637,871
Undistributed earnings	6,477,737	6,432,171
Other adjustments to shareholders' equity		
Cumulative translation adjustments	471,762	630,692
Unrealized gain (loss) on financial instruments	(10,466)	2,675
Asset revaluation increment of investee company	5,382	5,382
Treasury stock (Note 4(16))	-	(60,912)
Total Shareholders' Equity	20,586,461	20,718,972
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 29,693,535	$ 28,878,939

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

GIGA-BYTE TECHNOLOGY CO., LTD.
UNCONSOLIDATED STATEMENTS OF INCOME
(Expressed in thousands of dollars, except for earnings per share)

	For the Years Ended 31st December	
	2012	2011
Operating revenues (Note 5)		
Sales	$ 43,152,581	$ 44,747,794
Sales returns	(311,569)	(1,005,725)
Sales discounts	(701,757)	(1,118,539)
Net sales	42,139,255	42,623,530
Other operating revenues	3,071	9,881
Net operating revenues	42,142,326	42,633,411
Operating costs (Notes 4(4)(19) and 5)		
Cost of goods sold	(35,816,708)	(36,202,063)
Gross profit	6,325,618	6,431,348
Operating expenses (Note 4(19))		
Selling and marketing expenses (Note 5)	(2,212,223)	(2,140,800)
General and administrative expenses	(1,019,653)	(1,093,588)
Research and development expenses	(1,647,512)	(1,664,921)
Total operating expenses	(4,879,388)	(4,899,309)
Operating income	1,446,230	1,532,039
Non-operating income and gains		
Interest income	62,483	57,239
Gain on disposal of investments	7,958	295
Foreign exchange gain	3,043	324,747
Rent income	15,196	12,315
Gain on valuation on financial assets	4,996	3,682
Other non-operating income	214,785	416,851
Total non-operating income and gains	308,461	815,129
Non-operating expenses and loss		
Interest expense	(342)	(238)
Investment loss recognized under the equity method (Note 4(6))	(79,102)	(413,454)
Other non-operating expenses	(1,835)	(2,456)
Total non-operating expenses and losses	(81,279)	(416,148)
Income from continuing operations before income tax	1,673,412	1,931,020
Income tax expense (Note 4(12))	(120,842)	(361,833)
Net income	$ 1,552,570	$ 1,569,187

Earnings per share (in dollars) (Note 4(18))

	2012 Before tax	2012 After tax	2011 Before tax	2011 After tax
Basic earnings per share	$ 2.68	$ 2.48	$ 3.03	$ 2.46
Diluted earnings per share	$ 2.62	$ 2.43	$ 2.95	$ 2.40

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

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

		Capital Reserve			Retained Earnings		Other Adjustments to Shareholders' Equity				
	Common Stock	Paid-in Capital in Excess of Par Value of Common Stock	Premium on Convertible Bonds Converted to Common Stock	Capital Reserve from Long-term Investments	Legal Reserve	Undistributed Earnings	Cumulative Translation Adjustments	Unrealized Gain (Loss) on Financial Instruments	Asset Revaluation Increment of Investee Company	Treasury Stock	Total
2011											
Balance at 1st January 2011	$ 6,346,104	$ 4,454,267	$ 209,407	$ 2,970	$ 2,427,515	$ 6,666,519	$ 260,324	($ 7,168)	$ 5,382	$ -	$ 20,365,320
Appropriations of 2010 retained earnings											
Legal reserve	-	-	-	-	210,356	(210,356)	-	-	-	-	-
Cash dividends declared	-	-	-	-	-	(1,593,179)	-	-	-	-	(1,593,179)
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	(60,912)	(60,912)
Net income for 2011	-	-	-	-	-	1,569,187	-	-	-	-	1,569,187
Unrealized gain on investee's financial assets	-	-	-	-	-	-	-	11,015	-	-	11,015
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	(1,172)	-	-	(1,172)
Cumulative translation adjustments derived from long-term foreign investments	-	-	-	-	-	-	370,368	-	-	-	370,368
Employees' stock options exercised	36,960	21,385	-	-	-	-	-	-	-	-	58,345
Balance at 31st December 2011	$ 6,383,064	$ 4,475,652	$ 209,407	$ 2,970	$ 2,637,871	$ 6,432,171	$ 630,692	$ 2,675	$ 5,382	-$ 60,912	$ 20,718,972
2012											
Balance at 1st January 2012	$ 6,383,064	$ 4,475,652	$ 209,407	$ 2,970	$ 2,637,871	$ 6,432,171	$ 630,692	$ 2,675	$ 5,382	($ 60,912)	$ 20,718,972
Appropriations of 2011 retained earnings											
Legal reserve	-	-	-	-	156,919	(156,919)	-	-	-	-	-
Cash dividends declared	-	-	-	-	-	(1,248,645)	-	-	-	-	(1,248,645)
Acquisition of treasury stock	-	-	-	-	-	-	-	-	-	(339,054)	(339,054)
Treasury stock retired	(175,600)	(122,926)	-	-	-	(101,440)	-	-	-	399,966	-
Net income for 2012	-	-	-	-	-	1,552,570	-	-	-	-	1,552,570
Unrealized gain on investee's financial assets	-	-	-	-	-	-	-	(15,375)	-	-	(15,375)
Unrealized gain on available-for-sale financial assets	-	-	-	-	-	-	-	2,234	-	-	2,234
Cumulative translation adjustments derived from long-term foreign investments	-	-	-	-	-	-	(158,930)	-	-	-	(158,930)
Employees' stock options exercised	51,450	23,239	-	-	-	-	-	-	-	-	74,689
Balance at 31st December 2012	$ 6,258,914	$ 4,375,965	$ 209,407	$ 2,970	$ 2,794,790	$ 6,477,737	$ 471,762	-$ 10,466	$ 5,382	$ -	$ 20,586,461

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

GIGA-BYTE TECHNOLOGY CO., LTD.
UNCONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of dollars)

	For the Years Ended 31st December	
	2012	2011
Cash flows from operating activities:		
Net income	$ 1,552,570	$ 1,569,187
Adjustments to reconcile net income to net cash provided by operating activities:		
Gain on valuation of financial assets	(4,996)	(3,682)
(Reversal of) provision for doubtful accounts	(4,807)	7,177
(Reversal of) allowance for inventory obsolescence and market price decline	(49,542)	80,285
Loss on disposal of available-for-sale financial assets	125	565
Loss on long-term equity investments accounted for under the equity method	79,102	413,454
Cash dividends on the long-term equity investments accounted for under the equity method	-	120,000
Gain on disposal of property, plant and equipment, net	-	(2,697)
Depreciation	99,930	116,004
Depreciation on rental asset	1,261	759
Amortization	118,604	158,132
Changes in assets and liabilities:		
(Increase) decrease in assets		
Financial assets at fair value through profit or loss	(18,772)	114,034
Notes receivable, net	796	(2,713)
Accounts receivable, net	(624,319)	1,613,854
Other receivables	75,241	(93,266)
Inventories	(1,060,115)	1,847,996
Deferred income tax assets	49,996	82,459
Other current assets	23,378	(1,502)
Increase (decrease) in liabilities		
Notes payable	(7,705)	(11,206)
Accounts payable	1,230,133	(1,316,868)
Income tax payable	(302,799)	92,825
Accrued expenses	(66,234)	9,145
Receipts in advance	71,237	(228,653)
Other current liabilities	31,969	(62,895)
Accrued pension liabilities	5,866	3,967
Net cash provided by operating activities	1,200,919	4,506,361

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GIGA-BYTE TECHNOLOGY CO., LTD.
UNCONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
(Expressed in thousands of dollars)

	For the Years Ended 31st December	
	2012	2011
Cash flows from investing activities:		
Increase in investments in bonds without active markets	($ 49,264)	$ -
Proceeds from disposal of available-for-sale financial assets	14,764	6,599
Acquisition of long-term equity investments-subsidiary	(312,534)	(129,823)
Proceeds from liquidation of long-term equity investment-subsidiary	480	-
Increase in other financial assets	(290,000)	-
Acquisition of property, plant and equipment	(59,697)	(483,856)
Proceeds from disposal of property, plant and equipment	-	11,889
Increase in computer software cost	(74,760)	(61,756)
Decrease (increase) in deposits-out	4,071	(2,149)
Decrease (increase) in pledged assets-non current	54,874	(40,000)
Increase in other assets-others	(90,336)	(26,971)
Net cash used in investing activities	(802,402)	(726,067)
Cash flows from financing activities:		
Decrease in deposits received	(15,360)	(31,424)
Proceeds from employees' stock options exercised	74,689	58,345
Cash dividends paid	(1,248,645)	(1,593,179)
Acquisition of treasury stock	(339,054)	(60,912)
Net cash used in financing activities	(1,528,370)	(1,627,170)
(Decrease) increase in cash and cash equivalents	(1,129,853)	2,153,124
Cash and cash equivalents at beginning of year	6,561,706	4,408,582
Cash and cash equivalents at end of year	$ 5,431,853	$ 6,561,706
Supplemental disclosures of cash flow information:		
Interest paid	$ 342	$ 238
Income tax paid	$ 373,645	$ 186,550
Investing activities with no effects on cash flows:		
Debt-into-equity-subsidiary	$ -	$ 11,340

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

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

1. HISTORY AND ORGANIZATION

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

2) As of 31st December 2012, the Company had approximately 2,800 employees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared in accordance with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and generally accepted accounting principles in the R.O.C. The Company's significant accounting policies are summarized as follows:

1) Classification of current and non-current assets and liabilities

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

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

b. Assets held mainly for trading purposes;

c. Assets that are expected to be realized within twelve months from the balance sheet date;

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

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

a. Liabilities arising from operating activities that are expected to be paid off within the normal operating cycle;

b. Liabilities arising mainly from trading activities;

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

d. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

2) Foreign currency transactions

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

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

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

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

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

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

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

4) Available-for-sale financial assets

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

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

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

5) Financial assets carried at cost

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

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

6) Investment in bonds without active markets

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

B. This financial asset is carried at amortized cost.

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

7) Derivative financial instruments

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

8) Notes, accounts and other receivables

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

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

9) Inventories

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

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

A. Long-term equity investments in which the Company holds more than 20% of the investee company's voting shares or has the ability to exercise significant influence on the investee's operational decisions are accounted for under the equity method. The excess of the initial investment cost over the acquired net asset value of the investee attributable to goodwill is no longer amortized. Retrospective adjustment of the amount of goodwill amortized in previous year(s) is not required. All majority-owned subsidiaries and controlled entities are consolidated. And effective from 1st January 2008, the Company prepares consolidated financial statements on a quarterly basis.

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

C. Investment loss on the non-controlled entities over which the Company has the ability to exercise significant influence is recognized to the extent that the amount of long-term investments in such investees is written down to zero. However, if the Company continues to provide endorsements, guarantees or financial support for such investees, the investment loss is recognized continuously in proportion to the Company's equity interest in such investees. In the case of controlled entities, when losses applicable to the other shareholders exceed their interests in such entities, such an excess and any further losses applicable to the other shareholders are allocated against the Company's interest except to the extent that the other shareholders have binding obligations and are able to make an additional investment to cover the losses. If such entities subsequently report profits, such profits are allocated to the Company until the other shareholders' share of losses previously absorbed by the Company has been recovered.

D. Exchange differences arising from translation of the financial statements of overseas investee companies accounted for under the equity method are recorded as “cumulative translation adjustments” under shareholders’ equity.

11) Property, plant and equipment

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

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

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

12) Intangible assets

Computer software expenditures are stated at cost and amortized over the estimated life of 1 to 3 years using the straight-line method.

13) Impairment of non-financial assets

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

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

14) Warranty

The Company provides a warranty for repair or replacement of defective products sold. Provision for warranty expense is estimated based on historical experience of actual warranty expense incurred.

15) Pension plans

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

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

16) Income tax

A. Income tax expense is provided based on accounting income after adjusting for permanent differences. The tax effect of taxable temporary differences is recorded as deferred income tax liability while the tax effects of deductible temporary differences and tax losses available to be carried forward and investment tax credits are recorded as deferred income tax assets. A valuation allowance is provided for deferred income tax assets to the extent that it is more likely than not that the tax benefit will not be realized. Deferred income tax assets or liabilities are further classified into current and non-current items based on the classifications of the related assets or liabilities or on the expected reversal date of the temporary differences.

B. Investment tax credits arising from expenditures incurred on acquisitions of equipment, research and development and employees' trainings, etc. are recognized in the period the related expenditures are incurred.

C. An additional 10% tax is levied on the undistributed retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

17) Treasury stock

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

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

C. When treasury stock is disposed, the related gain is credited to "capital reserve-treasury stock transaction" and any loss is offset against this capital reserve account. However, when the balance of this capital reserve account is insufficient to offset the loss, the remaining amount is charged against retained earnings.

D. Cost of treasury stock is determined using the weighted-average method.

18) Share-based payment - employee compensation plan

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

19) Employees’ bonuses and directors’ and supervisors’ remuneration

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

20) Revenues, costs and expenses

Revenues are recognized when earned, except for sales to majority-owned subsidiaries, which are recognized when the goods are sold by the subsidiaries to third parties. Costs are accrued when the related revenues are recognized. Expenses are recognized as incurred.

21) Settlement date accounting

If an entity recognizes financial assets using settlement date accounting, any change in the fair value of the asset to be received during the period between the trade date and the settlement date / balance sheet day is not recognized for assets carried at cost or amortized cost. For financial asset or financial liability classified as at fair value through profit or loss, the change in fair value is recognized in profit or loss. For available-for-sale financial asset, the change in fair value is recognized directly in equity.

22) Use of estimates

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

23) Operating segments

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

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

3. CHANGES IN ACCOUNTING PRINCIPLES

1) Notes, accounts and other receivables

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

2) Operating segments

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

4. SUMMARY OF SIGNIFICANT ACCOUNTS

1) Cash and cash equivalents

	31st December	
	2012	2011
Cash on hand	$ 6,691	$ 6,695
Checking and demand deposits	1,642,150	1,091,441
Time deposits	3,783,012	5,463,570
	$ 5,431,853	$ 6,561,706

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

	31st December	
	2012	2011
Current items		
Financial assets held for trading		
Open-end funds		
- Domestic	$ 500,000	$ 450,000
- Overseas	53,564	84,792
	553,564	534,792
Adjustment of financial assets held for trading	1,096	(3,900)
Total	$ 554,660	$ 530,892

A. The Company recognized net gain of $13,079 and $2,591 for the years ended 31st December 2012 and 2011, respectively.

B. For the years ended 31st December 2012 and 2011, all the derivative financial instruments were settled.

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

The exchange loss on derivative financial instruments was $5,718 for the year ended 31st December 2011 and there was no derivative financial instruments exchange loss in 2012.

3) Accounts receivable

	31st December	
	2012	2011
Accounts receivable – third parties	$ 2,001,583	$ 1,799,446
Less: Allowance for doubtful accounts	(25,123)	(31,545)
	$ 1,976,460	$ 1,767,901

4) Inventories

	31st December 2012		
	Cost	Allowance for loss on decline in market value	Book value
Raw materials and supplies	$ 1,478,668	($ 88,946)	$ 1,389,722
Work in process	731,550	(1,752)	729,798
Finished goods and merchandise inventories	5,109,859	(38,390)	5,071,469
	$ 7,320,077	($ 129,088)	$ 7,190,989

	31st December 2011		
	Cost	Allowance for loss on decline in market value	Book value
Raw materials and supplies	$ 1,721,506	($ 101,832)	$ 1,619,674
Work in process	858,569	(4,323)	854,246
Finished goods and merchandise inventories	3,679,887	(72,475)	3,607,412
	$ 6,259,962	($ 178,630)	$ 6,081,332

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

	For the years ended 31st December	
	2012	2011
Cost of inventories sold	$ 35,614,564	$ 35,892,405
Cost of warranty	251,688	229,373
Gain from price recovery of inventory (loss on market decline)	(49,542)	80,285
Gain on physical inventory	(2)	-
	$ 35,816,708	$ 36,202,063

For the year ended 31st December 2012, the Company recognized a gain from price recovery of inventories due to the sale of part of its inventories which were declining in market value.

5) Investment in bonds without active markets

	31st December	
	2012	2011
Financial securities	$ 27,827	$ -
Corporate bonds	21,437	-
	$ 49,264	$ -

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

Investee Company	31st December 2012 Carrying amount	Percentage ownership as at 31st December 2012	31st December 2011 Carrying amount	Percentage ownership as at 31st December 2011
Freedom International Group Ltd.	$ 4,832,097	100%	$ 4,916,939	100%
Chi-Ga Investments Corp.	1,760,755	100%	1,741,039	100%
Giga-Byte Communication Inc.	185,534	99.12%	(61,832)	94.81%
G-Style Co., Ltd.	108,744	100%	230,877	100%
Giga-Zone International Co., Ltd.	20,567	100%	81,140	100%
G.B.T. Inc.,	(70,482)	48.63%	(85,106)	48.63%
G.B.T. Technology Trading GmbH and others	170,189	100%	123,377	100%
	7,007,404		6,946,434	
Add: Reclassified to accounts receivable -related parties contra account	70,482		147,072	
	$ 7,077,886		$ 7,093,506	

A. The investment loss of $79,102 in 2012 and the investment loss in 2011 of $413,454 were accounted for under the equity method based on the audited financial statements of the investee companies for the years ended 31st December 2012 and 2011, respectively, except as stated in the following paragraph.

B. As the Company intends to provide full financial support to G. B. T., Inc. (G.B.T.-USA) and Giga-Byte Communication Inc. (Giga-Byte Communication), the Company continued to account for its investment in G.B.T.-NL under the equity method and recognized losses in excess of the original investment cost. As of 31st December 2012 and 2011, these negative balances were reclassified to a contra account of accounts receivable - related parties.

7) Other financial assets

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

8) Accumulated depreciation

The details of accumulated depreciation were as follows:

	31st December	
	2012	2011
Buildings	$ 468,702	$ 447,575
Machinery	944,522	921,609
Transportaion equipment	1,485	1,397
Other equipment	531,000	539,534
	$ 1,945,709	$ 1,910,115

9) Rental assets

	31st December, 2012		
	Original cost	Accumulated depreciation	Book Value
Land	$ 89,121	$ -	$ 89,121
Buildings	49,849	(1,384)	48,465
	$ 138,970	($ 1,384)	$ 137,586

	31st December, 2011		
	Original cost	Accumulated depreciation	Book Value
Land	$ 166,018	$ -	$ 166,018
Buildings	92,860	(759)	92,101
	$ 258,878	($ 759)	$ 258,119

10) Accrued expenses

	31st December	
	2012	2011
Salary and bonus payable	$ 1,064,058	$ 1,205,584
Employees' dividends and directors' and supervisors' remuneration payable	191,748	191,264
Royalties payable	55,242	73,023
Shipping and freight-in payable	74,949	62,859
Others	243,895	163,396
	$ 1,629,892	$ 1,696,126

11) Pension plans

A. The Company has a non-contributory and funded defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees. Under the defined benefit plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan under the name of the independent retirement fund committee.

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

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

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

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

(3) Actuarial assumptions:

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

B. Pursuant to the new “Labor Pension Act” enacted on 1st July 2005, the Company established a defined contribution pension plan covering all domestic employees (the “New Plan”). For employees who elect to participate in the New Plan, the Company contributes monthly 6% of the employees’ salaries and wages paid each month to the employees’ individual pension accounts at the Bureau of Labor Insurance. Benefits accrued are portable upon termination of service. Pension payments to employees are made either by monthly installments or in lump sum from the accumulated contributions and earnings in the employees’ individual accounts. The net pension costs recognized under the New Plan for the years ended 31st December 2012 and 2011 were $94,823 and $83,505, respectively.

12) Income tax

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

	For the years ended 31st December	
	2012	2011
Income tax at the statutory tax rate	$ 284,480	$ 328,273
Tax effect of permanent differences	(72,927)	(28,883)
Tax effect of temporary differences	(36,597)	22,215
Tax effect of investment tax credits	(32,065)	-
Under (over) provision of prior year's income tax	(38,411)	10,225
10% tax on unappropriated earnings	16,362	30,003
Income tax expense	120,842	361,833
Net change in deferred income tax assets	(49,996)	(82,459)
Under (over) provision of prior year's income tax	38,411	(10,225)
Unpaid prior year's income tax	-	54,875
Prepaid and withholding taxes	(92,158)	(4,126)
Income tax payable	$ 17,099	$ 319,898

B.Deferred income tax assets were as follows:

	31st December			
	2012		2011	
	Amount	Tax effect	Amount	Tax effect
Current:				
Provision for warranty expense	$ 442,611	$ 75,244	$ 440,940	$ 74,960
Allowance for inventory loss	129,088	21,945	178,630	30,367
Unrealized profit on intercompany sales	214,272	36,426	256,065	43,531
Unrealized exchange (gain) loss	(37,076)	(6,302)	64,965	11,044
Others	203,600	34,612	209,632	35,638
Investment tax credits		41,058		54,617
Deferred income tax assets - current		$ 202,983		$ 250,157
Non-current:				
Long-term equity investment loss accounted for under the equity method	$ 226,500	$ 38,505	$ 338,965	$ 57,624
Pension expense	190,278	32,347	173,878	29,559
Royalties payable	33,000	5,610	33,000	5,610
		76,462		92,793
Valuation allowance - non-current		(44,115)		(57,624)
Deferred income tax assets - non-current		$ 32,347		$ 35,169

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

D. As of 31st December 2012, the Company's investment tax credit was as follows:

Qualifying expenditures	Unutilized investment tax credits	Final year tax credits are due
Research and development expense	$ 41,058	2013

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

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

F. The Company's income tax returns through 2009 have been approved by the Tax Authority. The Company has applied for tax re-examination for year 2006 because the payroll expense was assessed as not conforming to the regulation of the Tax Law, which caused an additional $54,874 tax payable. Based on the conservatism principle, the Company has accrued such additional tax payable in the 2009 financial statements. According to the report on tax re-examination result issued by the Tax Authority on 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.

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

	31st December	
	2012	2011
1) Earnings generated in 1997 and prior years	$ 62,797	$ 164,237
2) Earnings generated since 1998	6,414,940	6,267,934
	$ 6,477,737	$ 6,432,171

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

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

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

13) Common stock

A. As of 31st December 2012, the total outstanding Global Depositary Shares (GDS) was 7,509 units, representing 30,052 shares which were issued in Europe, Asia, etc.

The main terms and conditions of the GDS are as follows:

1) Voting rights

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

2) Sale and withdrawal of GDS

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

3) Dividends

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

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

C. As of 31st December 2012 and 2011, the Company's authorized capital stock both amounted $9,500,000 dividend into 950,000,000 common shares, including 250,000,000 shares reserved for the issuance of stock warrants, convertible preferred stock or convertible bonds with stock warrants, and issued and outstanding common stock totaled 625,891,386 shares and 635,503,386 shares (after deducting the treasury stock of 2,803,000 shares), respectively, with par value of $10 (in dollars) per share.

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

14) Capital reserve

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

15) 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. The appropriation of 2011 earnings had been proposed by the Board of Directors on 18th June 2012 and the appropriation of 2010 earnings had been resolved at the stockholders' meeting on 15th June 2011. Details are summarized below:

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

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

D. The estimated amounts of employees' bonus of 2012 and 2011 are $146,667 and $147,126, respectively; and the estimated amounts of directors' and supervisors' remuneration of 2012 and 2011 are $45,081 and $44,138, respectively, as prescribed by the Company's Articles of Incorporation, of the Company's 2012 and 2011 net income after taking into account the legal reserve and other factors.

16) Treasury stock

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

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

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

B. Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury stock should not exceed 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 realized reserve.

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

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

17) Share-based payment-employee compensation plan

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

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

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

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

		For the year ended 31st December 2012	For the year ended 31st December 2011
Net income	Net income stated in the statement of income	$ 1,552,570	$ 1,569,187
	Pro forma net income	$ 1,552,570	$ 1,554,455
Basic earnings per share (EPS) (in dollars)	EPS stated in the statement in income	2.48	2.46
	Pro forma EPS	2.48	2.44
Diluted EPS (in dollars)	EPS stated in the statement in income	2.43	2.40
	Pro forma EPS	2.43	2.38

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	Expected price volatility	Expected vesting period	Expected dividend yield rate	Risk-free interest rate	Fair value per unit
Employee stock options	2007.12.19	$ 19	$ 19	39.16%	6.35 years	-	2.58%	8.1648

18) Earnings per share

	For the year ended 31st December 2012				
	Amount		Weighted-average outstanding	Earnings per share (in dollars)	
	Before tax	After tax	common shares	Before tax	After tax
Basic earnings per share					
Net income	$ 1,673,412	$ 1,552,570	625,161,917	$ 2.68	$ 2.48
Effect of potential dilutive common shares:					
Convertible bonds	-	-	6,807,059		
Employee stock options	-	-	6,111,111		
Diluted earnings per share	$ 1,673,412	$ 1,552,570	638,080,087	$ 2.62	$ 2.43

	For the year ended 31st December 2011				
	Amount		Weighted-average outstanding	Earnings per share (in dollars)	
	Before tax	After tax	common shares	Before tax	After tax
Basic earnings per share					
Net income	$ 1,931,020	$ 1,569,187	637,300,324	$ 3.03	$ 2.46
Effect of potential dilutive common shares:					
Convertible bonds	-	-	9,216,500		
Employee stock options	-	-	7,662,835		
Diluted earnings per share	$ 1,931,020	$ 1,569,187	654,179,659	$ 2.95	$ 2.40

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

19) Personnel expenses, depreciation and amortization

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

	For the year ended 31st December 2012		
Item	Operating cost	Operating expense	Total
Personnel expenses			
Salaries and wages	$ 535,318	$ 2,022,381	$ 2,557,699
Insurance	51,447	96,541	147,988
Pension	25,427	85,390	110,817
Others	22,073	54,026	76,099
	$ 634,265	$ 2,258,338	$ 2,892,603
Depreciation	$ 42,584	$ 57,346	$ 99,930
Amortization	$ 2,153	$ 116,451	$ 118,604

	For the year ended 31st December 2011		
Item	Operating cost	Operating expense	Total
Personnel expenses			
Salaries and wages	$ 504,515	$ 2,043,490	$ 2,548,005
Insurance	51,316	84,443	135,759
Pension	22,764	74,680	97,444
Others	24,090	55,483	79,573
	$ 602,685	$ 2,258,096	$ 2,860,781
Depreciation	$ 46,318	$ 69,686	$ 116,004
Amortization	$ 1,667	$ 156,465	$ 158,132

5. RELATED PARTY TRANSACTIONS

A. Names and relationships of related parties

Names of the related parties	Relationship with the Company
Giga-Byte Technology B.V. (G.B.T-NL)	A wholly-owned subsidiary
Gigabyte Technology Pty. Ltd. (G.B.T.-AU)	〃
Giga-Byte Technology (India) Private Limited (G.B.T.-India)	〃
Giga Advance (Labuan) Limited (Giga Advance)	〃
Nippon Giga-Byte Corp. (G.B.T.-Nippon)	〃
Gigabyte Technology ESPANA S.L.U. G.B.T.-SP)	〃
Gigabyte Information Technology Commerce Limited Company (G.B.T.-Turkey)	〃
Gigabyte Technolgoy LLC (G.B.T.-Korea)	〃

Names of the related parties	Relationship with the Company
G.B.T., Inc. (G.B.T-USA)	An indirect wholly-owned subsidiary
G.B.T. LBN Inc. (G.B.T.-LBN)	〃
Giga Future Limited (Giga Future)	〃
Charleston Investments Limited (Charleston)	〃
Gigabyte Singapore Pte. Ltd. (G.B.T.-SGP)	〃
Giga Win Limited	〃
G-Style Co., Ltd. (G-Style)	A wholly-owned subsidiary
Giga-Byte Communication Inc. (Giga-Byte Communication)	〃
Giga-Zone International Co., Ltd. (Giga-Zone)	〃
Gigatrend Technology Co., Ltd.	〃
eRiver Precision Machining Co., Ltd. (eRiver)	A wholly-owned subsidiary (Liquidated in April 2012)
Dongguan GigaByte Technology Co., Ltd.	An indirect wholly-owned subsidiary
Ningbo Giga-Byte Technology Co., Ltd.	〃
Salaries/rewards information of key management, such as directors, supervisors, general manager, vice general manager, etc.	Key management of the Company

Note: The Company had no significant transactions with other related parties during 2012 and 2011. Names of those other related parties and their relationship with the Company are provided in Note 11: Information on investee companies.

B. Significant related party transactions and balances

1) Sales

	For the years ended 31st December	
	2012	2011
G.B.T.-NL	$ 10,726,223	$ 10,514,053
Giga Advance	9,807,955	9,280,761
G.B.T.-USA	4,190,685	3,956,127
G.B.T.-LBN	912,378	355,607
G-Style	399,566	452,809
Gigabyte Communication	162,861	291,276
Others	9,194	16,629
	$ 26,208,862	$ 24,867,262

The sales prices to related parties were based on the agreed contracts. Credit terms to related parties were within 14~90 days after receipt of goods. Credit terms to third parties were up to 70 days after shipment of goods.

2) Purchases

	For the years ended 31st December	
	2012	2011
G.B.T.-LBN	$ 107,096	$ 160,243
Giga Advance	74,212	75,657
Others	1,791	89,064
	$ 183,099	$ 324,964

All purchases from related parties are based on negotiated terms because the related products are unique and cannot be purchased from third parties. The payment terms for related parties are not significantly different from those with third parties. The payment terms for third parties is 30 days after receipt of goods or 60~90 days after monthly billing.

3) Processing expense

	For the years ended 31st December	
	2012	2011
G.B.T.-LBN	$ 1,306,131	$ 1,152,698

The payments to G.B.T.-LBN were for the subcontracts to Dongguan Gigabyte and Ningbo Gita-Byte which were arranged through G.B.T.-LBN.

4) Warranty expense

	For the years ended 31st December	
	2012	2011
Giga Advance	$ 21,270	$ 20,355
G.B.T.-AU	12,721	10,257
G.B.T.-Turkey	10,590	10,994
Others	19,928	27,967
	$ 64,509	$ 69,573

5) Service commission (accounted for as “sales expense”)

	For the years ended 31st December	
	2012	2011
G.B.T.-India	$ 66,020	$ 36,165
G.B.T.-AU	50,662	47,001
Others	59,298	62,382
	$ 175,980	$ 145,548

6) Amounts due to (from) related parties

	31st December	
	2012	2011
Accounts receivable		
G.B.T.-NL	$ 1,281,167	$ 1,087,897
G.B.T.-USA	924,187	730,719
Giga-Advance	470,678	302,919
Others	201,499	335,430
	2,877,531	2,456,965
Less: Credit balance of long-term equity investments accounted for under the equity method	(70,482)	(147,072)
	$ 2,807,049	$ 2,309,893
Other receivables		
G.B.T.-LBN	$ 6,809	$ 3,764
G-Style	3,543	2,600
Others	3,560	5,485
	$ 13,912	$ 11,849

	31st December	
	2012	2011
Accounts payable		
G.B.T.-LBN	$ 314,960	$ 266,604
Others	11,606	26,013
	$ 326,566	$ 292,617
Accrued expenses		
G.B.T.-LBN	$ 18,070	$ 12,392
Others	10,954	26,884
	$ 29,024	$ 39,276
Other current liabilities		
G.B.T.-SGP	$ 29,190	$ 29,190

7) Property transactions

In 2011, the Company sold machinery and equipment to Giga Future in the amount of $11,354. Gain on this disposal was $2,162. The Company then used the machinery and equipment as a way of investment in Ningbo Giga-Byte Technology Co., Ltd. and Dongguan Giga-Byte Electronics Co., Ltd..

8) Guarantees provided

Names of the guaranteed parties	31st December 2012	31st December 2011
G-Style	NTD 500,000	NTD 500,000
Charleston and Giga Future	-	US$ 4,000

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

	For the years ended December 31	
	2012	2011
Salaries and bonuses	$ 170,835	$ 158,821
Service execution fees	6,639	4,626
Directors' and supervisors' remuneration and employees' bonus	93,657	98,067
Total	$ 271,131	$ 261,514

a. Salaries include regular wages, special responsibility allowances, pensions, various bonuses and rewards.

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

c. Directors’ and supervisors’ remuneration and employees’ bonus were those amounts accrued in the statement of income for the current year.

6. PLEDGED ASSETS:

	31st December		
Item	2012	2011	Purpose
Pledged deposits	$ 40,000	$ 94,874	Guarantee for the customs duties and deposits

7. COMMITMENTS AND CONTINGENT LIABILITIES: None.

8. SIGNIFICANT CASUALTY LOSS: None.

9. SIGNIFICANT SUBSEQUENT EVENT: None.

10. OTHERS

A. Financial statement presentation

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

B. The fair values of the financial instruments

	31st December 2012			31st December 2011		
		Fair value			Fair value	
	Book value	Quotations in an active market	Estimated using a valuation technique	Book value	Quotations in an active market	Estimated using a valuation technique
Non-derivative financial instruments						
Assets:						
Financial assets with fair values equal to book value	$ 10,480,991	$ -	$ 10,480,991	$ 11,042,433	$ -	$ 11,042,433
Financial assets at fair value through profit or loss	554,660	554,660	-	530,892	530,892	-
Available-for-sale financial assets	-	-	-	12,655	12,655	-
Investment in bonds without active markets	49,264	-	50,305	-	-	-
Other financial assets	1,580,000	-	1,573,411	1,290,000	-	1,291,506
Liabilities:						
Financial liabilities with fair values equal to book values	8,129,912	-	8,129,912	7,083,753	-	7,083,753

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

1) For short-term financial instruments, the fair values were determined based on their carrying values because of the short maturities of the instruments. This method was applied to cash and cash equivalents, notes receivable, accounts receivable, other receivables, refundable deposits, pledged assets, notes and bills payable, notes and accounts payable and deposits-in.
2) As of 31st December 2012, the fair values of structured deposits and investment in securities without active market were established by using a valuation technique. Valuation techniques include using recent arm’s length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.
3) If the market for available-for-sale financial instruments is active, then the fair value was based on the quoted market price.
4) The fair values of derivative financial instruments which include unrealized gains or losses on unsettled contracts were determined based upon the amounts to be received or paid assuming that the contracts were settled as of the reporting date.

C. Information on interest rate risk positions

As of 31st December 2012 and 2011, the Company’s financial assets with fair value risk due to the change of interest amounted to $880,000 and $290,000, respectively; and the financial assets with cash flow risk due to the change of interest amounted $700,000 and $1,000,000, respectively.

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

For available-for-sale financial assets, during the years ended 31st December 2012 and 2011, the amount of gain (loss) recognized directly in equity was $2,234 and ($2,234) respectively; and the amount of unrealized gain (loss) recognized directly in equity was ($15,375) and $11,015, respectively.

E. Strategy of financial risk control and hedge

1) The Company’s strategy for financial risk control and hedge is to minimize the losses that would be caused by the fluctuation of exchange rate on foreign currency denominated assets or liabilities. The Company executes its strategy by entering into derivative financial instruments transactions that are inversely correlated to the fair value movements of those items being hedged. The Company only enters into derivative financial instruments contracts for hedge purpose and for those which are embedded in principal guaranteed host contracts.
2) For the purpose of risk control, the Company executes hedging activities as follows:
   a. Keep the position of foreign currency assets and liabilities balanced to achieve natural hedge.
   b. Only enter into the financial instruments with the foreign currency used in operations.
   c. Only enter into financial instruments transactions to the extent that the maximum loss would not exceed the threshold set forth by the Company.

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

F. Information of financial risks

1) Market risk

a. The financial assets at fair value through profit or loss and the available-for-sale financial assets of the Company are all affected by market price.

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

c. The Company's business involves some non-functional currency operations. The information on monetary assets and liabilities denominated in foreign currencies whose values would be materially affected by the fluctuations of the foreign exchange rates is as follows:

	31st December 2012			31st December 2011		
(Foreign currency: Functional currency)	Foreign currency (in thousand)		Exchange rate	Foreign currency (in thousand)		Exchange rate
Financial asset						
Monetary item						
USD:NTD	USD	301,502	29.04	USD	255,907	30.29
EUR:NTD	EUR	72	38.49	EUR	369	39.20
Non-monetary item						
USD:NTD	USD	3,468	29.04	USD	3,085	30.29
Long-term equity investments accounted for under the equity method						
USD:NTD	USD	166,162	29.04	USD	161,008	30.29
INR:NTD	INR	86,249	0.52	INR	75,111	0.57
Financial liability						
Monetary item						
USD:NTD	USD	207,408	29.04	USD	164,916	30.29

2) Credit risk

a. The bond fund held by the Company 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 Company trades with several securities investment trust companies, credit risk is low.

b. 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.

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

d. The Company 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 Company had credit insurance coverage for a majority of its customers. Accordingly, credit risk is low.

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

3) Liquidity risk

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

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

4) Cash flow risk

a. The domestic bond fund investment by the Company 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 Company were range accrual notes, the effective interest rate of these notes are affected by the market interest rate; accordingly, the Company's future cash flows would fluctuate with the market interest rate change.

11. DISCLOSURE OF OTHER INFORMATION

A. Related information of significant transactions

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

2) Endorsements and guarantees for others:

(For the year ended 31st December 2012)

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

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

3) Marketable securities held at 31st December 2012:

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

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

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

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

5) Real estate acquired exceeding NT$100,000 or 20% of contributed capital: None.

6) Proceeds from disposal of real estate exceeding NT$100,000 or 20% of contributed capital: None.

7) Purchases from and sales to related parties exceeding NT$100,000 or 20% of contributed capital:
(For the year ended 31st December 2012)

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

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

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

9) Transaction of financial instruments: None.

B. Related information of investment:

1) Related information of investee companies:
(31st December 2012)

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

2) The related information of the investee companies in which the Company has direct or indirect control is as follows:

(1) Lending to others: None.

(2) Endorsements and guarantees for others:None.

(3)Marketable securities held at 31st December 2012:

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

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

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

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

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

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

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

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

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

C. Disclosure of investment in Mainland China:

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

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

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

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

Note: The initial investment amount of Giga-Zone Internationl 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 Internationl Co., Ltd..

2. Processing factory

Investment in subcontractors in Mainland China: None.

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

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

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

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

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

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

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

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

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

12. SEGMENT INFORMATION

In accordance with R.O.C. SFAS No. 41, “Operating Segments”, segment information is disclosed in the consolidated financial statements.