MICRO-STAR INTERNATIONAL CO., LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2015 AND 2014

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

Representation Letter

In connection with the Consolidated Financial Statements of Affiliated Enterprises of MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES, we confirm to you that, the entities required to be included in the Consolidated FS of the Affiliates as of and for the year ended December 31, 2015 in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required to be included in the Consolidated Financial Statements of MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES and its subsidiaries in accordance with International Financial Reporting Standard 10, as well as that, the information required to be disclosed in the Consolidated FS of Affiliates is disclosed in the Consolidated FS of the Group. Consequently, MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES do not prepare a separate set of Consolidated FS of Affiliates.

Very truly yours,
MICRO-STAR INTERNATIONAL CO., LTD.
By

Joseph Hsu, Chairman
March 25, 2016

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR15000286

To the Board of Directors and Shareholders of MICRO-STAR INTERNATIONAL CO., LTD.:

We have audited the accompanying consolidated balance sheets of MICRO-STAR INTERNATIONAL CO., LTD. and its subsidiaries (the “Group”) as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT$5,726,607 thousand and NT$5,123,757 thousand, constituting 12% and 11% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and total operating revenues of NT$17,663,086 thousand and NT$14,906,400 thousand, constituting 21% and 18% of the consolidated total operating revenues for the years then ended, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the reports of the other independent accountants.

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

In our opinion, based on our audits and the report of other independent accountants, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of MICRO-STAR INTERNATIONAL CO., LTD. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of MICRO-STAR INTERNATIONAL CO., LTD. as of and for the years ended December 31, 2015 and 2014, and have expressed a modified unqualified opinion on those financial statements.

PricewaterhouseCoopers

March 25, 2016

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 11,568,417	25	$ 10,002,083	22
1110	Financial assets at fair value through profit or loss - current	6(2)	114,905	-	36,685	-
1150	Notes receivable, net		4,040	-	8,372	-
1170	Accounts receivable, net	6(3)	12,107,000	26	12,562,726	27
1200	Other receivables		303,414	1	282,901	1
1220	Current income tax assets	6(21)	10,250	-	21,207	-
130X	Inventories, net	6(4)	14,969,163	32	15,553,209	33
1410	Prepayments	6(5)	1,208,333	3	1,282,857	3
11XX	**Total current assets**		40,285,522	87	39,750,040	86
	Non-current assets					
1543	Financial assets carried at cost - non-current	13(1)	-	-	-	-
1550	Investments accounted for under equity method	6(6)	-	-	479	-
1600	Property, plant and equipment	6(7) and 8	5,432,454	12	5,848,330	13
1760	Investment property - net	6(8)	368,097	1	405,364	1
1840	Deferred income tax assets	6(21)	286,433	-	250,542	-
1900	Other non-current assets	6(9) and 8	158,363	-	170,059	-
15XX	**Total non-current assets**		6,245,347	13	6,674,774	14
1XXX	**Total assets**		$ 46,530,869	100	$ 46,424,814	100

(Continued)

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2015 AMOUNT	%	December 31, 2014 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 600,000	1	$ 2,139,056	5
2120	Financial liabilities at fair value through profit or loss - current	6(2)	11,964	-	99	-
2150	Notes payable		995	-	8	-
2170	Accounts payable		16,035,702	34	15,272,310	33
2200	Other payables	6(11)	2,885,125	6	2,888,150	6
2230	Current income tax liabilities	6(21)	379,548	1	386,113	1
2250	Provision for liabilities - current	6(13)	230,015	1	224,816	-
2300	Other current liabilities		398,983	1	639,600	1
21XX	**Total current liabilities**		20,542,332	44	21,550,152	46
	Non-current liabilities					
2540	Long-term borrowings	8	13,350	-	16,413	-
2570	Deferred income tax liabilities	6(21)	2,164	-	5,634	-
2640	Net defined benefit liabilities - non-current	6(12)	156,218	1	135,319	-
2670	Other non-current liabilities		74,788	-	184,760	1
25XX	**Total non-current liabilities**		246,520	1	342,126	1
2XXX	**Total liabilities**		20,788,852	45	21,892,278	47
	Equity attributable to owners of parent					
	Share capital	6(14)				
3110	Share capital - common stock		8,448,562	18	8,448,562	18
	Capital surplus	6(15)				
3200	Capital surplus		2,920,142	6	2,920,142	6
	Retained earnings	6(16)				
3310	Legal reserve		3,025,283	7	2,723,897	6
3320	Special reserve		389,482	1	389,482	1
3350	Unappropriated retained earnings	6(21)	10,428,595	22	9,579,139	21
	Other equity interest					
3400	Other equity interest		529,953	1	471,314	1
31XX	**Equity attributable to owners of the parent**		25,742,017	55	24,532,536	53
3XXX	**Total equity**		25,742,017	55	24,532,536	53
3X2X	**Total liabilities and equity**		$ 46,530,869	100	$ 46,424,814	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 25, 2016.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

			2015		2014	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**		$ 85,294,794	100	$ 84,901,773	100
5000	**Operating costs**	6(4)(19)(20)	(72,453,660)	(85)	(73,387,333)	(87)
5900	**Net operating margin**		12,841,134	15	11,514,440	13
	Operating expenses	6(19)(20)				
6100	Selling expenses		(4,527,224)	(5)	(4,412,360)	(5)
6200	General and administrative expenses		(1,047,500)	(1)	(773,023)	(1)
6300	Research and development expenses		(3,210,602)	(4)	(2,735,708)	(3)
6000	**Total operating expenses**		(8,785,326)	(10)	(7,921,091)	(9)
6900	**Operating profit**		4,055,808	5	3,593,349	4
	Non-operating income and expenses					
7010	Other income	6(8)(17)	448,781	-	500,265	1
7020	Other gains and losses	6(2)(18)	(220,656)	-	(469,334)	(1)
7050	Finance costs		(16,411)	-	(47,156)	-
7060	Share of (loss)/profit of associates and joint ventures accounted for under equity method	6(6)	(479)	-	46	-
7000	**Total non-operating income and expenses**		211,235	-	(16,179)	-
7900	**Profit before income tax**		4,267,043	5	3,577,170	4
7950	Income tax expense	6(21)	(560,587)	(1)	(563,309)	-
8000	**Profit for the year from continuing operations**		3,706,456	4	3,013,861	4
8200	**Profit for the year**		$ 3,706,456	4	$ 3,013,861	4
	Other comprehensive income					
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	Actuarial loss on defined benefit plan	6(12)	($ 25,355)	-	($ 12,490)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss		4,310	-	2,123	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(21,045)	-	(10,367)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		58,639	-	281,168	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		58,639	-	281,168	-
8300	**Total other comprehensive income for the year**		$ 37,594	-	$ 270,801	-
8500	**Total comprehensive income for the year**		$ 3,744,050	4	$ 3,284,662	4
	Profit attributable to:					
8610	Owners of parent		$ 3,706,456	4	$ 3,013,861	4
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 3,744,050	4	$ 3,284,662	4
	Earnings per share (in dollars)	6(22)				
9750	**Basic earnings per share**		$	4.39	$	3.57
9850	**Diluted earnings per share**		$	4.33	$	3.53

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 25, 2016.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
			Capital Reserves				Retained Earnings				
	Notes	Share capital - common stock	Capital surplus, additional paid-in capital	Treasury stock transactions	Difference between the price for acquisition or disposal of subsidiaries and carrying amount	Employee stock warrants	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Total equity
2014											
Balance at January 1, 2014		$ 8,448,562	$ 2,740,275	$ 130,592	$ 4,815	$ 44,460	$ 2,526,611	$ 389,482	$ 8,462,643	$ 190,146	$ 22,937,586
Appropriations of 2013 earnings (Note 1):											
Legal reserve	6(16)	-	-	-	-	-	197,286	-	(197,286)	-	-
Cash dividends	6(16)	-	-	-	-	-	-	-	(1,689,712)	-	(1,689,712)
Profit for the year		-	-	-	-	-	-	-	3,013,861	-	3,013,861
Other comprehensive income for the year		-	-	-	-	-	-	-	(10,367)	281,168	270,801
Balance at December 31, 2014		$ 8,448,562	$ 2,740,275	$ 130,592	$ 4,815	$ 44,460	$ 2,723,897	$ 389,482	$ 9,579,139	$ 471,314	$ 24,532,536
2015											
Balance at January 1, 2015		$ 8,448,562	$ 2,740,275	$ 130,592	$ 4,815	$ 44,460	$ 2,723,897	$ 389,482	$ 9,579,139	$ 471,314	$ 24,532,536
Appropriations of 2014 earnings (Note 2):											
Legal reserve	6(16)	-	-	-	-	-	301,386	-	(301,386)	-	-
Cash dividends	6(16)	-	-	-	-	-	-	-	(2,534,569)	-	(2,534,569)
Profit for the year		-	-	-	-	-	-	-	3,706,456	-	3,706,456
Other comprehensive income for the year		-	-	-	-	-	-	-	(21,045)	58,639	37,594
Balance at December 31, 2015		$ 8,448,562	$ 2,740,275	$ 130,592	$ 4,815	$ 44,460	$ 3,025,283	$ 389,482	$ 10,428,595	$ 529,953	$ 25,742,017

Note 1: Directors' and supervisors' remuneration amounting to $18,000 and employees' bonus amounting to $180,000 for 2013 were deducted from comprehensive income.
Note 2: Directors' and supervisors' remuneration amounting to $26,500 and employees' bonus amounting to $265,000 for 2014 were deducted from comprehensive income.

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 25, 2016.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		$ 4,267,043	$ 3,577,170
Adjustments to reconcile net income to net cash provided by operating activities			
Income and expenses having no effect on cash flows			
Depreciation (including investment properties)	6(7)(8)(19)	549,110	532,397
Amortization (including long-term prepaid rents)	6(9)(19)	9,990	9,742
Provision for (reversal of) bad debts	6(3)	239,435	(69,509)
Net losses (gains) on financial asstes and liabilities at fair value through profit or loss		20,749	(40,417)
Interest expense		16,411	47,156
Interest income	6(17)	(89,274)	(137,549)
Share of (profit) loss of associates and joint ventures accounted for under equity method	6(6)	479	(46)
Loss (gain) on disposal of property, plant and equipment	6(18)	1,526	(2,516)
Impairment loss on financial instrument		-	10,000
(Gain) loss on unrealized foreign currency exchange		(19,407)	71,248
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial asset held for trading		(87,048)	-
Notes receivable, net		4,332	(8,371)
Accounts receivable		216,004	(407,162)
Other receivables		(8,131)	(22,236)
Inventories, net		584,046	(4,100,149)
Prepayments		74,524	43,377
Other non-current assets		285	9,624
Net changes in liabilities relating to operating activities			
Notes payable		987	(3,497)
Accounts payable		763,392	1,469,101
Other payables		(821)	544,320
Provision for liabilities - current		5,199	3,006
Other current liabilities		(240,804)	42,455
Net defined benefit liabilities		(4,456)	(4,032)
Other liabilities - non-current		(46,633)	2,158
Cash generated from operations		6,256,938	1,566,270
Interest received		76,865	137,636
Interest paid		(18,615)	(46,649)
Income tax paid		(587,044)	(544,338)
Net cash provided by operating activities		5,728,144	1,112,919
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(7)	(197,188)	(913,871)
Proceeds from disposal of property, plant and equipment		1,399	13,213
Decrease (increase) in guarantee deposit refundable		1,421	(867)
Net cash used in investing activities		(194,368)	(901,525)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(1,539,056)	938,461
Payment of long-term borrowings		(2,876)	(3,277)
(Decrease) increase in guarantee deposit received		(63,339)	91,734
Cash dividends paid	6(16)	(2,534,569)	(1,689,712)
Net cash used in financing activities		(4,139,840)	(662,794)
Effect of exchange rate		172,398	124,893
Increase (decrease) in cash and cash equivalents		1,566,334	(326,507)
Cash and cash equivalents at beginning of year	6(1)	10,002,083	10,328,590
Cash and cash equivalents at end of year	6(1)	$ 11,568,417	$ 10,002,083

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

See report of independent accountants dated March 25, 2016.

MICRO-STAR INTERNATIONAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

MICRO-STAR INTERNATIOINAL CO., LTD. (the "Company") was incorporated as a company limited by shares under the laws of the Republic of China (R.O.C.) in August 1986 and started its operations in the same year. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in the manufacture and sale of motherboards and computer hardware. The shares of the Company have been listed on the Taiwan Stock Exchange since October 1998. The Company is the Group's ultimate parent company.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on March 25, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new standards and amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

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

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

The revised standard eliminates the corridor approach and requires actuarial gains and losses to be recognised immediately in other comprehensive income. Past service cost will be recognized immediately in the period incurred. Net interest expense or income, calculated by applying the discount rate to the net defined benefit asset or liability, replace the finance charge and expected return on plan assets. The return of plan assets, excluding net interest expenses, is recognised in other comprehensive income. An entity is required to recognise termination benefits at the earlier of when the entity can no longer withdraw an offer of those benefits and when it recognises any related restructuring costs. Additional disclosures are required to present how defined benefit plans may affect the amount, timing and uncertainty of the entity's future cash flows. Based on the Group's assessment, the above adoption has no impact on the consolidated financial statements of the Group.

B. IAS 1, ‘Presentation of financial statements’

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

C. IFRS 12, ‘Disclosure of interests in other entitles’

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

D. IFRS 13, ‘Fair value measurement’

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

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 9, ‘Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of subsidiaries	activities	Ownership(%) 2015/12/31	Ownership(%) 2014/12/31	Note
MICRO-STAR INTERNATIONAL CO., LTD.	MICRO-STAR NETHERLANDS HOLDING B.V. [MSI (HOLDING)]	Investment holding company	100	100	B
〃	MSI PACIFIC INTERNATIONAL HOLDING COMPANY LIMITED [MSI (PACIFIC)]	〃	100	100	A
〃	MSI COMPUTER CORP.[MSI (LA)]	Sales and maintenance of computers, motherboards, and electronic devices	100	100	B
〃	MSI COMPUTER JAPAN COMPANY LIMITED [MSI (JAPAN)]	〃	100	100	〃
〃	MSI COMPUTER (AUSTRALIA) PTY. LIMITED [MSI (AUSTRALIA)]	〃	100	100	A
〃	MICRO-STAR INTERNATIONAL (CAYMAN) HOLDING COMPANY LIMITED [MSI (CAYMAN)]	Investment holding company	100	100	〃
〃	MYSTAR INVESTMENT HOLDING COMPANY LIMITED [MYSTAR INVESTMENT]	General investment	100	100	〃
MSI (HOLDING)	MYSTAR COMPUTER B.V. [MYSTAR]	Sales and maintenance of computers, motherboards, and electronic devices	100	100	B
〃	MSI TECHNOLOGY GMBH [MSI (GMBH)]	〃	100	100	〃
〃	MSI COMPUTER SARL [MSI (SARL)]	〃	100	100	〃
〃	MSI COMPUTER (UK) LIMITED [MSI (UK)]	〃	100	100	〃
〃	MSI POLSKA SP. Z O. O. [MSI (POLSKA)]	〃	99	99	〃

Name of Investor	Name of subsidiaries	activities	Ownership(%) 2015/12/31	2014/12/31	Note
MSI (HOLDING)	MSI BALKAN LTD. [MSI (BALKAN)]	Sales and maintenance of computers, motherboards, and electronic devices	100	100	B
〃	MSI COMPUTER EUROPE B.V. [MSI (EUROPE)]	Logistic	100	100	〃
〃	LLC MSI COMPUTER [MSI (RUSSIA)]	Sales and maintenance of computers, motherboards, and electronic devices	99	99	〃
〃	MSI COMPUTER TECHNOLOGIES LIMITED COMPANY [MSI (TURKEY)]	〃	99	99	〃
〃	MSI ITALY S.R.L [MSI (ITALY)]	〃	100	100	〃
MSI (EUROPE)	MSI POLSKA SP. Z O. O. [MSI (POLSKA)]	〃	1	1	〃
〃	LLC MSI COMPUTER [MSI (RUSSIA)]	〃	1	1	〃
〃	MSI COMPUTER TECHNOLOGIES LIMITED COMPANY [MSI (TURKEY)]	〃	1	1	〃
MSI (CAYMAN)	MSI MIAMI CORP. [MSI (MIAMI)]	〃	-	-	C and D
〃	MSI COMPUTER DO BRASIL LTDA. [MSI (BRASIL)]	〃	99	99	A
〃	MSI TECHNOLOGY MEXICO, S.A. DE C.V. [MSI MEXICO)]	〃	99	99	〃
〃	MSI COMPUTER (CAYMAN) COMPANY LIMITED [MSI COMPUTER (CAYMAN)]	Investment holding company	100	100	B

			Ownership(%)		
Name of Investor	Name of subsidiaries	activities	2015/12/31	2014/12/31	Note
MSI COMPUTER (CAYMAN)	MSI COMPUTER DO BRASIL LTDA. [MSI (BRASIL)]	Sales and maintenance of computers, motherboards, and electronic devices	1	1	A
〃	MSI TECHNOLOGY MEXICO, S.A. DE C.V. [MSI (MEXICO)]	〃	1	1	〃
MSI (PACIFIC)	MSI KOREA COMPANY LIMITED [MSI (KOREA)]	〃	100	100	B
〃	STAR INFORMATION HOLDING COMPANY LIMITED [STAR INFORMATION]	Investment holding company	100	100	A
〃	MEGA INFORMATION HOLDING COMPANY LIMITED [MEGA INFORMATION]	〃	100	100	〃
〃	MICRO-STAR INTERNATIONAL (B.V.I) HOLDING COMPANY LIMITED [MSI (B.V.I.)]	〃	100	100	〃
〃	MICRO ELECTRONICS HOLDING COMPANY LIMITED [MICRO ELECTRONICS]	〃	100	100	〃
〃	MEGA TECHNOLOGY HOLDING COMPANY LIMITED [MEGA TECHNOLOGY]	〃	100	100	〃
〃	MSI ASIA COMPANY LIMITED [MSI ASIA]	〃	100	100	〃
〃	MSI COMPUTER INDIA PVT.LTD. [MSI (INDIA)]	Sales and maintenance of computers, motherboards, and electronic devices	99	99	〃
MEGA INFORMATION	SHENZHEN MEGA INFORMATION CO., LTD. [SHENZHEN MEGA INFORMATION]	Testing and maintenance of computers, motherboards, and electronic devices	100	100	〃

Name of Investor	Name of subsidiaries	activities	Ownership(%) 2015/12/31	Ownership(%) 2014/12/31	Note
MICRO ELECTRONICS	MSI ELECTRONICS (KUNGSHAN) CO., LTD. [MSI ELECTRONICS (KUNSHAN)]	Sales and manufacture of computers, motherboards, and electronic devices	100	100	A
STAR INFORMATION	MSI COMPUTER TRADING (SHANGHAI) CO., LTD. [MSI (SHANGHAI)]	Sales and maintenance of computers, motherboards, and electronic devices	-	-	A and E
〃	MSI (SHENZHEN) LTD. [MSI SHENZHEN]	〃	100	100	A
〃	MSI COMPUTER INDIA PVT.LTD. [MSI (INDIA)]	〃	1	1	〃
MSI (B.V.I.)	MSI COMPUTER (SHENZHEN) CO., LTD. [MSI (SHENZHEN)]	Sales and manufacture of computers, motherboards, and electronic devices	100	100	〃
MEGA TECHNOLOGY	MSI COMPUTER TRADING (SHENZHEN) CO., LTD. [MSI (SHENZHEN)]	Sales and maintenance of computers, motherboards, and electronic devices	100	100	〃
MSI ASIA	MEGA COMPUTER COMPANY LIMITED [MEGA COMPUTER]	Sales of computers, motherboards, and electronic devices	100	100	B
〃	MHK INTERNATIONAL CO., LTD. [MSI (MHK)]	〃	100	100	〃
MYSTAR INVESTMENT	FUNTORO INC. [FUNTORO]	Research & develop,sales and maintenance of automobile electronic devices	100	100	A

Note A: These investee companies are included in the consolidated financial statement based on their financial statements which were audited by the Group’s independent auditors for the corresponding period.

Note B: These investee companies are included in the consolidated financial statement based on their financial statements which were audited by other independent auditors for the corresponding period.

Note C: The prior years financial statements of these investee companies were audited by other independent accountants.

Note D: The investee company was liquidated on September 2014.

Note E: The investee company was liquiadated on April 2014.

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

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

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

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

d. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

a. The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

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

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

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

(5) Classification of current and non-current items

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

b. Assets held mainly for trading purposes;

c. Assets that are expected to be 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.

The group classifies assets that do not meet the above criteria as non-current.

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

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

b. Liabilities arising mainly from trading activities;

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

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

The group classifies liabilities that do not meet the above criteria as non-current.

(6) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that readily convert to known amount of cash and subject to an insignificant effect of value of changes in rate. Time deposits and money market fund that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

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

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

(8) Loans and receivables

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

(9) Impairment of financial assets

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

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

a. Significant financial difficulty of the issuer or debtor;

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

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

d. It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

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

f. Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

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

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

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

a. Financial assets measured at amortised cost

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

b. Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognised by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) <u>Lease (lessor)</u>

Based on the terms of a lease contract, a lease is classified as an operating lease if the lessee does not assumes substantially all the risks and rewards incidental to ownership of the leased asset. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(11) <u>Inventories</u>

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work-in-process comprises raw materials, other direct costs and related production overheads. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) <u>Investments accounted for using the equity method / associates</u>

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

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

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

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

E. Upon loss of significant influence over an associate, the Group remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognised in profit or loss.

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

G. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss. If it still retains significant influence over this associate, then the amounts previously recognised as capital surplus in relation to the associate are transferred to profit or loss proportionately.

(13) Property, plant and equipment

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

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

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

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

Buildings	20~55 years
Machinery and equipment	3~10 years
Other properties (include transportation equipment, office equipment, and lease hold improvements)	2~10 years

(14) Lease (lessee)

Based on the terms of a lease contract, a lease is classified as an operating lease if the lessee does not assumes substantially all the risks and rewards incidental to ownership of the leased asset. Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 20 years.

(16) Impairment of non-financial assets

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

(17) Borrowings

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

(18) Notes and accounts payable

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

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

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading or financial liabilities designated as at fair value through profit or loss on initial recognition. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss on initial recognition:

a. Hybrid (combined) contracts; or

b. They eliminate or significantly reduce a measurement or recognition inconsistency; or

c. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

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

(20) Provisions

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

(21) Employee benefits

A. Short-term employee benefits

Sort-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees before twelve months after the end of the annual reporting period, and should be recognized as expenses in that period when the employees render service.

B. Pensions

a. Defined contribution plans

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

b. Defined benefit plan

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

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

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

C. Termination benefits

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

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

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

(22) Income tax

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset r assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(23) Share capital

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

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. The Group manufactures and sells motherboards, graphic cards, a variety of computer hardware, and electronic components. Revenue is measured at the fair value of the consideration received or receivable net of value-added tax, returns and rebates for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods should be recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

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

(26) 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.

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

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

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

Investment property

The Group uses a portion of the property for its own use and another portion to earn rentals or for capital appreciation.

(2) Critical accounting estimates and assumptions

A. Realisability of deferred income tax assets

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

As of December 31, 2015, the Group recognised deferred income tax assets amounting to $286,433.

B. Evaluation of inventories

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

As of December 31, 2015, the carrying amount of inventories was $14,969,163.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2015	December 31, 2014
Cash on hand and petty cash	$ 5,533	$ 5,710
Checking accounts and demand deposits	8,246,588	6,582,335
Time deposits	3,316,296	3,414,038
	$ 11,568,417	$ 10,002,083

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

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

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

Financial assets held for trading	December 31, 2015	December 31, 2014
Stock of publicly traded or listed companies	$ 100,180	$ -
Valuation adjustment of financial assets held for trading	(9,969)	-
Non-hedging derivatives -		
Forward exchange contract	24,694	36,685
Total	$ 114,905	$ 36,685

Financial liabilities held for trading	December 31, 2015	December 31, 2014
Non-hedging derivatives -		
Forward exchange contract	$ 11,964	$ -
Foreign exchange swap	-	99
Total	$ 11,964	$ 99

A. The Group recognised net gain of $41,733 and $101,053 on financial assets held for trading for the years ended December 31, 2015 and 2014, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	December 31, 2015		
Derivative Financial Assets	Contract Amount Notional Principal (In thousands)		Contract period
Forward exchange contracts	EUR	20,000	2015.09.25~2016.04.25
	GBP	3,800	2015.11.19~2016.02.16
	AUD	100	2015.12.07~2016.01.08
Derivative Financial Liabilities	Contract Amount Notional Principal (In thousands)		Contract period
Forward exchange contracts	JPY	96,208	2015.12.30~2016.03.08
	EUR	12,000	2015.11.25~2016.04.18
	AUD	6,900	2015.11.12~2016.03.01

	December 31, 2014		
Derivative Financial Assets	Contract Amount Notional Principal (In thousands)		Contract period
Forward exchange contracts	EUR	24,000	2014.10.17~2015.03.24
	AUD	3,000	2014.10.28~2015.02.02
	GBP	3,000	2014.10.28~2015.02.17

Derivative Financial Liabilities	Contract Amount Notional Principal (In thousands)		Contract period
Foreign exchange swap	USD	30,000	2014.12.31~2015.01.22

The Group entered into forward foreign exchange contracts to hedge exchange risk. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(3) Accounts receivable

	December 31, 2015	December 31, 2014
Accounts receivable	$ 12,399,406	$ 12,615,410
Less: Allowance for doubtful accounts	(292,406)	(52,684)
	$ 12,107,000	$ 12,562,726

A. Most of the Group's accounts receivable have been insured, and the Group will be able to obtain insurance claims in case these accounts default.

B. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2015	December 31, 2014
1 - 75 days	$ 1,568,828	$ 1,248,905

The above ageing analysis was based on past due date.

C. Movement analysis of financial assets that were impaired is as follows:

Group provision	2015	2014
At January 1	$ 52,684	$ 121,642
Provision for (reversal of) impairment	239,435	(69,509)
Effects of foreign exchange	287	551
At December 31	$ 292,406	$ 52,684

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

(4) Inventories

	December 31, 2015		
	Cost	Allowance for valuation loss	Book value
Raw material	$ 5,490,279	($ 121,837)	$ 5,368,442
Work-in-process	969,062	(791)	968,271
Finished goods	8,849,301	(216,851)	8,632,450
	$ 15,308,642	($ 339,479)	$ 14,969,163

	December 31, 2014		
	Cost	Allowance for valuation loss	Book value
Raw material	$ 5,196,539	($ 119,644)	$ 5,076,895
Work-in-process	708,605	(1,081)	707,524
Finished goods	10,002,856	(234,066)	9,768,790
	$ 15,908,000	($ 354,791)	$ 15,553,209

The cost of inventories recognised as expense for the period:

	2015	2014
Cost of inventories recognised as expense	$ 72,453,685	$ 73,387,333
(Gains) losses on decline or reversal in market value	(16,368)	27,180

(5) Prepayments

	December 31, 2015	December 31, 2014
Overpaid tax for offsetting the future tax payble	$ 689,964	$ 599,325
Office supplies	304,317	439,157
Prepayment for goods	27,007	45,960
Others	187,045	198,415
	$ 1,208,333	$ 1,282,857

(6) Investment accounted for using equity method

A. Details are as follows:

	December 31, 2015	December 31, 2014
Associate:		
Spectrum Research & Testing Lab., Inc.	$ -	$ 479

B. Share of (loss)/profit of associates accounted for under equity method is shown below:

	2015	2014
Associate:		
Spectrum Research & Testing Lab., Inc.	($ 479)	$ 46

C. The financial information on investment accounted for using equity method is derived from the financial statements of Spectrum Research & Testing Lab., Inc. which were audited by other independent accountants.

(7) Property, plant and equipment

	Land	Buildings	Machineries	Others	Total
At January 1, 2015					
Cost	$ 1,476,062	$ 6,092,477	$ 5,354,729	$ 1,899,948	$ 14,823,216
Accumulated depreciation	-	(2,974,545)	(4,503,370)	(1,496,971)	(8,974,886)
	$ 1,476,062	$ 3,117,932	$ 851,359	$ 402,977	$ 5,848,330
2015					
Opening net book amount	$ 1,476,062	$ 3,117,932	$ 851,359	$ 402,977	$ 5,848,330
Additions	-	4,804	99,604	92,780	197,188
Reclassifications	-	(61,018)	(183)	(4,148)	(65,349)
Disposals	-	-	(894)	(2,031)	(2,925)
Depreciation charge	-	(230,899)	(172,119)	(105,223)	(508,241)
Net exchange differences	(3,278)	(23,014)	(5,031)	(5,226)	(36,549)
Closing net book amount	$ 1,472,784	$ 2,807,805	$ 772,736	$ 379,129	$ 5,432,454
At December 31, 2015					
Cost	$ 1,472,784	$ 5,974,148	$ 5,366,483	$ 1,893,215	$ 14,706,630
Accumulated depreciation	-	(3,166,343)	(4,593,747)	(1,514,086)	(9,274,176)
	$ 1,472,784	$ 2,807,805	$ 772,736	$ 379,129	$ 5,432,454

	Land	Buildings	Machineries	Other	Total
At January 1, 2014					
Cost	$ 1,478,148	$ 6,339,302	$ 4,814,988	$ 1,785,494	$ 14,417,932
Accumulated depreciation	-	(2,859,021)	(4,513,013)	(1,462,372)	(8,834,406)
	$ 1,478,148	$ 3,480,281	$ 301,975	$ 323,122	$ 5,583,526
2014					
Opening net book amount	$ 1,478,148	$ 3,480,281	$ 301,975	$ 323,122	$ 5,583,526
Additions	-	29,412	714,531	169,928	913,871
Reclassifications	-	(219,436)	(9,952)	9,952	(219,436)
Disposals	-	-	(2,687)	(8,010)	(10,697)
Depreciation charge	-	(243,784)	(158,175)	(98,971)	(500,930)
Net exchange differences	(2,086)	71,459	5,667	6,956	81,996
Closing net book amount	$ 1,476,062	$ 3,117,932	$ 851,359	$ 402,977	$ 5,848,330
At December 31, 2014					
Cost	$ 1,476,062	$ 6,092,477	$ 5,354,729	$ 1,899,948	$ 14,823,216
Accumulated depreciation	-	(2,974,545)	(4,503,370)	(1,496,971)	(8,974,886)
	$ 1,476,062	$ 3,117,932	$ 851,359	$ 402,977	$ 5,848,330

For the amount of borrowing costs capitalised as part of property, plant and equipment, please refer to Note (8).

(8) Investment property

	Buildings
January 1, 2015	
Cost	$ 864,229
Accumulated depreciation	(458,865)
	$ 405,364
2015	
Opening net book amount	$ 405,364
Reclassifications	7,336
Depreciation charge	(40,869)
Net exchange differences	(3,734)
Closing net book amount	$ 368,097
December 31, 2015	
Cost	$ 873,908
Accumulated depreciation	(505,811)
	$ 368,097

	Buildings
January 1, 2014	
Cost	$ 419,096
Accumulated depreciation	(207,390)
	$ 211,706
2014	
Opening net book amount	$ 211,706
Reclassifications	218,615
Depreciation charge	(31,467)
Net exchange differences	6,510
Closing net book amount	$ 405,364
December 31, 2014	
Cost	$ 864,229
Accumulated depreciation	(458,865)
	$ 405,364

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

	2015	2014
Rental income from the lease of the investment property	$ 71,361	$ 60,869
Direct operating expenses arising from the investment property	$ 48,548	$ 35,592

B. The fair value of the investment property held by the Group as at December 31, 2015 and 2014 was $820,092 and $1,133,216, respectively, which was revalued based on current market price.

(9) Long-term prepaid rents (shown as 'Other non-current assets')

	December 31, 2015	December 31, 2014
Land use right	$ 122,469	$ 133,654

A subsidiary of the Group signed a land use right contract with the Ministry of Land and Resources of the People's Republic of China for the use of the land at Kunshan City and Shenzhen City with a term of 50 years. The Group recognized rental expenses of $9,956 and $9,696 for the years ended December 31, 2015 and 2014, respectively.

(10) Short-term borrowings

Type of borrowings	December 31, 2015	Interest rate range	Collateral
Bank borrowings			
Credit loans	$ 600,000	1.08%	None

Type of borrowings	December 31, 2014	Interest rate range	Collateral
Bank borrowings			
Credit loans	$ 2,139,056	0.62%～2.03%	None

(11) Other payables

	December 31, 2015	December 31, 2014
Accrued salary and bonus	$ 1,021,260	$ 945,899
Directors' and supervisors' remuneration and employees' bonus	370,972	291,500
Accrued freight	461,405	365,967
Accrued molding expense	167,804	130,486
Other accrued expenses	863,684	1,154,298
	$ 2,885,125	$ 2,888,150

(12) Pensions

A.

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

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

	December 31, 2015	December 31, 2014
Present value of defined benefit obligations	$ 399,299	$ 368,091
Fair value of plan assets	(243,081)	(232,772)
Net defined benefit liability	$ 156,218	$ 135,319

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

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2015			
Balance at January 1	$ 368,091	($ 232,772)	$ 135,319
Current service cost	4,263	-	4,263
Interest (expense) income	7,362	(4,655)	2,707
	379,716	(237,427)	142,289
Remeasurements:			
Return of plan assets (excluding amounts included in interest income or expense)	-	(1,477)	(1,477)
Change in financial assumptions	14,435	-	14,435
Experience adjustments	12,397	-	12,397
	26,832	(1,477)	25,355
Pension fund contribution	-	(11,426)	(11,426)
Paid pension	(7,249)	7,249	-
Balance at December 31	$ 399,299	($ 243,081)	$ 156,218

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2014			
Balance at January 1	$ 343,382	($ 216,523)	$ 126,859
Current service cost	4,680	-	4,680
Interest (expense) income	6,867	(4,330)	2,537
	354,929	(220,853)	134,076
Remeasurements:			
Return of plan assets (excluding amounts included in interest income or expense)	-	(672)	(672)
Experience adjustments	13,162	-	13,162
	13,162	(672)	12,490
Pension fund contribution	-	(11,247)	(11,247)
Balance at December 31	$ 368,091	($ 232,772)	$ 135,319

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

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

	Year ended December 31, 2015	Year ended December 31, 2014
Discount rate	1.70%	2.00%
Future salary increases	2.75%	2.75%

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

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

	Discount rate		Future salary increases	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
December 31, 2015				
Effect on present value of defined benefit obligation	($ 45,419)	$ 53,851	$ 48,337	($ 41,920)
December 31, 2014				
Effect on present value of defined benefit obligation	($ 43,633)	$ 51,949	$ 46,955	($ 41,544)

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

(g) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2016 are $11,468.

(h) As of December 31, 2015, the weighted average duration of the retirement plan is 13 years.

B.

a. Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

b. The Company’s mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People’s Republic of China (PRC.) are based on certain percentage of employees’ monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

c. The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2015 and 2014 were $345,716 and $324,321, respectively.

(13) Provisions for liabilities

Warranty	2015	2014
At January 1	$ 224,816	$ 221,810
Additional provisions	471,333	536,552
Used during the period	(466,137)	(533,842)
Exchange differences	3	296
At December 31	$ 230,015	$ 224,816

Analysis of total provisions:

	December 31, 2015	December 31, 2014
Current	$ 230,015	$ 224,816

The Group gives warranties on computer components and personal computers sold. Provision for warranty is estimated based on historical warranty data.

(14) Share capital

A. As of December 31, 2015, the Company's authorized capital was $15,000,000 (including 80,000 thousand shares reserved for employee stock options and 150,000 thousand shares reserved for convertible bonds issued by the Company), and the paid-in capital was $8,448,562 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. As of December 31, 2015, 10,724 thousand shares of common stock had been issued by the Company due to the exercise of employee stock options. Capital reserve increased from exercise in excess of par value on the issuance of common stock amounted to $44,460.

(15) Capital surplus

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

B. For information on additional paid-in capital related to stock warrants, please refer to Note 6 (14).

(16) 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 years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve and special reserve pursuant to relevant laws. Bonus distributed to the employees and remuneration paid to directors and supervisors cannot exceed 10~12% and 1%, respectively, of the total distributed amount, which is 5~90% of the remaining net income plus unappropriated retained earnings at the beginning of the year.

Appropriation of the remainder to the stockholders shall be proposed by the Board of Directors and resolved by the stockholders.

B. The Company allocates stockholders' bonus in the form of both stock and cash dividends. The amount of cash dividend should not be less than 10% of the total stockholders' bonus. While the cash dividend is less than NT$0.5 (in dollars) per share, such dividend can be distributed in the form of cash or stock dividend. The Board of Directors is authorized to determine the proportion between cash dividend and stock dividend distributed based on the financial status and capital budget of the Company.

C. 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 distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D.

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

b. The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

E. The appropriations of 2014 and 2013 earnings had been resolved at the stockholders' meeting on June 12, 2015 and June 17, 2014, respectively as follows:

	2015		2014	
	Amount	Dividends per share (dollar)	Sales	Dividends per share (dollar)
Legal reserve	$ 301,386		$ 197,286	
Cash dividend	2,534,569	$ 3.00	1,689,712	$ 2.00

The appropriation of 2014 earnings as approved by the stockholders is the same as with the appropriation resolved by the board of directors during its meeting on April 30, 2015. Information about earnings appropriation of the Company as resolved by board of directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. For the information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(20).

(17) Other income

	2015	2014
Interest income	$ 89,274	$ 137,549
Rental revenue	71,361	60,869
Others	288,146	301,847
Total	$ 448,781	$ 500,265

(18) Other gains and losses

	2015	2014
Gains on financial assets at fair value through profit or loss	$ 171,838	$ 118,851
Losses on financial liabilities at fair value through profit or loss	(130,105)	(17,798)
Net currency exchange losses	(174,704)	(506,484)
(Losses) gains on disposal of property, plant and equipment	(1,526)	2,516
Other losses	(86,159)	(66,419)
Total	($ 220,656)	($ 469,334)

(19) Expenses by nature

By function / By nature	2015			2014		
	Operating costs	Operating Expense	Total	Operating costs	Operating Expense	Total
Employee benefit expense	$ 2,194,669	$ 4,427,636	$ 6,622,305	$ 2,418,499	$ 3,967,712	$ 6,386,211
Depreciation charges on property, plant and equipment	348,464	159,777	508,241	339,996	160,934	500,930
Amortized charges	8,538	1,452	9,990	8,312	1,430	9,742

(20) Employee benefit expense

	2015	2014
Wages and salaries	$ 5,775,660	$ 5,597,262
Labor and health insurance fees	301,147	258,874
Pension costs	352,686	331,538
Other personnel expenses	192,812	198,537
	$ 6,622,305	$ 6,386,211

A. In accordance with the Company Act amended on May 20, 2015, a company shall distribute employee compensation, based on the profit of the current year distributable, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channeled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted during the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation.

The board of directors of the Company has approved the amended Articles of Incorporation of the Company on March 25, 2016. According to the amended articles, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 6%~10% for employees' compensation and no higher than 1% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at $336,000 and $265,000, respectively; while directors' and supervisors' remuneration was accrued at $33,600 and $26,500, respectively. The aforementioned amounts were recognized in salary expenses and other expenses, respectively.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on profit of current year distributable for the year ended December 31, 2015. The employees 'compensation as resolved by the board of directors will be distributed in the form of cash.

The expenses recognised for 2014 were accrued based on the net income for 2014, and taking into account other factors such as legal reserve. Where the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at their stockholders' meeting subsequently, the differences are accounted for as changes in estimates. Employees' bonus and directors' and supervisors' remuneration for 2014 as resolved by the shareholders during their meeting were in agreement with those amounts recognised in the profit or loss for 2014.

Information about employees' compensation (bonus) and directors' and supervisors' remuneration of the Company as resolved by the board of directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

a. Components of income tax expense:

	2015	2014
Current tax:		
Current tax on profits for the period	$ 636,351	$ 613,937
Prior year income tax (over) underestimate	(40,713)	9,260
Total current tax	595,638	623,197
Deferred tax:		
Origination and reversal of temporary differences	(35,051)	(59,888)
Income tax expense	$ 560,587	$ 563,309

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

	2015	2014
Remeasurement of defined benefit obligations	$ 4,310	$ 2,123

c. The income tax charged/(credited) to equity during the period is as follows: None.

B. Reconciliation between income tax expense and accounting profit

	2015	2014
Tax calculated based on profit before tax and statutory tax rate	$ 768,990	$ 698,923
Effects from items disallowed by tax regulation	(58,126)	(68,597)
Effect from investment tax credit	(128,630)	(90,440)
Effect from loss carryforward	2,045	-
Prior year income tax (over) underestimate	(40,713)	9,260
Additional 10% tax on undistributed earnings	17,021	14,163
Income tax expense	$ 560,587	$ 563,309

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

	2015				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Temporary differences:					
-Deferred tax assets:					
Unrealized gross profit	$ 86,355	$ 18,810	$ -	$ -	$ 105,165
Loss on inventory	63,160	105	-	-	63,265
Allowance for bad debt	-	27,748	-	-	27,748
Unrealised exchange gain	43,988	(22,255)	-	-	21,733
Remeasurement of defined benefit obligations	9,378	-	4,310	-	13,688
Adjustment to unused paid annual leave	5,318	(360)	-	-	4,958
Loss carryforward	-	3,261	-	-	3,261
Others	42,343	4,272	-	-	46,615
Subtotal	250,542	31,581	4,310	-	286,433
-Deferred tax liabilities:					
Unrealised gains (losses) on forward exchange contract	(5,634)	3,470	-	-	(2,164)
Total	$ 244,908	$ 35,051	$ 4,310	$ -	$ 284,269

	2014				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in equity	December 31
Temporary differences:					
-Deferred tax assets:					
Loss on inventory	$ 49,191	$ 13,969	$ -	$ -	$ 63,160
Unrealized gross profit	34,041	52,314	-	-	86,355
Adjustment to unused paid annual leave	4,702	616	-	-	5,318
Remeasurement of defined benefit obligations	7,255	-	2,123	-	9,378
Unrealised exchange gain	(4,471)	48,459	-	-	43,988
Others	91,528	(49,185)	-	-	42,343
Subtotal	182,246	66,173	2,123	-	250,542
-Deferred tax liabilities:					
Unrealised gains (losses) on forward exchange contract	651	(6,285)	-	-	(5,634)
Total	$ 182,897	$ 59,888	$ 2,123	$ -	$ 244,908

D. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

E. Unappropriated retained earnings:

	December 31, 2015	December 31, 2014
Earnings generated in and before 1997	$ 108,787	$ 108,787
Earnings generated in and after 1998	10,319,808	9,470,352
	$ 10,428,595	$ 9,579,139

F. As of December 31, 2015 and 2014 the balance of the imputation tax credit account was $1,240,067 and $1,116,479, respectively. The creditable tax rate was 14.22% for 2014 and is estimated to be 12.02% for 2015.

(22) Earnings per share

	2015		
	Amount after tax	Retroactively adjusted weighted-average outstanding ordinary shares (in thousands)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,706,456	844,856	$ 4.39
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,706,456	844,856	
Assumed conversion of all dilutive potential ordinary shares			
Employee bonus	-	11,492	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,706,456	856,348	$ 4.33

	2014		
	Amount after tax	Retroactively adjusted weighted-average outstanding ordinary shares (in thousands)	Earnings per share (in NT dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,013,861	844,856	$ 3.57
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3,013,861	844,856	
Assumed conversion of all dilutive potential ordinary shares			
Employee bonus	-	10,041	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 3,013,861	854,897	$ 3.53

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

None.

(2) Key management compensation

	2015	2014
Salaries and other employee benefits	$ 247,680	$ 221,541

8. PLEDGED ASSETS

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

	Book value		
Pledged asset	2015	2014	Purpose
Shown under " Other non-current assets" - Other financial assets	$ 2,527	$ 6,349	Performance security guarantee
Property, plant and equipment	122,652	142,474	For guarantee of long-term loans
	$ 125,179	$ 148,823	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies：None.

(2) Commitments：None.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instrument

A. Fair value information of financial instruments

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

	December 31, 2015	
	Book value	Fair value
Financial liabilities:		
Long-term borrowings (including current portion)	$ 16,989	$ 16,989

	December 31, 2014	
	Book value	Fair value
Financial liabilities:		
Long-term borrowings (including current portion)	$ 19,866	$ 19,866

B. Financial risk management policies

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group's businesses involve some non-functional currency operations . The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2015		
(Foreign currency: functional currency)	Foreign Currency (In Thousands)	Exchange rate	Book Value (NTD)
Financial assets			
Monetary items			
USD: NTD	$ 541,699	32.8250	$ 17,781,270
EUR: NTD	35,475	35.8800	1,272,843
USD: RMB	34,729	6.4936	1,139,979
RMB: NTD	162,253	5.0550	820,189
RUB: NTD	1,037,825	0.4504	467,436
GBP: NTD	5,061	48.6700	246,319
AUD: NTD	8,188	23.9850	196,389
Financial liabilities			
Monetary items			
USD: NTD	579,241	32.8250	19,013,586
USD: RMB	28,888	6.4936	948,249
JPY: NTD	160,974	5.0550	813,724

(Foreign currency: functional currency)	December 31, 2014 Foreign Currency (In Thousands)	Exchange rate	Book Value (NTD)
Financial assets			
Monetary items			
USD: NTD	$ 349,984	31.6500	$ 11,076,994
EUR: NTD	25,607	38.4700	985,101
RMB: NTD	168,363	5.1015	858,904
RUB: NTD	1,420,876	0.5626	799,385
JPY: NTD	1,577,343	0.2646	417,365
USD: EUR	7,719	0.8227	244,306
USD: RMB	7,542	6.2040	238,704
Financial liabilities			
Monetary items			
USD: NTD	472,993	31.6500	14,970,228
USD: RMB	22,051	6.2040	697,914
JPY: NTD	1,513,300	0.2646	400,419

v. The exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2015 and 2014, amounted to $174,704 and $506,484, respectively.

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

	2015 Sensitivity analysis		
	Degree of variation	Effect on profit or loss (before tax)	Effect on other comprehensive income
Financial assets			
Monetary items			
USD: NTD	1%	$ 177,813	$ -
EUR: NTD	1%	12,728	-
USD: RMB	1%	11,400	-
RMB: NTD	1%	8,202	-
RUB: NTD	1%	4,674	-
GBP: NTD	1%	2,463	-
AUD: NTD	1%	1,964	-
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 190,136	-
USD: RMB	1%	9,482	-
RMB: NTD	1%	8,137	-

	2014		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss (before tax)	Effect on other comprehensive income
Financial assets			
Monetary items			
USD: NTD	1%	$ 110,770	$ -
EUR: NTD	1%	9,851	-
RMB: NTD	1%	8,589	-
RUB: NTD	1%	7,994	-
JPY: NTD	1%	4,174	-
USD: EUR	1%	2,443	-
USD: RMB	1%	2,387	-
Financial liabilities			
Monetary items			
USD: NTD	1%	$ 149,702	-
USD: RMB	1%	6,979	-
JPY: NTD	1%	4,004	-

Interest rate risk

i. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For 2015 and 2014, the Group borrowings are issued at variable rate denominated in US dollars.

ii. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions.

iii. At December 31, 2015 and 2014, if interest rates on USD and NTD denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the years ended December 31, 2015 and 2014 would have been $6,170 and $21,589 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b)Credit risk

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

ii. For the years ended December 31, 2015 and 2014, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. For the credit quality information of financial assets that are neither past due nor impaired please refer to Note 6.

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

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

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

<u>Non-derivative financial liabilities:</u>

December 31, 2015	Less than 1 year	Between 1 to 2 years	Between 2 to 3 years	Over 3 years
Short-term borrowings	$ 600,000	$ -	$ -	$ -
Notes payable	995	-	-	-
Accounts payable	16,035,702	-	-	-
Other payables	2,885,125	-	-	-
Long-term borrowings (including current portion)	3,730	13,350	-	-
Other financial liabilities	24,086	-	-	93,197

Non-derivative financial liabilities:

December 31, 2014	Less than 1 year	Between 1 to 2 years	Between 2 to 3 years	Over 3 years
Short-term borrowings	$ 2,139,056	$ -	$ -	$ -
Notes payable	8	-	-	-
Accounts payable	15,272,310	-	-	-
Other payables	2,888,150	-	-	-
Long-term borrowings (including current portion)	3,878	16,519	-	-
Other financial liabilities	320	25,960	-	154,342

Derivative financial liabilities

For the years ended December 31, 2015 and 2014, the derivative financial liabilities are foreign exchange contracts that mature within 1 year.

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

(3) Fair value information

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability takes place with sufficient frequency and volume to provide pricing information on an on going basis.

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

Level 3: Unobservable inputs for the asset or liability.

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

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Equity security	$ 90,211	$ -	$ -	$ 90,211
-Forward exchange contract	-	24,694	-	24,694
Total	$ 90,211	$ 24,694	$ -	$ 114,905
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Forward exchange contract	$ -	$ 11,964	$ -	$ 11,964

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
-Forward exchange contract	$ -	$ 36,685	$ -	$ 36,685
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
-Foreign exchange swap	$ -	$ 99	$ -	$ 99

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

(a) The level 1 financial instruments-equity security held by the Group are listed shares, and the market quoted price is determined by the closing price of the security.

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

(c) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

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

G. There was no transfer in or out of level 3 instruments as at December 31, 2015 and 2014.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

The financial information disclosed regarding the investee companies are prepared according to financial statement audited by the auditor or other auditors. The transactions between related companies are offset when preparing consolidated financial statement.

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

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

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

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

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

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 3.

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

I. Derivative financial instruments undertaken during the year ended December 31, 2015: Please refer to Notes 6(2).

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

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

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions conducted with investees in Mainland China directly or indirectly through other companies in the third areas.: Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information and measurement of segment information

The Company's operating segment profit (loss) is measured by the operating income (loss), which is used as a basis in assessing the performance of operating segments. Furthermore, the accounting policies used by the operating segments are not significantly different from the summary of significant accounting policies stated in Note 2. In accordance with IFRS No. 8, "Operating Segments," the Company's reportable operating segments are as follows:

Computer and peripherals business group: Mainly engages in development and sale of mother boards, graphic cards, notebooks, and computer peripherals.

General administration and other segments: mainly engages in development and sale of automobile electronic components and in charge of general administration department expenses.

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

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

For the year ended December 31, 2015

	Computer and peripherals segment	General administration and other segments	Total
Total segment revenue	$ 84,703,647	$ 591,147	$ 85,294,794
Operating income (loss)	$ 4,539,442	($ 483,634)	$ 4,055,808
Other non-operating revenue (expense)			211,235
Profit before tax			$ 4,267,043
Segment assets (note)	$ -	$ -	$ -

For the year ended December 31, 2014

	Computer and peripherals segment	General administration and other segments	Total
Total segment revenue	$ 84,181,924	$ 719,849	$ 84,901,773
Operating income (loss)	$ 4,370,593	($ 777,244)	$ 3,593,349
Other non-operating revenue (expense)			(16,179)
Profit before tax			$ 3,577,170
Segment assets (note)	$ -	$ -	$ -

Note: As the amounts of consolidated entities' assets are not provided to the chief operating decision-maker, such items were not disclosed.

The above revenue was derived from the transactions with external customers. The above amounts are provided to the chief operating decision-maker for allocating resources and assessing performance of operating segments.

(3) Reconciliation for segment income

Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment income to the income before tax from continuing operations for the years ended December 31, 2015 and 2014 is provided as follows:

	Year ended December 31, 2015		Year ended December 31, 2014	
Reportable segments income	$	4,055,808	$	3,593,349
Unappropriated amount:				
Other segments income (loss)		211,235	(	16,179)
Income (loss) before tax from continuing operations	$	4,267,043	$	3,577,170

(4) Information on products and services

Revenue from external customers was derived from the sales of computer and peripherals and related components. Details of revenue are as follows:

	2015		2014	
Computer and peripherals sale revenue	$	85,294,794	$	84,901,773

(5) Geographical information

Geographical information for the years ended December 31, 2015 and 2014 is as follows:

	2015				2014			
	Sales		Non-current assets		Sales		Non-current assets	
Asia	$	38,831,923	$	5,597,059	$	43,435,751	$	6,042,051
Europe		25,691,866		189,339		25,053,301		206,148
America		19,008,502		145,114		14,814,759		143,924
Others		1,762,503		-		1,597,962		-
Total	$	85,294,794	$	5,931,512	$	84,901,773	$	6,392,123

(6) Major customer information

The Group has no individual customer whose sales amount accounts for more than 10% of net operating revenue in the consolidated statement of comprehensive income.