[Appendix IV]

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(15) PWCR15003300

To the Board of Directors of Chenbro Micom Co., Ltd.

We have audited the accompanying balance sheets of Chenbro Micom Co., Ltd. as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These financial statements are the responsibility of Chenbro Micom Co., Ltd.'s management. Our responsibility is to express an opinion on these financial statements based on our audits. As stated in Note 6(5), we did not audit the financial statements of certain investees accounted for using equity method. The related investment loss amounted to NT$1,069 thousand and NT$1,262 thousand for the years ended December 31, 2015 and 2014, respectively, and the long-term equity investments amounted to NT$142,558 thousand and NT$164,736 thousand as of December 31, 2015 and 2014, respectively. The financial statements of these investees 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 audit 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 and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the financial statements referred to above present fairly, in all material respects, the financial position of Chenbro Micom Co., Ltd. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers".

March 22, 2016

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	2015 AMOUNT	%	2014 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 210,074	6	$ 507,220	14
1150	Notes receivable, net		232	-	455	-
1170	Accounts receivable, net	6(2)	350,783	9	240,953	6
1180	Accounts receivable - related parties	7	345,524	9	357,647	10
1200	Other receivables	6(3)	30,852	1	41,350	1
1210	Other receivables - related parties	7	114,363	3	77,093	2
130X	Inventory	6(4)	145,808	4	227,656	6
1410	Prepayments		3,540	-	4,754	-
1470	Other current assets	8	1,198	-	1,162	-
11XX	**Total current assets**		1,202,374	32	1,458,290	39
	Non-current assets					
1550	Investments accounted for under equity method	6(5)(15)	2,202,382	59	1,977,508	53
1600	Property, plant and equipment	6(6)	273,907	8	269,341	7
1780	Intangible assets	6(7)	9,706	-	10,767	-
1840	Deferred income tax assets	6(20)	28,900	1	34,109	1
1900	Other non-current assets	6(6)(8)	6,929	-	6,499	-
15XX	**Total non-current assets**		2,521,824	68	2,298,224	61
1XXX	**Total assets**		$ 3,724,198	100	$ 3,756,514	100

(Continued)

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	2015 AMOUNT	%	2014 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(9)	$ 65,690	2	$ 94,950	3
2150	Notes payable		18	-	492	-
2170	Accounts payable		254,516	7	231,747	6
2180	Accounts payable - related parties	7	404,907	11	457,257	12
2200	Other payables	6(10)	167,133	4	162,252	4
2220	Other payables - related parties	7	22,823	1	19,004	1
2230	Current income tax liabilities		374	-	90,288	2
2300	Other current liabilities		5,895	-	9,492	-
21XX	**Total current liabilities**		921,356	25	1,065,482	28
	Non-current liabilities					
2570	Deferred income tax liabilities	6(20)	56,007	1	56,942	2
2600	Other non-current liabilities	6(11)	38,820	1	35,138	1
25XX	**Total non-current liabilities**		94,827	2	92,080	3
2XXX	**Total liabilities**		1,016,183	27	1,157,562	31
	Equity					
	Share capital	6(12)				
3110	Share capital - common stock		1,201,260	32	1,201,260	32
	Capital surplus	6(13)				
3200	Capital surplus		56,749	1	56,749	1
	Retained earnings	6(14)				
3310	Legal reserve		408,404	11	354,277	9
3320	Special reserve		65,573	2	65,573	2
3350	Unappropriated retained earnings		933,712	25	844,851	23
	Other equity interest	6(15)				
3400	Other equity interest		54,857	2	88,782	2
3500	**Treasury stocks**	6(12)	(12,540)	-	(12,540)	-
3XXX	**Total equity**		2,708,015	73	2,598,952	69
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant events after the balance sheet date	6(14) and 11				
3X2X	**Total liabilities and equity**		$ 3,724,198	100	$ 3,756,514	100

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 22, 2016.

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

	Items	Notes	2015 AMOUNT	2015 %	2014 AMOUNT	2014 %
4000	**Operating revenue**	6(16) and 7	$ 3,038,008	100	$ 3,641,492	100
5000	**Operating costs**	6(4)(19) and 7	(2,386,061)	(79)	(2,795,651)	(77)
5900	**Net operating margin**		651,947	21	845,841	23
5910	Unrealized profit from sales		(67,434)	(2)	(83,725)	(2)
5920	Realized profit on from sales		83,725	3	36,941	1
	Unrealized loss (profit) from sales	6(5)	16,291	1	(46,784)	(1)
5950	**Net operating margin**		668,238	22	799,057	22
	Operating expenses	6(19) and 7				
6100	Selling expenses		(108,151)	(4)	(123,489)	(4)
6200	General and administrative expenses		(109,626)	(4)	(112,224)	(3)
6300	Research and development expenses		(132,455)	(4)	(122,793)	(3)
6000	**Total operating expenses**		(350,232)	(12)	(358,506)	(10)
6900	**Operating profit**		318,006	10	440,551	12
	Non-operating income and expenses					
7010	Other income	6(17) and 7	18,084	1	10,228	-
7020	Other gains and losses	6(18)	15,662	-	19,354	1
7050	Finance costs		(1,324)	-	(2,575)	-
7070	Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	240,851	8	194,558	5
7000	**Total non-operating income and expenses**		273,273	9	221,565	6
7900	**Profit before income tax**		591,279	19	662,116	18
7950	Income tax expense	6(20)	(86,445)	(3)	(120,844)	(3)
8200	**Profit for the year**		$ 504,834	16	$ 541,272	15
	Other comprehensive (loss) income					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	(Loss) gain on remeasurement of defined benefit plans		($ 3,215)	-	$ 80	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	547	-	(14)	-
8310	**Components of other comprehensive (loss) income that will not be reclassified to profit or loss**		(2,668)	-	66	-
	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Other comprehensive income, before tax, exchange differences on translation	6(15)	(41,287)	(1)	58,631	1
8399	Income tax relating to the components of other comprehensive income	6(15)(20)	7,362	-	(9,076)	-
8360	**Components of other comprehensive (loss) income that will be reclassified to profit or loss**		(33,925)	(1)	49,555	1
8300	**Other comprehensive (loss) income for the year**		($ 36,593)	(1)	$ 49,621	1
8500	**Total comprehensive income for the year**		$ 468,241	15	$ 590,893	16
	Earnings per share (in dollars)	6(21)				
9750	**Basic earnings per share**		$	4.22	$	4.52
9850	**Diluted earnings per share**		$	4.15	$	4.47

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 22, 2016.

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

			Capital Reserves		Retained Earnings					
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total equity
2014										
Balance at January 1, 2014		$1,201,260	$ 42,127	$ 14,622	$ 320,094	$ 65,573	$ 637,011	$ 39,227	($ 12,540)	$2,307,374
Distribution of 2013 earnings	6(14)									
Legal reserve		-	-	-	34,183	-	(34,183)	-	-	-
Cash dividends		-	-	-	-	-	(299,315)	-	-	(299,315)
Consolidated net income after tax for 2014		-	-	-	-	-	541,272	-	-	541,272
Other comprehensive income for 2014	6(15)	-	-	-	-	-	66	49,555	-	49,621
Balance at December 31, 2014		$1,201,260	$ 42,127	$ 14,622	$ 354,277	$ 65,573	$ 844,851	$ 88,782	($ 12,540)	$2,598,952
2015										
Balance at January 1, 2015		$1,201,260	$ 42,127	$ 14,622	$ 354,277	$ 65,573	$ 844,851	$ 88,782	($ 12,540)	$2,598,952
Distribution of 2014 earnings	6(14)									
Legal reserve		-	-	-	54,127	-	(54,127)	-	-	-
Cash dividends		-	-	-	-	-	(359,178)	-	-	(359,178)
Other comprehensive loss for 2015	6(15)	-	-	-	-	-	(2,668)	(33,925)	-	(36,593)
Consolidated net income after tax for 2015		-	-	-	-	-	504,834	-	-	504,834
Balance at December 31, 2015		$1,201,260	$ 42,127	$ 14,622	$ 408,404	$ 65,573	$ 933,712	$ 54,857	($ 12,540)	$2,708,015

Note 1: The directors' and supervisors' remuneration amounting to $9,424 and employees' bonuses amounting to $37,696 has been deducted from comprehensive income for 2013.
Note 2: The directors' and supervisors' remuneration amounting to $14,627 and employees' bonuses amounting to $58,508 has been deducted from comprehensive income for 2014.

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 22, 2016.

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 591,279	$ 662,116
Adjustments			
Adjustments to reconcile profit (loss)			
Reversal of allowance for doubtful accounts	6(2)	(4,362)	(3,083)
Depreciation	6(6)(19)	31,309	35,874
Amortisation	6(7)(19)	5,184	4,188
Interest expense		1,324	2,575
Interest income	6(17)	(3,954)	(3,463)
(Gain) loss on disposal of property, plant and equipment	6(18)	(420)	120
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	(240,851)	(194,558)
Net unrealised profit from sales	6(5)	(16,291)	46,784
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		223	(455)
Accounts receivable		(105,468)	73,226
Accounts receivable - related parties		12,123	(146,111)
Other receivables		9,337	(11,842)
Other receivables - related parties		(37,270)	(43,070)
Inventories		81,848	(123,038)
Prepayments		1,214	4,861
Other current assets		(36)	1,205
Changes in operating liabilities			
Notes payable		(474)	492
Accounts payable		22,769	56,636
Accounts payable - related parties		(52,350)	100,962
Other payables (including related parties)		1,683	46,413
Other current liabilities		(3,597)	1,315
Other non-current liabilities		467	416
Cash inflow generated from operations		293,687	511,563
Interest received		5,115	4,602
Cash dividends received from subsidiaries	6(5)	-	302,406
Interest paid		(1,359)	(2,375)
Income tax paid		(164,176)	(60,105)
Net cash flows from operating activities		133,267	756,091
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investments accounted for using equity method	6(5)	(9,019)	-
Acquisition of property, plant and equipment	6(22)	(29,216)	(32,956)
Proceeds from disposal of property, plant and equipment		420	47
Acquisition of intangible assets		(3,624)	(7,439)
Increase in other non-current assets		(536)	(2,607)
Net cash flows used in investing activities		(41,975)	(42,955)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings		(29,260)	(24,290)
Payment of cash dividends	6(14)	(359,178)	(299,315)
Net cash flows used in financing activities		(388,438)	(323,605)
Net (decrease) increase in cash and cash equivalents		(297,146)	389,531
Cash and cash equivalents at beginning of year	6(1)	507,220	117,689
Cash and cash equivalents at end of year	6(1)	$ 210,074	$ 507,220

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 22, 2016.

CHENBRO MICOM CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANIZATION

Chenbro Micom Co., Ltd. was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in December 1983. The Company is primarily engaged in computer software design, export and import of computer products and peripherals, and design, manufacturing, processing and trading of computer peripherals and system of expendables.

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

These financial statements were authorised for issuance by the Board of Directors on March 22, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. Additional disclosures are required for defined benefit plans.

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 Company will adjust its presentation of the statement of comprehensive income.

(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
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 Company 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 financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in New Taiwan Dollars.

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 Company entities, associates and jointly controlled entities 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, if the Company 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.

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

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

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

(6) Accounts receivable

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

(7) Impairment of financial assets

A. The Company 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 Company uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the debtor;

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

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

(d) 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.

C. When the Company assesses that financial assets measured at amortised cost has been objective evidence of impairment and an impairment loss has occurred, 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.

(8) Derecognition of financial assets

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

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

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

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

(9) Inventories

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

(10) Investments accounted for using equity method / subsidiaries

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company 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.

B. Unrealised gains or losses on transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Pursuant to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(11) 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 Company 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 financial year-end. 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	10～50 years
Machinery and equipment	6 years
Mold equipment	2～4 years
Computer communication equipment	3～4 years
Testing equipment	3～4 years
Transportation equipment	5 years
Office equipment	3 years
Other equipment	3～4 years

(12) Intangible assets

A. Trademarks

Separately acquired trademarks are stated at historical cost. Trademarks have a finite useful life and are amortised on a straight-line basis over their estimated useful life of 10 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 4 years.

(13) Impairment of non-financial assets

The Company 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. When the circumstances or reasons for recognising 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.

(14) 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.

(15) Notes and accounts payable

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

(16) Derecognition of financial liabilities

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

(17) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount 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.

(18) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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.

C. 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 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.

(19) 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. 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 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 balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred 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 Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred 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 tax assets are reassessed.

(20) Share capital

A. 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.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(21) 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.

(22) Revenue recognition

The Company manufactures and sells computer cases and related products. Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognised when the Company 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 Company 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.