

Global Unichip Corporation

Annual Report 2015



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Taiwan Stock Exchange Market Observation Post System : <http://mops.twse.com.tw>

GUC company website : <http://www.guc-asic.com/>

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Table of Content

Letter to Shareholders	3
Company Profile	6
Corporate Governance	17
Operation Report	25
Consolidated Financial Highlights	40
Consolidated Financial Statements	42

Letter to Shareholders

Dear Shareholders,

According to Topology Research Institute, the global semiconductor annual value of production growth rate declined from 10.5% in 2014 to 0.9% in 2015 driven mostly by a slowdown in mobile communication segment. Despite the grim picture painted by the world's semiconductor industry environment, GUC is able to keep the growth momentum, with revenue contributed from advanced process technologies (65-nanometer and below) which accounts for 73% of the total revenues of 2015, an increase of 30% compared to 2014.

In 2015, we continued to invest in the advanced process technologies; we not only successfully taped out and ran into mass production for the 16-nanometer projects, but also completed the 10-nanometer Low Power Double-Data-Rate Fourth generation dynamic random access memory (LPDDR4 DRAM) controller IP in order to secure our leading position.

Financial Performance

Total revenues for 2015 was NT\$7,762 million, up by 11.6% compared to NT\$6,952 million in 2014. Net income was NT\$494 million, up by 12.7% compared to the previous year. 2015 EPS was NT\$3.69, up by 12.8 percent compared to 2014 EPS of NT\$3.27. Among other highlights for 2015, GUC achieved operating margin of 7.2%, ROE of 14.2%, and gross margin rate of 28.3% which is the record high since our IPO.

Technology Leadership

GUC continued to focus on leading technologies and innovative of strategies in order to deliver a long-term business growth. We made some significant progresses in advanced process technologies. Revenue contributed from advanced process technologies (65-nanometer and below) accounted for 92% of revenues in NRE segment.

Our investment in R&D activities were NT\$1,125,149 thousand and NT\$952,969 thousand in the last two years. The ratios of R&D expenditure to consolidated revenues were 14.5% and 13.7% in 2014 and 2015 respectively.

Our patent applications grew 145% from 29 cases in 2014 to 71 cases in 2015. As of 12/31/2015, our patent portfolio consists of 144 patents.

GUC's remarkable technology breakthrough and innovative achievement in 2015 are as follows:

1. Unveiled 10-nanometer LPDDR3/4 IP test-chip.
2. Launched the Internet of Things (IoT) platform.
3. Unveiled industry's most complete data converter IP product line.
4. Demonstrated industry's first low leakage USB3.1 PHY IP for tsmc's 16-nanometer FinFET+ process.
5. Created the fully-integrated of Peripheral Component Interconnect Express (PCIe) Generation 4 solution for tsmc's 16-nanometer FinFET+ process.

Corporate Developments

The drones, image processor, Solid State Driver (SSD), data center, IoT related applications are projected to be the major drivers of the future electronic and semiconductor industry. More importantly, we have kicked off some projects to the related application fields in order to grab the growth drivers.

GUC values corporate governance. This is the 2nd year that we were listed in the Taiwan High Compensation 100 Index published by Taiwan Stock Exchange. Moreover, GUC was awarded “the Top 5% companies” in the 1st Information Disclosure Assessment and Evaluation of the Listed Companies by Taiwan Stock Exchange and GreTai Securities Market. We are the only IC design company bestowed with this honor.

As a world-class design service provider, GUC values corporate social responsibility. GUC has taken a variety of measures to be environmentally friendly and extended environmental concepts to our manufacturing and quality management system. We use only green materials for product design, manufacturing, all the way to packaging.

The Impact of External Competiveness, Regulatory, Environment, and Macroeconomics

Facing the waves of global semiconductor mergers and acquisitions and the fierce competition from the rise of China's red supply chain, we believe that our design service business model, competitive design capabilities in advance technologies and faster time to market process, will triumph in competitive environments and endure the challenges of environmental factors.

Prospect

As a pioneer ASIC design services provider and with our unwavering dedication to technology leadership, GUC will continue to improve our core competence; strive to

run the high standard level of corporate governance and sustainable business; and provide the leading-edge design services technologies in order to keep our business growth. Once again, we would like to express our deep gratitude toward our employees for their continuous hard working and contributions to GUC. GUC will persist in strengthening its corporate governance, corporate social responsibility and sustainable business performance to maximize the benefit of corporate value to its employees, customers, and shareholders.

Global Unichip Corporation



F. C. Tseng

Chairman



Jim Lai

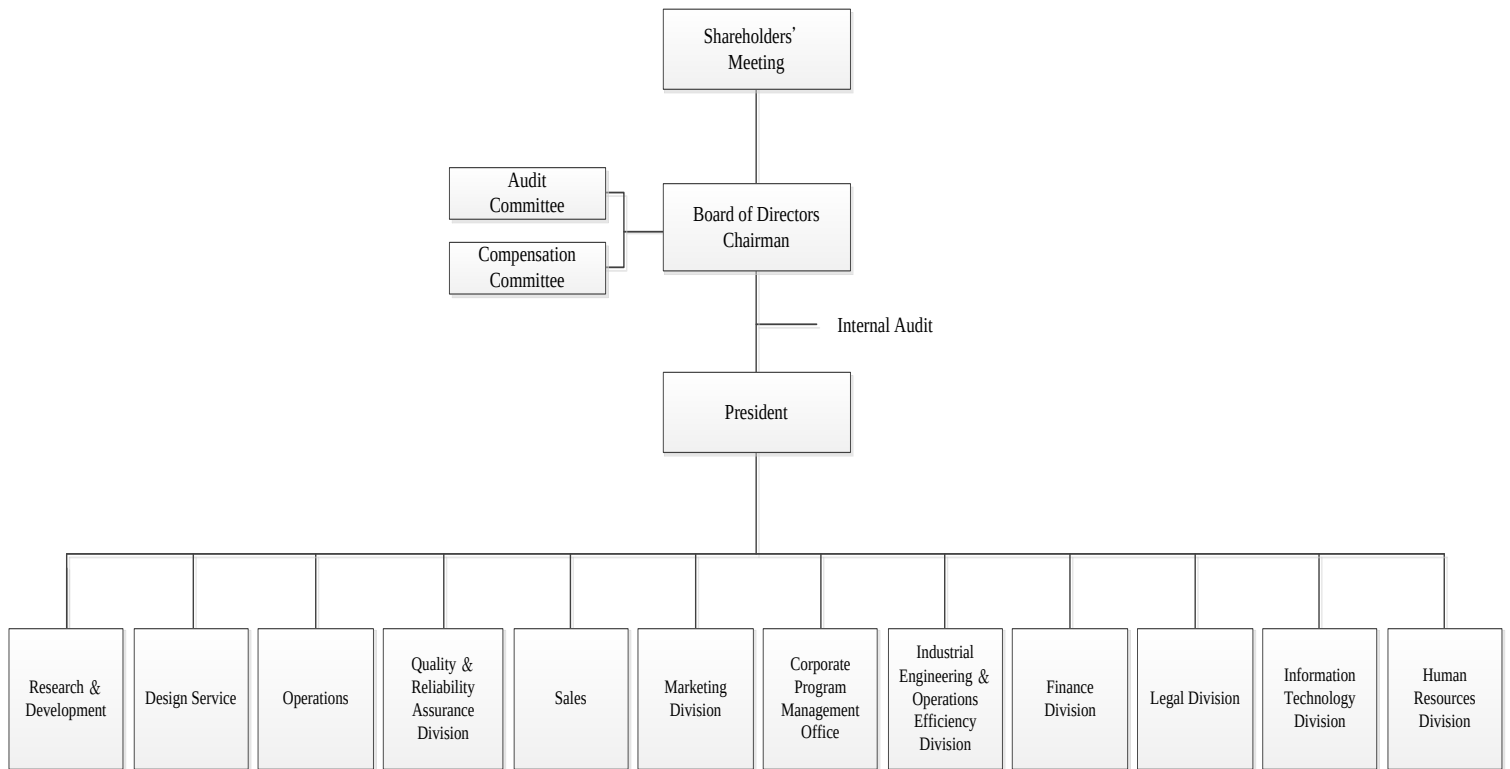
President

Company Profile

Company Overview

GLOBAL UNICHIP CORP. (GUC) is the Flexible ASIC Leader™ whose customers target IC devices to leading edge computing, communications and consumer applications. Based in Hsin-chu, Taiwan GUC has developed a global reputation with a presence in China, Europe, Japan, Korea, and North America. GUC is publicly traded on the Taiwan Stock Exchange under the symbol 3443.

Organization



Board Member

Dr. F.C. Tseng

Chairman; Vice Chairman of TSMC



Dr. F.C. Tseng is the Chairman of GUC, Vice Chairman of TSMC, and Chairman of TSMC education and culture foundation. Prior to this post, Dr. Tseng served as Deputy Chief Executive Officer, President, and Senior Vice President of Operations of TSMC. Dr. Tseng spent two years as President of Vanguard International Semiconductor Corporation (VIS), which was derived from the Industrial Technology Research Institute's (ITRI) Sub-micron Process Technology Development Project and was Taiwan's first eight-inch IC facility.

Dr. Tseng led 110 specialists to spin off from ITRI's Electronics Research & Service Organization (ERSO), and in 1987 he co-founded TSMC as a pioneer specializing in the "foundry only" semiconductor manufacturing business. Dr. Tseng established a solid technical base for TSMC's six-inch and eight-inch fabs.

From 1973 to 1986, Dr. Tseng served at ITRI-ERSO, where in 1976 he was one of the pioneers in setting up the IC project in Taiwan. He was responsible for installing the 7.5 mm metal-gate CMOS process into the 3-inch line, which later was converted smoothly to 4-inch under his management. In 1978, Dr. Tseng was promoted to plant manager of the IC demonstration plant, where he was responsible for the production and development of silicon-gate CMOS from 5 mm to 1.2. Under his supervision, he established the capability to develop an advanced CMOS process.

He holds a Ph.D. in Electrical Engineering from National Cheng Kung University in Taiwan. Dr. Tseng was named as one of the "Outstanding Alumni" by National Cheng Kung University in 2000, and one of the "Ten Outstanding Engineers" in 1991 and "The Excellent Engineers" in 1982 respectively by the Chinese Institute of Engineers and by Electronic Buyer's News as one of the Hot 25-Industry Executives who made a difference in 1999.

Mr. K.C. Shih

Founder



K.C. Shih has more than 30 years of experience working in the high-tech industry. Mr. Shih observed the emergence of the post-PC era when the demand for IC is migrating from ASIC to SoC. In 1998, he founded GUC with Dr. Nicky Lu and Dr. Steve Lin, to be the world's first dedicated SoC Design Foundry. In recognition of its leading market position and successful business model, TSMC invested and took partnership with GUC in 2003. GUC has successfully demonstrated its leadership in advanced SoC designs (i.e. 65nm, 40nm, 28nm, and 16nm) and has listed on the Taiwan Stock Exchange in 2006.

In 1990, Mr. Shih was the President of Cadence Design Systems Inc. Mr. Shih then founded Faraday Technology Corporation in partnership with UMC and served as the Vice Chairman and CEO. Faraday is the first IC Design Service Company in the world. Based on its ASIC expertise, Faraday provides ASIC technology and design service to customers in Taiwan, the USA and other countries. In 1998, Faraday successfully went public in Taiwan, its stock price was once the highest on the Taiwan stock-exchange board.

In 1983, Mr. Shih founded Suntek to develop under-\$1,000 UNIX PC with NS32000, targeting college students on the college local area network. Evaluating from revenue figures, one may say that Suntek did not make the grade; however, it has indeed made a profound impact on Acer.

While at M.I.T., Mr. Shih was an original member of the MULTICS team. MULTICS was the first multi-processing, multi-programming, network operating system running on ARPAnet. It was later re-written to become UNIX at Bell Labs. He then worked at DEC involving in the design of the famous VAX computer. In 1980, he joined National Semiconductor as Director of the MESA project, in charge of the NS32000 32bit microprocessor development.

Mr. Shih earned his Bachelor of Science degree in Physics from Chung Yuan Christian University, Taiwan, his Master of Science degree from University of Massachusetts, and Ph.D. studies in Electrical Engineering at M.I.T.

Mr. Jim Lai
President



Jim Lai has 27 years of experience in semiconductor and ASIC industries. Jim currently serves as president of GUC.

Mr. Lai was promoted from TSMC North America to GUC in 2003 when TSMC became the major shareholder of GUC. From 1992 to 2003, Jim served various positions at TSMC North America, including director of emerging account, director of design services and business manager responsible for the ASIC business unit.

Prior to TSMC, Mr. Lai co-founded ASICtronic, one of the earliest design service companies to provide ASIC design consultation and libraries in the USA. Prior to ASICtronic, Mr. Lai worked at Toshiba America, Knights Technology and LSI Logic in various engineering positions in ASIC and CAD groups.

Mr. Lai received his Master of Science degree in Electrical Engineering from University of California, Santa Barbara in 1984 and his Bachelor of Science degree in Electrical Engineering from National Taiwan University in 1981.

Ms. Lora Ho
SVP, CFO, and Spokesperson of TSMC



Lora Ho is Senior Vice President of TSMC, Chief Financial Officer, and Spokesperson.

Prior to joining TSMC in 1999, Ms. Ho served as Vice President of Finance and Chief Financial Officer at Acer Semiconductor Manufacturing, Inc. (formerly known as TI-Acer Inc.) from 1990 to 1999. Before that, Ms. Ho held various positions in the accounting and finance fields that included Financial Controller at Thomas & Betts Industries, Deputy Manager of Finance at Wyse Technology Taiwan Ltd., and Cost Accounting Manager for Cyanamid Taiwan Corporation.

Ms. Ho was awarded "The Outstanding Financial Executive" in 1993, in view of her outstanding contribution to Financial Management during her service at TI- Acer Inc. Ms. Ho received her EMBA from National Taiwan University in 2003 and her B.A. degree from National Chengchi University in 1978.

Dr. Cliff Hou
Vice President, Research & Development of TSMC



Dr. Cliff Hou is Vice President and Head of Design and Technology Platform of TSMC. Prior to this post, he was the Senior Director of Design Technology Division and Director of Design Methodology Division at TSMC. Dr. Hou established TSMC's Technology Design Kits Development Teams and Reference Flow

Development Teams. He also leads Design-for-Manufacturability (DFM) task force at TSMC.

Dr. Hou received his B. S. degree in 1983 from National Chiao-Tung University, and his Ph.D. degree in Electrical and Computer Engineering from Syracuse University in 1992.

Prior to joining TSMC in 1997, Dr. Hou was an Associate Professor at Kaohsiung Polytechnic Institute in 1992, and prior to that, he worked at ITRI/CCL for front-end design environment development and integration from 1993 to 1995 and at a local consulting company for 0.5 μ m and 0.35 μ m physical verification methodology and flow development from 1995 to 1997.

Dr. Hou has 15 U.S. patents and also serves as Technical Committee Member of VLSI Symposium.

Mr. Benson W. C. Liu

Independent Director; Former Chairman and CEO of Bristol-Myers Squibb (Taiwan) Ltd



Mr. Benson W.C. Liu, Independent Director, was the Chairman and General Manager of Bristol-Myers Squibb Taiwan (BMST) from January 1999 through March 2005. Mr. Liu joined BMST in 1978 as Accounting Manager and he progressed within the Company through Finance Manager, Controller, Finance Director, VP Finance and Administration and finally Chairman and General Manager.

Mr. Liu retired from BMST in March 2005 after 28 years of dedicated services to this leading global Pharmaceutical and Health Care Company. Prior to joining BMST, Mr. Liu was an auditor of Deloitte, Taiwan for 5 years. He holds a bachelor degree in Accounting from Soochow University, a master degree in International Business Administration from Northrop University, USA.

Mr. Liu is active in participating public services through NPO organizations like Chinese Corporate Governance Association and Chinese Professional Manager Association. In August 2011, He was appointed by the Board of Vanguard International Semiconductor Corporation as a board member of Compensation Committee during the period from September 2011 to June 2012. He was awarded Financial Manager of the Year by the Chinese Professional Manager Association in 1985, Outstanding Alumni of the Accounting Department of Soochow University in 1986 and Financial Manager of The Year of Bristol-Myers Squibb Company International Group in 1989.

Dr. Chein-Wei Jen

Independent Director; Former Dean of Institute of Electronics at National Chiao Tung University, Taiwan



Dr. Chein-Wei Jen has retired from the Department of Electronics Engineering, National Chiao Tung University, Taiwan since 2004. During his academic career he also served as the Chairman of the Department of Electronics Engineering, from 1989 to 1991 and the Director of the Institute of Electronics from 1991 to 1994 at the same university.

He has supervised over 25 PhD students and many Master students in the area of System-on-Chip (SoC) design, processor architecture, and multimedia signal processing. Most of his students are now working in the academic and IC Design industry in Taiwan. He holds seven patents and published over 50 journal papers and 100 conference papers in these areas. He has also received numerous research paper awards and service awards from technical societies.

From 2004 to 2007 he was invited to join ITRI which is a government-sponsored R&D organization in Taiwan and served as the Director of SoC Technology Center in ITRI. From 2002 to 2007 he also served as one of the Coordinators of the National SoC Program in Taiwan.

Dr. Jen received his B.S. degree from National Chiao Tung University in 1970, his

M.S. degree from Stanford University in 1977, and his Ph. D. degree from National Chiao Tung University in 1983.

Dr. Wen-Yeu Wang

Independent Director; Ph. D., Stanford Law School, Professor of College of Law at National Taiwan University



Dr. Wang is professor of law and director, Center for Corporate and Financial Law, College of Law, National Taiwan University. He received law degrees from NTU, Columbia (LL.M.) and Stanford (J.S.D.), respectively. During his tenure, he visited and taught at well known law schools, including National University of Singapore and PRC's Peking University. In addition, he was a visiting professor of law at Stanford from 1995-96, teaching a seminar on financial transactions; in fall 2007 he taught "Corporate Governance in Greater China" seminar at Columbia. Principal research subjects include business associations, financial regulations, and law and economics.

Before pursuing an academic career, professor Wang had practiced commercial law at the international law firms of Lee and Li, Taipei (1985-1989), and Sullivan & Cromwell, a Wall Street firm in New York City (1989-1991), respectively. Areas of specialty include corporate law and business transactions.

From 2004 to 2006, professor Wang served as a commissioner at the Fair Trade Commission. In addition, he has served in many important public and private functions, i.e., as director or supervisor of the Taiwan Stock Exchange, Taiwan Futures Exchange, and Taiwan Cooperative Bank. He also served as independent director or reorganization supervisor for Taiwanese public companies; as arbitrators or mediators in various commercial disputes. He has also participated in the drafting or amendment of major economic and financial legislation, such as the Company Law and the Securities and Exchange Law.

Dr. Chung-Yu Wu
Independent Director; Former President of National Chiao Tung
University, Taiwan



Dr. Chung-Yu Wu is Professor of Electronics Engineering Department of National Chiao Tung University. He has served different roles at National Chiao Tung University, including President of National Chiao Tung University, Dean of College of Electric Engineering and Computer Science, Dean and Vice for Research and Development, Funding Director of Division of Engineering and Applied Science, Director of Institute of Electronics and Department of Electronics Engineering, Chairman of Department of Electronics Engineering.

Dr. Wu received his B.S. degree from National Chiao Tung University in 1972, his M.S. degree from National Chiao Tung University in 1976, and his Ph. D. degree from National Chiao Tung University in 1980. He did his post-doctor research at EECS from the University of California, Berkeley in 2002.

Management Team

Mr. CJ Liang

Senior Vice President

CJ currently serves as Senior Vice President in Research and Development.

Prior to joining GUC in 2013, Mr. Liang served as President of Grain-Media and Executive Vice President of Socle Technology.

Mr. Liang received his Master degree in Department of Electronics Engineering from National Chiao Tung University.

Mr. Daniel Chien

Senior Vice President & CFO

Daniel currently serves as Senior Vice President and CFO in GUC.

Prior to joining GUC in 2006, Mr. Chien served as CFO in ALi Corp.

Mr. Chien received his MBA degree from the University of Texas at Arlington, USA.

Mr. Chiang Fu

Vice President

C. Fu currently serves as Operations Vice President in GUC.

Prior to joining GUC in 2008, Mr. Fu has over 15 years of experience in TSMC 12 inch Fab Product and Process Engineering.

Mr. Fu received his master degree in Electronics Engineering from National Tsing Hua University in 1993 and EMBA degree from National Taiwan University in 2008.

Mr. Louis Lin

Vice President

Louis currently serves as Vice President in Design Service.

Louis joined GUC in 1998 and has over 15 years of experience in various ASIC design fields including design methodology development, low power design, SoC chip implementation, program management, etc.

Mr. Lin received his Ph. D degree in Electronics Engineering from National Chiao Tung University in 1998.

Mr. Lung Chu

Vice President

Lung currently serves as Corp VP and President of China Operations at GUC. Prior to GUC in 2009, Mr. Chu was the President of Cadence Asia Pacific and Corporate VP of Cadence Design System Inc., responsible for field operations throughout Asia

Pacific. Chu has over 25 years of experience in the semiconductor industry and in the Asia Pacific and China market. He held various executive management positions, including VP of Magma Design Automation Inc. in charge of Asia Pacific Operations, VP/GM at KLA-Tencor Corporations, and which went IPO and later merged into Avanti! Corporations. Prior to TMA, Lung also worked at Cadence Design System, Apple Computer, and Philips Semiconductor (Signetics).

Mr. Chu holds a bachelor degree in engineering from National Taiwan University in Taipei, Taiwan and a master degree in engineering from Case Western Reserve University, Cleveland, USA. He also holds MSEE and MBA degrees from California State University.

Mr. Yawlin Hwang

Vice President

Yawlin currently serves as Sales and Marketing Vice President in GUC. Prior to joining GUC in 2009, he worked for TSMC Marketing and Business Development Division as Senior Manager.

Dr. Hwang received his doctor degree of Material Science and Engineering from North Carolina State University, Raleigh, North Carolina, USA, in 1992, majoring in III-V Compound and solid state devices. Since then, he has been working in semiconductor related filed for more than 20 years. During the period, he worked for LSI, Logic, MXIC, and TSMC, mainly in the process technology, manufacturing, sales, and marketing field.

Corporate Governance

Global Unichip Corporation Statement of Internal Control System

Date: February 4, 2016

Based on the finding of a self-assessment, GUC states the following with regard to its internal control system during the year of 2015:

1. GUC's Board of Directors and Management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance, and safeguarding of assets), reliability of our financial reporting, and compliance with applicable laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and GUC takes immediate remedial actions in response to any identified deficiencies. It should be noted that any internal control system has its limits, no matter how well designed. An effective internal control system serves to provide reasonable assurance of the above-mentioned three objectives, yet the effectiveness may be subject to changes of environment or circumstances. To counter such limits, GUC has adopted an internal control system with self-surveillance mechanism. Thus GUC is able to rectify as soon as a deficiency is identified.
3. GUC evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring.
4. GUC has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
5. Based on the findings of such evaluation, GUC believes that, on December 31, 2015, we have maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations.

6. This Statement will be an integral part of GUC's Annual Report for the year 2015 and Prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
7. This Statement has been passed by the Board of Directors in their meeting held on February 4, 2016, with none of the nine attending directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Global Unichip Corporation



F. C. Tseng

Chairman



Jim Lai

President

Board and Audit Committee Meeting Status

Six regular board meetings were convened in 2015. The status of attendance by board members was as following:

Title	Name	Attendance in person	By proxy	Attendance rate (%)
Chairman	Dr. F.C. Tseng Representative of TSMC	6	0	100%
Director	Jim Lai Representative of TSMC	6	0	100%
Director	Lora Ho Representative of TSMC	3	3	50%
Director	Dr. Cliff Hou Representative of TSMC	4	2	67%
Director	K.C. Shih Representative of Global OnInvestment Corp.	3	3	50%
Independent Director	Benson Liu	6	0	100%
Independent Director	Dr. Chien-Wei Jen	6	0	100%
Independent Director	Dr. Wen-Yeu Wang	6	0	100%
Independent Director	Dr. Chung-Yu Wu	6	0	100%

Four regular audit committee meetings were convened in 2015. The status of

attendance by committee members was as follows:

Title	Name	Attendance in person	By proxy	Attendance rate (%)
Independent Director	Benson Liu	4	0	100%
Independent Director	Dr. Chein-Wei Jen	4	0	100%
Independent Director	Dr. Wen-Yeu Wang	4	0	100%
Independent Director	Dr. Chung-Yu Wu	4	0	100%

Four regular compensation committee meetings were convened in 2015. The status of attendance by committee members was as follows:

Title	Name	Attendance in person	By proxy	Attendance rate (%)
Independent Director	Benson Liu	4	0	100%
Independent Director	Dr. Chein-Wei Jen	4	0	100%
Independent Director	Dr. Wen-Yeu Wang	4	0	100%
Independent Director	Dr. Chung-Yu Wu	4	0	100%

Corporate Social Responsibility

As a world-class design and turnkey services company and a good corporate citizen, GUC has always sought to fulfill its corporate social responsibilities (CSR). GUC is committed to the pursuit of business growth and sustainability so to fulfill this one most important target of corporate social responsibility in daily operations.

We also committed to share the benefits gained from being a responsible corporation with its clients, stakeholders, government, communities, and employees.

Corporate social responsibility is a joint effort. We would like to show our appreciation to our employees, partners, customers as well as our shareholders, your continuous support and trusts are highly valued. As a world-class design service provider, GUC values corporate social responsibility. It is an ongoing mission for GUC, the pursuit of sustainable development not only for the company, partners, employees as well as the stakeholders, but also for our society. This continuous effort allows GUC to help build a better company and a better world.



Social Commitment

By sharing love and participating in charity activities, we have deepened our ties with local governments, NGOs, charity associations and communities establishing trust and reputation. This friendship can help GUC to develop a positive corporate environment.

- Helped the blind of Hsinchu Blind Welfare Association. In 2015, they offered their professional massage therapy to GUC's employees with the total 362 persons, 181 hours, and the amount of NT\$163,000.

- Accton Cultural & Educational Foundation

The Accton Cultural & Educational Foundation founded the Christmas Dreams project, and has held it for 13 years in a row. GUC employees purchased Christmas gifts to sponsor 35 children. This also inspires the industry to help children from disadvantaged families and bring them the opportunity to enjoy and experience the merry atmosphere of Christmas.



- We encourage our employees to give blood and 60 people have responded to our call.
- We worked with the non-profit HsinChu Blind Welfare Association by purchasing massage services from them. In 2015, 350 employees experienced this service, which in total amounted to 169 hours with a value of about NT\$153,400.

Safety and Health-related Management

In terms of safety and health-related activities, GUC considers environmental protection, safety and health agenda as important corporate cornerstone. GUC continues to enhance quality of service and product to achieve “zero accident” and “sustainable environmental development” and to become a world-class benchmarking company of environmental protection, safety and health. To provide a working environment which can improve welfare of all employees, GUC complies with Taiwan’s related regulations and is aggressively geared to international standards, including accident prevention, safety and health improvement for employees and corporate asset protection. We have implemented the following policies:

1. Offer educational training programs to improve employees’ awareness of safety,

health and environmental protection issues.

2. Continue to improve environment quality to reduce risks of safety and health.
3. Map out every health enhancement plan to ensure employees' physical and psychological wellness.
4. Regularly conduct safety and environment educational program to increase employees' awareness of safety and health issues.
5. Ensure our operation and service to meet or exceed applicable regulations and standards of environment protection, safety and health.
6. Conduct our operation in an environmentally-sound way, so as to achieve green design and provide green products and green services.
7. Establish a safe working environment, prevent occupational injury and illness, and keep employees healthy.
8. Stay abreast of global issues of environment protection, safety and health, evaluate risks and take effective risk management measures.
9. Enhance employees' awareness on issues of environment protection, safety and health and sense of accountability for these issues, and build a friendly culture of environment protection, safety and health.
10. Establish a green supply chain and enhance performance of environment protection, safety and health with suppliers through experience sharing and collaboration.
11. Aggressively communicate with stakeholders, actively disclose and share experience and information of safety and health, and encourage improvement in the industry and society.



Environmental protection

GUC believes its environmental protection should not only comply with domestic legal requirements, but also implement governmental plans for resource recycling, waste disposal and garbage separation. In addition, GUC reduces the usage of paper cups and disposable plastic tableware for environmental protection and the best use of resources. GUC has been committed to prevent pollution, ensure efficient use of resources, prevent accidents, improve employee safety and health and protect property. The aim is to create a work environment that upholds the well-beings of our employees and communities.

GUC was recognized by the “Outstanding Achievement in Environmental Protection” offered by the Hsinchu Science Park Administrations Bureau, and was certified as “SONY Green Partner” and QC080000. Our commitments and implementations are as follows:

1. Execute the standards of “Green Energy-saving Design” and provide energy-saving products that comply with environmental protection regulations and customers’ requirements.
2. Use package materials that comply with environmental protection regulations for waste reduction and resource recycling.
3. Increase employees’ fundamental responsibility and awareness of environmental protection, source recycling and energy saving through educational training and propaganda.
4. Continue to execute energy-saving management and resource recycling.
5. Comply with governmental environmental protection regulations and fully assist the authorities in carrying out environmental protection affairs.

Operation Report

1. Business

1-1. Major Business

1-1.1. Main business activities of GUC:

- (A) Engage in research & development, production, testing and sales of:
- Embedded memory, logic, and analog components for various application ICs;
 - Cell libraries for various application ICs; and
 - EDA tools for various application ICs.
- (B) Provide technological support and consulting services related to the aforementioned products.

1-1.2. Revenues mix

Unit: NT\$ Thousand, except %

Sales breakdown	2014		2015	
	Amount	%	Amount	%
ASIC& Wafers	4,940,781	71%	5,605,288	72%
NRE	1,773,429	26%	1,663,679	22%
Others	238,071	3%	493,165	6%
Total	6,952,281	100%	7,762,132	100.00%

1-1.3. Main products and services:

- (A) ASIC & wafers: Provide complete services from design, wafer manufacturing to packaging and testing.
- (B) NRE (Non-Recurring Engineering): Provide circuit design cell library and various IPs required in the process of product design; provide circuit layouts needed for mask making; subcontract mask making, wafer manufacturing, dicing and packaging to vendors; conduct final testing to get prototype samples for customers.
- (C) MPW (Multiple-Project Wafer): MPW integrates multiple design projects of different customers on one single mask and by one wafer

engineer run. It is an effective and fast time-to-market chip verification service with cost-sharing in masking and wafer engineering run. Design engineers, before the phase of mass production, are able to timely verify their prototype designs with advanced process technologies and much lower costs.

(D) IP (IP, Intellectual Property): These are silicon-verified reusable IC designs with specific functions. With the rapid advancement of semiconductor processing technologies, the design industry is trending toward multi-functional chips and SoC (System on a Chip). Reusable IP help customers avoid redundant designs and resources.

1-1.4. New product development plan

Besides the continuing development of advanced IP in 28nm, 20nm, and 16nm processing technologies, including high speed interfaces such as 10G/28G/56G KR SerDes, PCIe Gen3/4, USB 3.0/3.1, LVDS, DDR3/4/LPDDR3/4 Memory Controller/PHY, our company is moving one step closer to forming a partnership with the TSMC in developing SerDes, PCIe Gen4, DDR3/4 DIMM on a 7nm process. In addition, existing key components such as voltage regulators, power management solutions, ADC/DAC, data converters, and clock generators are also porting with advanced processing technologies. GUC will form a research team to develop its own memory IP to enrich our IP database and to help our customers reduce the cost of IC design.

1-2. Industry Brief

1-2.1. Current status of the industry and future development

With respect to IC design, since the design cost continues to rise and the trend to incorporate multiple functionalities on a single chip continues to grow, chip design projects are expected to experience a downward trend each year. Despite the decreasing number of ASIC design projects, the rate of decline is slowing down thanks to the market growth of Internet of Things, automotive electronics, and industrial/medical applications, which will help slow down the pace of decline with respect to ASIC and ASSP chip designs.

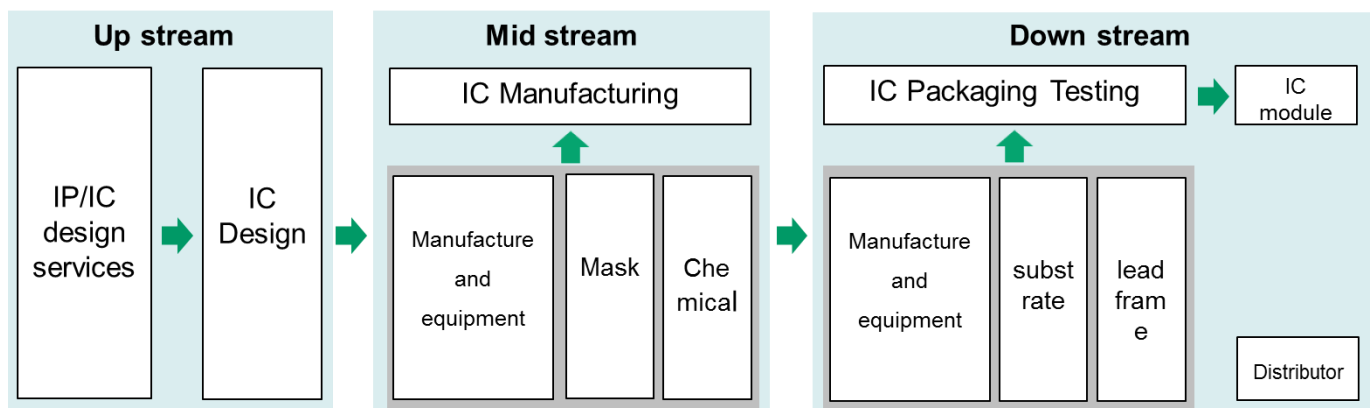
Recently, a consolidation boom is sweeping across the global semiconductor industry with the total value of mergers and acquisitions exceeding more than US\$100 billion. The rise of China's red supply chain has made this acquisition strategy of the future even more indispensable for IC suppliers worldwide. Although customers may have fewer choices of vendors in the future, there is still a demand for product diversity. Standard products will no longer be able to satisfy customer needs; in order to create unique features and characteristics, a growing number of the world's leading companies are now seeking to customize their IC designs. For GUC, this means more opportunities in the future.

To keep pace with fast changing technologies and different customer requirements, GUC's "Flexible ASIC Services" is able to assist customers enter any part of a semiconductor supply chain in a flexible manner from product concepts, spec definitions, development, verification, mass production, and to the creation of final products. Flexible ASIC services can cover three core elements: IP solutions, chip implementation, and ASIC manufacturing. A precise IP solution will be able to reduce a customer's design time and costs, as well as provide satisfactory offerings of customized ICs. In terms of chip implementation, GUC has formed a close partnership with TSMC for advanced process technology which helps customers move to mass production with high yield rates and strong market competitiveness. GUC also offers ASIC manufacturing to work as the best coordinator between customers and wafer foundry/testing/packaging facilities.

1-2.2. The supply chain of Taiwan semiconductor industry

The top-down supply chain of Taiwan's semiconductor industry is divided into design, wafer manufacturing, packaging and testing.

The up, mid, and down stream of Taiwan semiconductor industry:



1-2.3. Product development trend and competition

The mobile electronics markets are experiencing a slow down during the past few years. Miniaturized tablet PCs, for example, are being replaced by smartphones with larger screens. The increasing popularity of larger tablets is also taking away the market share of notebook ; these issues can limit the market for IC service providers.

In the smartphone market, in an attempt to create their unique brand personality, more and more leading smartphone manufacturers are committed to the development and production of application processor (AP) chips, which will open up new opportunities for the design service industry. Many other emerging markets such as IoT, automotive electronics, drones, virtual reality, and robotics, as well as their

applications have received wide public attention. The preliminary results of product development also showed great prospects. Although these technologies are still in their early stages, they are already considered as the mainstream of the future technology industry.

Benefiting from China's large domestic demand and the government's promotion of local IC design companies and the semiconductor industry, China's semiconductor sector is growing bigger and will play an influential part in the global landscape of IC industry as well as the entire semiconductor supply chain. To date, China's top 2 largest IC design companies are VeriSilicon and Brite; their main technologies are still based on existing processing technologies, but they are actively working toward advanced processes. GUC continues to lead the industry with the development of 16/28nm manufacturing processes; with its impressive technical achievements, GUC is confident in delivering low power consumption, high performance products that suit the needs of our customers.

1-3. Technological Research and Development

1-3.1. R&D expenditures

Unit: NT\$ Thousand

Year	2014	2015
Item		
R&D expenditures	952,969	1,125,149

1-3.2. Latest technologies and new products

2014	● Successfully validated and demonstrated DDR4 IP in 16nm process technology. ● Successfully taped out customer SoC project in 20nm process technology. ● Completed test chips and taped out for EMS PHY, LPDDR3/4, LVDS in 16nm process technology. ● Successfully taped out customer SoC project in 16nm process technology. ● Completed test chip and taped out for LPDDR3/4, DDR3/4 combo PHY in 28nm process technology. ● Successfully taped out a pioneer design with 250 million gates count for customer, the first silicon success, and transited to mass production.
2015	● Successfully completed a test chip and taped out for low power PCIe G3 in 28nm process technology. ● Successfully verified 28G SerDes IP on 28nm process. ● Completed tape-out of V-By-One Tx/Rx IP on 28nm process. ● Completed tape-out of MIPI D-PHY Tx/Rx IP on 28nm process.

	● Completed tape-out of (LP)DDR3/4 PHY and controller IP on 10nm process. ● Developed 28G SerDes and 16G PCIe Gen4 package design. ● The tape-out of the 16nm customer SoC project was successfully verified on the first pilot run and transited to mass production. ● Completed four SSD customer tape-out on 28nm process.
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1-4. Long Term and Short Term Business Development Plan

1-4.1 Short-term

- (A) Promote advanced technology MPW projects to lower customers' entry barriers and startup risks.
- (B) Secure the current customer base of 65nm and 40nm, and aggressively seek potential customers for the 28nm and 16nm processes.
- (C) Leverage existing customers in creating a development plan.
- (D) Enhance cooperation with upstream and downstream partners to attract new customers.
- (E) Provide complete SIP solutions and SoC development based on product applications.

1-4.1 Long-term

- (A) Focus on cutting-edge product development to allow not only high product differentiation and low barrier to entry, but also the broad support of 28nm and 16nm advanced technologies.
- (B) Pursue a global strategy to promote brand name and worldwide market share.
- (C) Grasp business opportunities when more and more integrated device manufacturers are going fab-lite.
- (D) Maintain close relationships with wafer foundries and develop 10nm and 7nm design processes, as well as provide leading-edge manufacturing processes and products.
- (E) Establish long term strategic alliances and collaborate with silicon IP suppliers.
- (F) Increase front-end SoC design capabilities and develop all kind of applications platform structures to suit different applications, and to

reduce system verification and development times.

- (G) Seek out new application markets such as: IoT and automotive electronics etc..., as well as study applications-related technologies.

2. Market and Sales Distribution

2-1. Market Analysis

2-1.1 Sales by region:

Revenues by geographic region are allocated to individual countries based on the location to which the products are initially billed instead of the location of end customers of our customers to which revenues are attributable. The following table summarizes information pertaining to our revenues from customers based on their headquarters' location:

Region	2015
Asia	59%
North America	30%
Europe	11%
Total	100%

2-1.2 Market share and growth potential

(A) Market share

Currently there are around 8 design service firms in Taiwan, generating a total revenue of NT\$22 billion in 2015. With a revenue of NT\$7.7 billion, GUC had approximately 35% of total market share. GUC was positioned as a top 20 ASIC supplier based on Gartner's 2014 worldwide ASIC revenue statistics.

(B) Future market supply and demand situation

According to forecasts made by IEK in 2015, the total revenue generated by

Taiwan's IC industry amounted to nearly NT\$2.2444 trillion, indicating a 1.9% growth compared to 2014. Revenues of the IC design sector alone amounted to NT\$576.9 billion, showing a 0.1% growth rate compared to 2014. According to TrandForce's predictions, in 2015, the total revenue generated by the world's IC design industry will reach US\$91.3 billion, with an annual growth rate of 3.8%.

As for the future of the electronics industry, with smartphone and tablet markets entering their mature stage, more leading brands are focusing on IoT-related technologies on a wide scale. To be involved in the IoT ecosystem may be a viable option for IC design service providers. Many non-consumer electronic products such as drones, automotive electronics, and robots also receive considerable attention; these prospective technologies can mean new business opportunities for IC design service providers in the future.

What sets GUC apart from other domestic service providers is not just that we work closely with upstream wafer foundries, but that we are also actively involved in the development of advanced processes and key silicon IPs. By doing so, GUC is set to meet market demands as well as distancing itself from the rest of the competition.

Taiwan 2015 Q1-Q3 sales distribution by region (calculated based on revenue)

Unit: %

	Taiwan	North America	Japan	Hong Kong/China	Korea	South East Asia	Europe	Others	Total
2015Q1	35.5%	7.0%	3.4%	48.0%	2.2%	1.0%	2.4%	0.5%	100.0%
2015Q2	35.6%	7.3%	3.3%	47.5%	2.4%	1.1%	2.2%	0.6%	100.0%
2015Q3	35.3%	7.5%	3.6%	48.1%	2.2%	0.9%	2.1%	0.3%	100.0%

Source: TSIA; IEK(2015/11)

2011~2015 Taiwan IC Industry Revenues

Unit: NT\$ Billion

	2011	YoY	2012	YoY	2013	YoY	2014	YoY	2015 (e)	YoY
Industry Revenue	15,627	-11.7%	16,342	4.6%	18,886	15.6%	22,033	16.7%	22,444	1.9%
IC Design	3,856	-15.2%	4,115	6.7%	4,811	16.9%	5,763	19.8%	5,769	0.1%
IC Manufacturing	7,867	-12.6%	8,292	5.4%	9,965	20.2%	11,731	17.7%	12,262	4.5%
Foundry	5,729	-1.7%	6,483	13.2%	7,592	17.1%	9,140	20.4%	10,061	10.1%
DRAM	2,138	-32.5%	1,809	-15.4%	2,373	31.2%	2,591	9.2%	2,201	-15.1%
IC Packaging	2,696	-6.1%	2,720	0.9%	2,844	4.6%	3,160	11.1%	3,102	-1.8%
IC Testing	1,208	-5.5%	1,215	0.6%	1,266	4.2%	1,379	8.9%	1,311	-4.9%
IC Product Revenue	5,994	-22.3%	5,924	-1.2%	7,184	21.3%	8,354	16.3%	7,970	-4.6%
Global Semi Growth Rate	-	0.4%	-	-2.7%	-	4.8%	-	9.9%	-	-0.8%

Note: (e) = estimate

Note: **IC Product Revenue** = IC Design + memory module manufacturing (memory modules are the most dominant product)

Source: TSIA; IEK(2015/11)

(C) Potential growth

Advanced processing technologies cause a sharp rise in investment costs. In an effort to keep the focus on core businesses and to maximize cost-savings, some IDMs have turned to the option of outsourcing advanced manufacturing process to professional design service providers. While more IDMs are shifting to a fab-lite model and the system companies' differentiation is becoming a trend, those design service providers can find potential business opportunities in the future.

Forecasts by worldwide research institutes led us to conclude that the entire semiconductor market can expect minimal growth while customer requirements remain much the same: Higher product performance, lower power consumption, and faster processing speeds. Only high-end process technologies will make these advantages available in customers' products. The Company has been devoted to the design processes and technologies of the 28nm and 16nm process nodes; these technological improvements are sure to fulfill the requirements for customers' design projects, hopefully they will also continue to grow in the future.

At the same time, GUC will focus on providing more complete application solutions for: storage devices, fiber networks, IoT and smart household appliances. In addition, the Company will focus on system solutions related to ultra-high-speed SIP interfaces such as SerDes, PCIe, SATA/SAS, LVDS, and the development of 2.5D/3D/IPD design processes as well as packaging and testing technologies. By way of developing and introducing the above-mentioned new technologies and applications, GUC is confident that its revenue will continue to increase during 2016.

2-1.3. Competitiveness, strength, weaknesses and counter strategies

(A) Competitive advantages

a. Rich experience in SIP development and integration

GUC has already successfully developed a series of SIP; not only does it license its self-developed IPs to IC design houses and system houses at home and abroad, it also provides services in integrating IPs into customer projects. GUC has used the IP over 1,000 times in more than 100 design projects.

b. Mature, complete design and verification processes

GUC's well-developed and comprehensive processes serve to shorten the time needed for IC verification and reducing IC design risks; they can also help customers complete product design within the shortest time frame.

c. Advanced manufacturing processes and design technologies

GUC works closely with TSMC to keep track of and create advanced processing technologies and information, as well as reduce the time required for customers to adopt our advanced manufacturing processes. GUC has successfully completed many 28nm and 16nm projects. During this year, we have successfully taped-out the pioneering design of 10/7nm projects by working with important clients and strategic partners. Our abundant hands-on experience will support and guarantee the realization of our customers' high level manufacturing processes.

d. Technology-oriented R&D team

GUC has always focused on developing its own technologies. Over the years, GUC has formed an experienced R&D team with reliable design resources and support, giving our customers' products more international competitiveness.

e. Complete SIP partnership

In order to increase the quantity and types of SIP available for customers, GUC in addition to developing home-grown SIP, also collaborates closely with leading worldwide SIP vendors such as ARM, Synopsys, TCI, AnalogBits, Cadence, and TSMC in order to provide our customers with comprehensive IP solutions.

f. Diversified service models

GUC provides one-stop shopping service to customers with complete SoC solutions, and supports customers from the design phase to the mass production phase. GUC has built up all the important service links throughout the IC manufacturing processes. Customers are free to choose different services and delivery methods based on their technology capacity and needs.

g. Providing IP trading service through IP Mall

GUC offers an IP trading platform for our IP providers and users. Customers therefore have accesses to information and services of certain IP, as well as the verification information and quality assurance of this IPs through a single contact window.

(B) Strength, weaknesses and counter strategy for long-term development

a. Strength

a-1. Division of labor in the semiconductor industry

Taiwan's IC industry has a unique infrastructure of vertical disintegration, characterized by a cluster of IC designs, advanced IC foundries, and back-end packaging and testing firms. The infrastructure creates an extremely favorable environment for the development of design services. For example, newly developed SIP can be quickly verified by the two world-class IC foundries to minimize failures and risks. With the close cooperation between IC

foundries and service foundries, Taiwanese design service firms are able to offer process-verified SIP to foreign customers who are highly likely to become a regular client of the two IC foundries in Taiwan, helping Taiwan to become the international SIP trading center.

a-2. Abundant downstream system vendors

There are a huge number of Taiwanese system manufacturers engaged in information and communications applications and consumer electronics. Whether these system manufacturers are OEM vendors or own brand-name developers, large numbers of variety and quantity are available. Their systems are in line with technology trends requiring multiple features integrated into one single chip. The cooperation between system vendors and IC related operators plays a critical role in enhancing Taiwan's system-on-chip (SoC) industry.

a-3. The IDM Fab-lite trend

In order to focus on the core businesses and save large-scale capacity investment in advanced process nodes, IDMs throughout the world are moving toward the Fab-lite trend; they are starting to outsource various projects to design services providers.

b. Weaknesses and counter measures

b-1. With respect to certain product applications, and the lack of key SIP

Because we are now engaging with customers from data centers and high speed switch applications, key IPs, for example, the 56G/28G SerDes, TCAM, and multi-port memory modules are quite important. Some competitors (such as Avago and Fujitsu) have their own solutions.

Countermeasures

GUC will establish a memory research team this year and develop customized client-specific memory IPs. In addition, we seek strategic cooperation with both domestic and foreign companies (such as Credo) to provide key IP solutions in order to satisfy customer needs.

b-2. Need more relevant professional data for diversified customer applications

Because customer applications are varied, such as BitCoin, solar, etc.,

we need more resources to gain a better understanding of how things work and how to achieve a higher level of service quality.

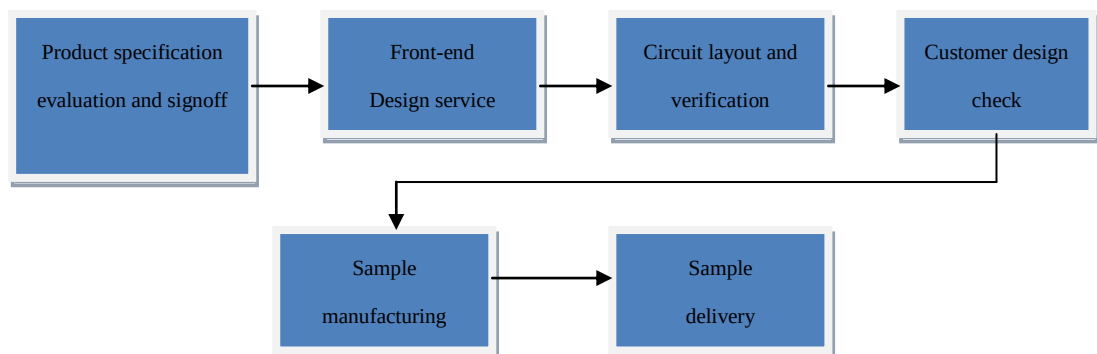
Countermeasures

Before entering new markets and exploring different applications, we will have to evaluate and study a number of factors that will allow the Company to offer the best service quality. In addition to inviting professionals from different domains, we are also working closely with TSMC in order to provide more complete and more professional services for customers from different domains.

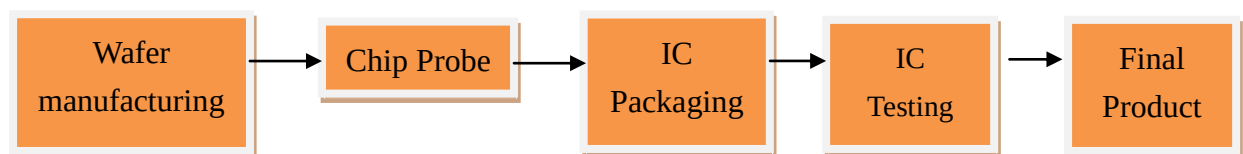
2-2. Product Application and Production Flow

The company's production flow includes two major steps: front-end design service and mass production.

Step 1: The process of front end design:



Step 2: Once the sample has been verified by customer, mass production process starts:



Future R&D plans and estimated investments

In order to keep up with the growth, the Company will also keep working in the research and development of the 16nm design process, as well as evaluate and plan for the 7/10nm process nodes. Moreover, we will focus on the development of 16nm high-speed interface IPs such as SerDes, PCIe Gen4, LPDDR/DDR controller, and PHY technologies.

2-3. Raw Material Supply

GUC products are mainly based on wafer supplied mainly by TSMC, the world's leading silicon foundry as well as GUC's largest shareholder and long-term strategic partner. It goes without saying that upstream supply for GUC is solid and stable.

2-4. Major Customers Contributing More Than 10% of Gross Sales, Years 2014~2015

2-4.1. Major customers contributing more than 10% of gross sales in years 2014 and 2015

Unit: NT\$ Thousand

No.	2014				2015			
	Customer name	Sales amount	% of annual total sales	Connection with company	Customer name	Sales amount	% of annual total sales	Connection with company
1.	AV (Note)	NA	NA	NA	AV	1,007,376	13%	None
2.	AN	720,339	10%	None	AN (Note)	NA	NA	NA

Note: Revenues from significant customers those representing not exceed 10% of gross sales in fiscal year of 2013 and 2014.

2-4.2. Name of suppliers taking 10% or more total purchase share in years 2014 and 2015

Unit: NT\$ Thousand

No.	2014				2015			
	Supplier name	Amount	Percentage	Connection with company	Supplier name	Amount	Percentage	Connection with company
1	TSMC	1,908,250	62%	TSMC , prior to July 2011, TSMC was a parent company. Since July 2011, TSMC has no controlling interest in GUC and accounts for its	TSMC	2,746,030	78%	TSMC , prior to July 2011, TSMC was a parent company. Since July 2011, TSMC has no controlling interest in GUC and accounts for its

				investment in GUC using the equity method.				investment in GUC using the equity method.
2	TSMC, NA	994,523	32%	TSMC's ownership percentage to TSMC, NA is 100%.	TSMC, NA	683,170	19%	TSMC's ownership percentage to TSMC, NA is 100%.

Explanation: GUC buys silicon wafers and mainly from IC foundries.

2-5. Production Output in 2014 and 2015

Units: Chip/Piece and NT\$ Thousand

Major Products	2014		2015	
	Quantity	Amount	Quantity	Amount
ASIC & Wafers	28,910,071	2,931,552	28,760,343	2,914,706
NRE	0	1,034,479	0	911,185
Others	27,428	88,704	137,978	209,087
Total	N/A	4,054,735	N/A	4,034,978

2-6. Sales Amount in 2014 and 2015

Units: Chip/piece and NT\$ Thousand

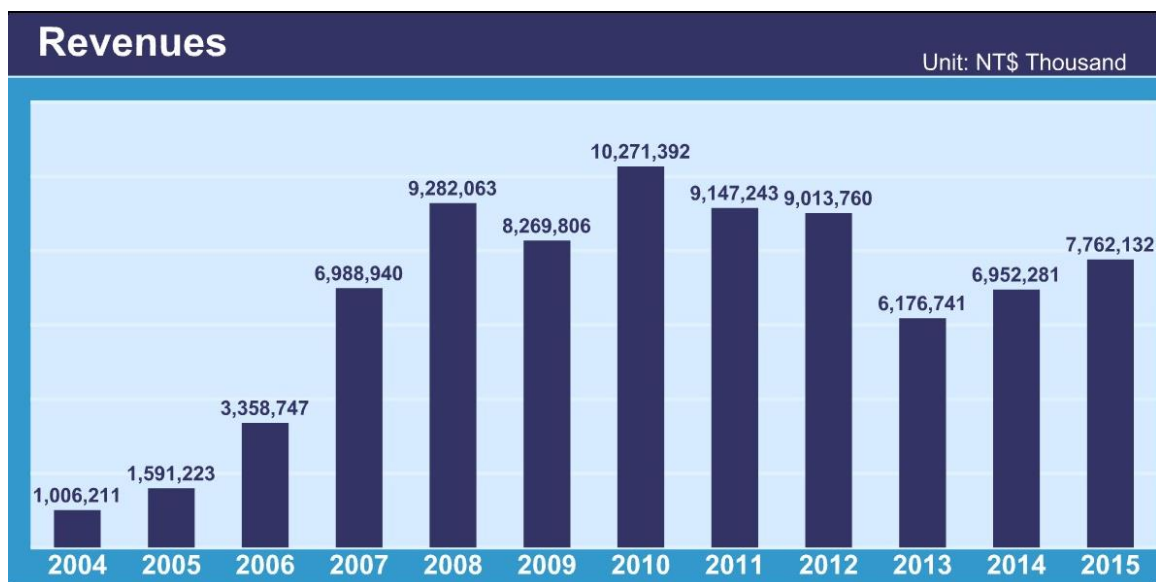
Year	2014				2015			
Sales Volume & Value/ Major Products	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
ASIC & Wafers	10,260,344	1,128,462	19,955,346	3,812,319	9,940,992	1,850,099	18,320,215	3,755,189
NRE	0	174,880	0	1,598,549	0	264,165	0	1,399,514
Others	1,768	34,772	25,660	203,299	0	24,040	137,978	469,125
Total	10,262,112	1,338,114	19,981,006	5,614,167	9,940,992	2,138,304	18,458,193	5,623,828

3. GUC Worldwide Employees

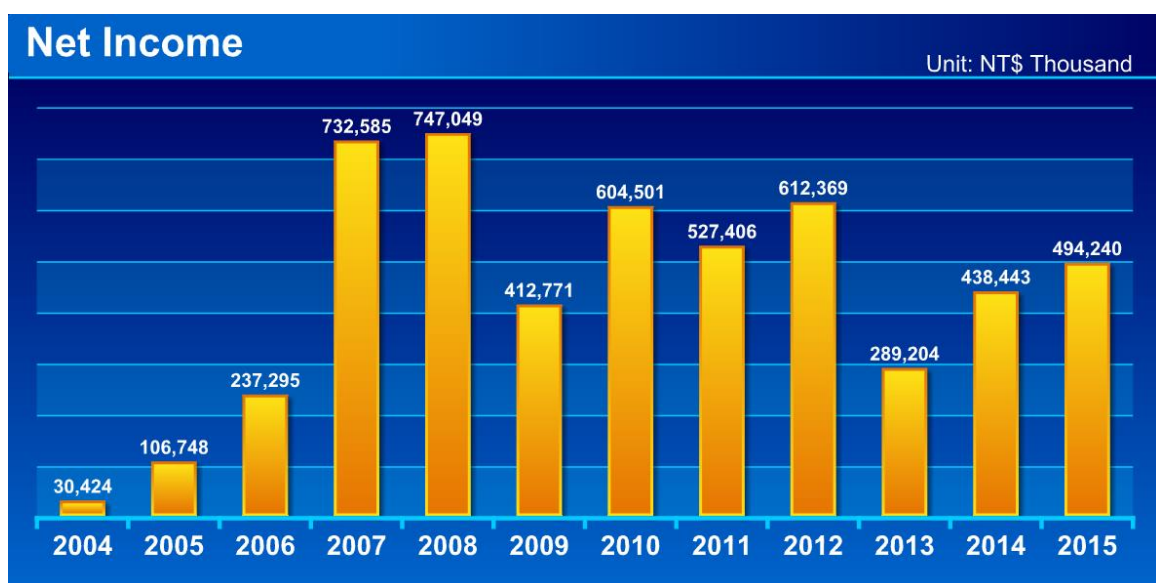
Period		2014	2015	As of 03/29/2016
Function	Managers	8	7	7
	Professionals	487	509	506
Total employees		495	516	513
Average age		39.19	38.27	38.42
Average years of seniority		5.01	5.13	5.31
Education level	Ph. D	3%	3%	4%
	Master	67%	64%	63%
	Bachelor	30%	33%	33%
	High School	0%	0%	0%

Note: Consolidated basis

Consolidated Financial Highlights



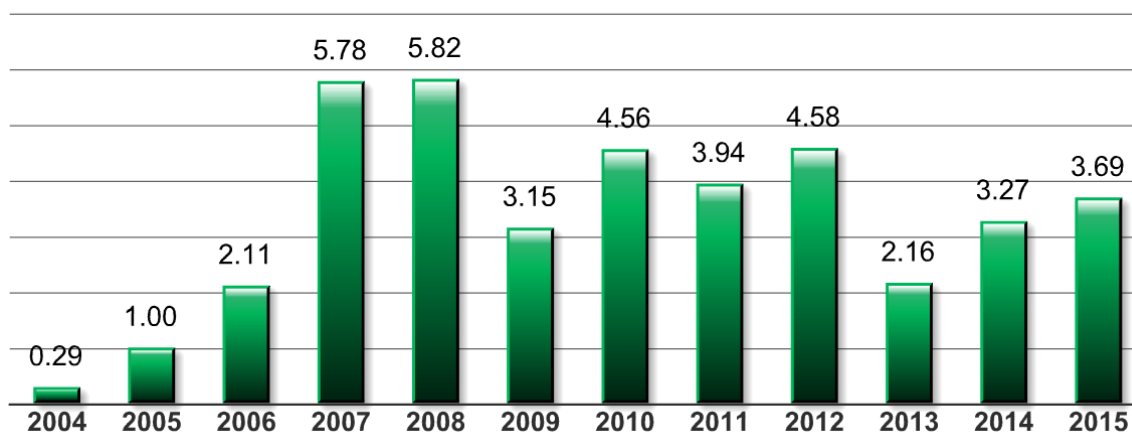
Note: R.O.C. GAAP (2011 and before); TIFRS (2012 and after).



Note: R.O.C. GAAP (2011 and before); TIFRS (2012 and after).

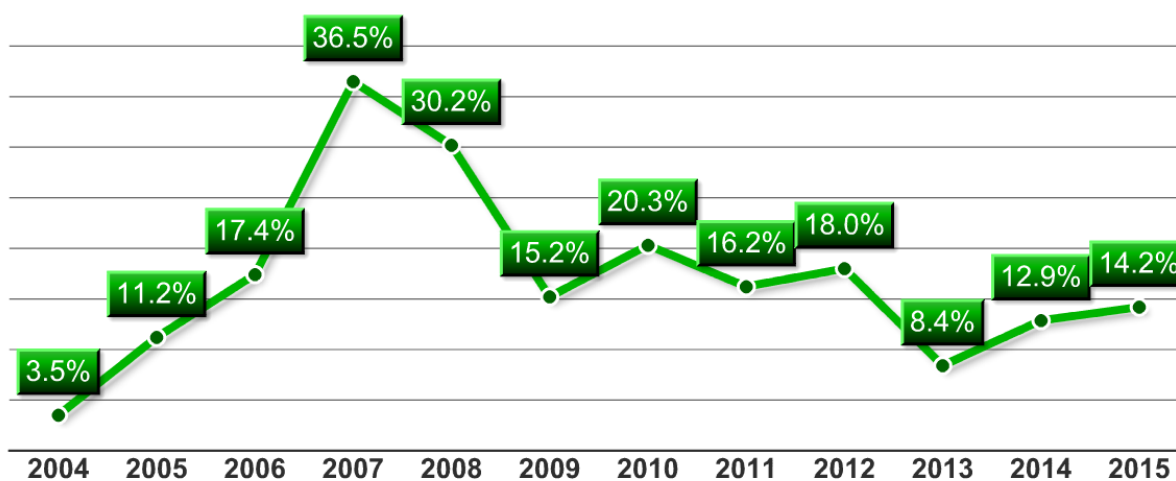
Earnings Per Share

Unit: NT\$



Note: R.O.C. GAAP (2011 and before); TIFRS (2012 and after).

Return on Shareholders' Equity



Note: R.O.C. GAAP (2011 and before); TIFRS (2012 and after).

Global Unichip Corp. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2015 and 2014 and
Independent Auditors' Report**

REPRESENTATION LETTER

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2015 are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financials Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Global Unichip Corp. and Subsidiaries do not prepare a separate set of consolidated financial statements.

Very truly yours,

GLOBAL UNICHIP CORP.

By

DR. F. C. TSENG
Chairman

February 4, 2016

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Global Unichip Corp.

We have audited the accompanying consolidated balance sheets of Global Unichip Corp. and subsidiaries (the "Company") as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Global Unichip Corp. and subsidiaries as of December 31, 2015 and 2014, and their consolidated financial performance and their consolidated cash flows for the years ended December 31, 2015 and 2014, in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance translated by the Accounting Research and Development Foundation and endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited, in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China, the parent company only financial statements of Global Unichip Corp. as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified opinion.

February 4, 2016

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2015		December 31, 2014		LIABILITIES AND EQUITY	December 31, 2015		December 31, 2014	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 3,153,324	58	\$ 2,852,856	58	Accounts payable	\$ 241,754	5	\$ 292,714	6
Accounts receivable, net (Note 6)	587,428	11	529,253	11	Payables to related parties (Note 25)	313,890	6	175,195	3
Receivables from related parties (Note 25)	48,284	1	3,304	-	Accrued compensation/profit sharing to employees and bonus to directors (Note 22)	58,887	1	52,331	1
Inventories (Note 7)	736,196	14	709,046	14	Payables on machinery and equipment	15,907	-	1,221	-
Other financial assets	968	-	912	-	Current tax liabilities (Note 20)	13,007	-	5,493	-
Other current assets (Notes 11 and 25)	<u>273,851</u>	<u>5</u>	<u>175,511</u>	<u>4</u>	Provisions (Note 12)	4,226	-	97,476	2
Total current assets	<u>4,800,051</u>	<u>89</u>	<u>4,270,882</u>	<u>87</u>	Customer advances (Note 25)	909,939	17	493,588	10
NONCURRENT ASSETS					Accrued expenses and other current liabilities (Notes 13 and 25)	<u>258,323</u>	<u>5</u>	<u>290,428</u>	<u>6</u>
Financial assets measured at cost (Note 8)	15,746	-	-	-	Total current liabilities	<u>1,815,933</u>	<u>34</u>	<u>1,408,446</u>	<u>28</u>
Property, plant and equipment (Note 9)	357,343	7	338,318	7	NONCURRENT LIABILITIES				
Intangible assets (Note 10)	155,351	3	230,328	5	Deferred income tax liabilities (Note 20)	10,984	-	9,335	-
Deferred income tax assets (Note 20)	40,207	1	57,968	1	Other long-term payables (Note 13)	19,631	-	38,031	1
Refundable deposits (Note 25)	13,110	-	13,954	-	Net defined benefit liabilities (Note 14)	24,399	1	23,346	1
Pledged time deposits (Note 26)	<u>20,000</u>	<u>-</u>	<u>20,000</u>	<u>-</u>	Guarantee deposits	<u>3,283</u>	<u>-</u>	<u>18,683</u>	<u>-</u>
Total noncurrent assets	<u>601,757</u>	<u>11</u>	<u>660,568</u>	<u>13</u>	Total noncurrent liabilities	<u>58,297</u>	<u>1</u>	<u>89,395</u>	<u>2</u>
					Total liabilities	<u>1,874,230</u>	<u>35</u>	<u>1,497,841</u>	<u>30</u>
					EQUITY (Note 15)				
					Share capital	1,340,119	25	1,340,119	27
					Capital surplus	29,853	-	29,853	1
					Retained earnings				
					Appropriated as legal reserve	473,879	9	430,035	9
					Appropriated as special reserve	352	-	6,363	-
					Unappropriated earnings	1,680,149	31	1,627,591	33
					Others	<u>3,226</u>	<u>-</u>	<u>(352)</u>	<u>-</u>
					Total equity	<u>3,527,578</u>	<u>65</u>	<u>3,433,609</u>	<u>70</u>
TOTAL	<u>\$ 5,401,808</u>	<u>100</u>	<u>\$ 4,931,450</u>	<u>100</u>	TOTAL	<u>\$ 5,401,808</u>	<u>100</u>	<u>\$ 4,931,450</u>	<u>100</u>

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

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014 (Adjusted)	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 16 and 25)	\$ 7,762,132	100	\$ 6,952,281	100
OPERATING COSTS (Notes 22 and 25)	<u>5,568,157</u>	<u>72</u>	<u>5,066,955</u>	<u>73</u>
GROSS PROFIT	<u>2,193,975</u>	<u>28</u>	<u>1,885,326</u>	<u>27</u>
OPERATING EXPENSES (Notes 22 and 25)				
Sales and marketing	294,828	4	238,992	3
General and administrative	211,545	3	218,320	3
Research and development	<u>1,125,149</u>	<u>14</u>	<u>952,969</u>	<u>14</u>
Total operating expenses	<u>1,631,522</u>	<u>21</u>	<u>1,410,281</u>	<u>20</u>
INCOME FROM OPERATIONS	<u>562,453</u>	<u>7</u>	<u>475,045</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 17)	13,301	-	41,717	-
Other gains and losses (Note 18)	6,563	-	(3,020)	-
Finance costs (Note 19)	<u>(43)</u>	<u>-</u>	<u>(72)</u>	<u>-</u>
Total non-operating income and expenses	<u>19,821</u>	<u>-</u>	<u>38,625</u>	<u>-</u>
INCOME BEFORE INCOME TAX	582,274	7	513,670	7
INCOME TAX EXPENSE (Note 20)	<u>88,034</u>	<u>1</u>	<u>75,154</u>	<u>1</u>
NET INCOME	<u>494,240</u>	<u>6</u>	<u>438,516</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 14)	(1,813)	-	3,893	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations (Note 15)	<u>3,578</u>	<u>-</u>	<u>6,011</u>	<u>-</u>
Other comprehensive income for the year, net of income tax	<u>1,765</u>	<u>-</u>	<u>9,904</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 496,005</u>	<u>6</u>	<u>\$ 448,420</u>	<u>6</u>
Earnings Per Share (Note 21)				
Basic earnings per share	<u>\$ 3.69</u>		<u>\$ 3.27</u>	
Diluted earnings per share	<u>\$ 3.66</u>		<u>\$ 3.26</u>	

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

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	<u>Share Capital - Common Stock</u>			<u>Retained Earnings</u>				<u>Others</u>	
	<u>Share</u>	<u>Amount</u>	<u>Capital Surplus</u>	<u>Legal</u>	<u>Special</u>	<u>Unappropriated</u>	<u>Total</u>	<u>Foreign</u>	<u>Total Equity</u>
	<u>(In Thousands)</u>			<u>Reserve</u>	<u>Reserve</u>	<u>Earnings</u>		<u>Currency</u>	
								<u>Translation</u>	
								<u>Reserve</u>	
BALANCE, JANUARY 1, 2014	134,011	\$ 1,340,119	\$ 167,587	\$ 401,115	\$ 10,338	\$ 1,474,429	\$ 1,885,882	\$ (6,363)	\$ 3,387,225
Appropriation and distribution of prior year's earnings									
Legal reserve	-	-	-	28,920	-	(28,920)	-	-	-
Reversal of special reserve	-	-	-	-	(3,975)	3,975	-	-	-
Cash dividends to shareholders - NT\$1.97222 per share	-	-	-	-	-	(264,302)	(264,302)	-	(264,302)
Total	-	-	-	28,920	(3,975)	(289,247)	(264,302)	-	(264,302)
Cash dividends from capital surplus - NT\$1.02778 per share	-	-	(137,734)	-	-	-	-	-	(137,734)
Net income in 2014	-	-	-	-	-	438,516	438,516	-	438,516
Other comprehensive income in 2014, net of income tax	-	-	-	-	-	3,893	3,893	6,011	9,904
Total comprehensive income in 2014	-	-	-	-	-	442,409	442,409	6,011	448,420
BALANCE, DECEMBER 31, 2014	134,011	1,340,119	29,853	430,035	6,363	1,627,591	2,063,989	(352)	3,433,609
Appropriation and distribution of prior year's earnings									
Legal reserve	-	-	-	43,844	-	(43,844)	-	-	-
Reversal of special reserve	-	-	-	-	(6,011)	6,011	-	-	-
Cash dividends to shareholders - NT\$3 per share	-	-	-	-	-	(402,036)	(402,036)	-	(402,036)
Total	-	-	-	43,844	(6,011)	(439,869)	(402,036)	-	(402,036)
Net income in 2015	-	-	-	-	-	494,240	494,240	-	494,240
Other comprehensive income in 2015, net of income tax	-	-	-	-	-	(1,813)	(1,813)	3,578	1,765
Total comprehensive income in 2015	-	-	-	-	-	492,427	492,427	3,578	496,005
BALANCE, DECEMBER 31, 2015	<u>134,011</u>	<u>\$ 1,340,119</u>	<u>\$ 29,853</u>	<u>\$ 473,879</u>	<u>\$ 352</u>	<u>\$ 1,680,149</u>	<u>\$ 2,154,380</u>	<u>\$ 3,226</u>	<u>\$ 3,527,578</u>

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

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2015	2014 (Adjusted)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 582,274	\$ 513,670
Adjustments for:		
Depreciation	73,497	70,275
Amortization	151,193	154,939
Reversal of doubtful receivables	-	(21,382)
Finance costs	43	72
Interest income	(15,034)	(14,423)
Loss (gain) on disposal of property, plant and equipment	170	(166)
Gain on disposal of available-for-sale financial assets	(4,717)	(4,599)
Loss (gain) on foreign exchange, net	(1,196)	7,407
Changes in operating assets and liabilities:		
Accounts receivable	(74,827)	270,726
Receivables from related parties	(44,980)	(3,304)
Inventories	(27,150)	(19,635)
Other financial assets	37	1,714
Other current assets	(101,443)	69,057
Accounts payable	(50,960)	117,478
Payables to related parties	138,695	600
Accrued compensation/profit sharing to employees and bonus to directors	6,556	15,143
Provisions	(93,250)	97,476
Customer advances	416,351	183,904
Accrued expenses and other current liabilities	20,995	11,976
Net defined benefit liabilities	(760)	100
Cash generated from operations	975,494	1,451,028
Income tax paid	(41,419)	(122,840)
Net cash generated from operating activities	934,075	1,328,188
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Available-for-sale financial assets	(4,480,000)	(4,765,000)
Financial assets measured at cost	(15,746)	-
Property, plant and equipment	(78,261)	(80,152)
Intangible assets	(145,800)	(151,597)
Proceeds from disposal of:		
Available-for-sale financial assets	4,484,717	4,769,599
Property, plant and equipment	-	168
Refundable deposits paid	(1,155)	(5,929)
Refundable deposits refunded	2,097	2,475
Interest received	14,942	14,280
Net cash used in investing activities	(219,206)	(216,156)

(Continued)

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2015	2014 (Adjusted)
CASH FLOWS FROM FINANCING ACTIVITIES		
Guarantee deposits refunded	\$ (15,146)	\$ -
Cash dividends paid	(402,036)	(402,036)
Interest paid	<u>(43)</u>	<u>(72)</u>
Net cash used in financing activities	<u>(417,225)</u>	<u>(402,108)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>2,824</u>	<u>6,852</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	300,468	716,776
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,852,856</u>	<u>2,136,080</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,153,324</u>	<u>\$ 2,852,856</u>

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

(Concluded)

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL

Global Unichip Corp. (GUC), a Republic of China (R.O.C.) corporation, was incorporated on January 22, 1998. GUC is engaged mainly in researching, developing, producing, testing and selling of embedded memory and logic components for various application ICs, cell libraries for various application ICs, and EDA tools for various application ICs. On November 3, 2006, GUC's shares were listed on the Taiwan Stock Exchange (TWSE). The address of its registered office and principal place of business is No. 10 Li-Hsin 6th Rd., Hsinchu Science Park, Taiwan. GUC together with its consolidated subsidiaries are hereinafter referred to collectively as the "Company".

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Audit Committee and authorized by the board of directors for issue on February 4, 2016.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of International Financial Reporting Standards (IFRIC), and Interpretations of IAS (SIC) endorsed by the Financial Supervisory Commission (FSC).

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Company should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version would not have any material impact on the Company's accounting policies:

1) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required by the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

2) Amendments to IAS 1, “Presentation of Items of Other Comprehensive Income”

According to the amendments to IAS 1, the items of other comprehensive income will be grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss. In addition, income tax on items of other comprehensive income is also required to be allocated on the same basis. The aforementioned allocation basis will not be strictly enforced prior to the adoption of amendments.

The Company retrospectively applied the above amendments starting in 2015. Items not expected to be reclassified to profit or loss are remeasurements of the defined benefit plans. Items expected to be reclassified to profit or loss are the exchange differences on translation of foreign operations. However, the application of the above amendments will not have any impact on the net income for the year, other comprehensive income for the year and total comprehensive income for the year.

3) Amendments to IAS 19, “Employee Benefits”

Revised IAS 19 requires the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminates the “corridor approach” permitted under current IAS 19 and accelerate the recognition of past service costs. The revision requires all remeasurements of the defined benefit plans to be recognized immediately through other comprehensive income in order for the net pension asset or liability to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in current IAS 19 are replaced with a “net interest” amount, which is calculated by applying the discount rate to the net defined benefit liability or asset. In addition, the revised IAS 19 introduces certain changes in the presentation of the defined benefit cost, and also includes more extensive disclosures.

The impact on the current year was summarized as follows:

	Year Ended December 31 2015
Impact on Total Comprehensive Income	
Decrease in operating expense	<u>\$ (71)</u>
Items that will not be reclassified subsequently to profit or loss	
Decrease in remeasurement of defined benefit plans	<u>\$ (71)</u>

The impact on the prior year was summarized as follows:

		Adjustments Arising from Initial Application	Adjusted
Impact on Total Comprehensive Income	As Originally Stated		
Decrease in operating expense	<u>\$ (1,410,354)</u>	<u>\$ 73</u>	<u>\$ (1,410,281)</u>
Items that will not be reclassified subsequently to profit or loss			
Decrease in remeasurement of defined benefit plans	<u>\$ 3,966</u>	<u>\$ (73)</u>	<u>\$ 3,893</u>

b. The IFRSs issued but not yet endorsed by the FSC

The Company has not applied the following IFRSs issued by the IASB but not endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced their effective dates.

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Issued by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 Financial Instruments	January 1, 2018
Amendments to IFRS 9 and IFRS 7 Mandatory Effective Date of IFRS 9 and Transition Disclosures	January 1, 2018
Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception	January 1, 2016
Amendment to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019
Amendment to IAS 1 Disclosure Initiative	January 1, 2016
Amendment to IAS 7 Disclosure Initiative	January 1, 2017
Amendment to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants	January 1, 2016
Amendment to IAS 19 Defined Benefit Plans: Employee Contributions	July 1, 2014
Amendment to IAS 27 Equity Method in Separate Financial Statement	January 1, 2016
Amendment to IAS 36 Recoverable Amount Disclosures for Non-financial Assets	January 1, 2014
Amendment to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
IFRIC 21 Levies	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Company's accounting policies, except for the following:

1) IFRS 9, "Financial Instruments"

All recognized financial assets currently in the scope of IAS 39, "Financial Instruments: Recognition and Measurement," are subsequently measured at amortized cost or the fair value. The classification and measurement requirements in IFRS 9 are stated as follows:

For the debt instruments invested by the Company that have the contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, the classification and measurement requirements are stated as follows:

- a) If the objective of the Company's business model is to hold the financial asset to collect the contractual cash flows, such assets are measured at the amortized cost. Interest revenue should be recognized in profit or loss by using the effective interest method, continuously assessed for impairment and the impairment loss or reversal of impairment loss should be recognized in profit and loss.
- b) If the objective of the Company's business model is to hold the financial asset both to collect the contractual cash flows and to sell the financial assets, such assets are measured at fair value through other comprehensive income and are continuously assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method. A gain or loss on a financial asset measured at fair value through other comprehensive income should be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When such financial asset is derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

The other financial assets which do not meet the aforementioned criteria should be measured at the fair value through profit or loss. However, the Company may irrevocably designate an investment in equity instruments that is not held for trading as measured at fair value through other comprehensive income. All relevant gains and losses shall be recognized in other comprehensive income, except for dividends which are recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Company takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) IFRS 15, “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18, “Revenue,” IAS 11, “Construction Contracts,” and a number of revenue-related interpretations.

When applying IFRS 15, the Company shall recognize revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, the Company may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

3) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Company is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Company may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Company should present the depreciation expense charged on the right-of-use asset and the interest expense accrued on the lease liability that is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal of the lease liability and interest expense should present within financing activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Company as lessor.

When IFRS 16 becomes effective, the Company may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

4) Amendments to IAS 36, “Recoverable Amount Disclosures for Non-Financial Assets”

The amendments to IAS 36 clarify that the Company is only required to disclose the recoverable amount in the period of impairment accrual or reversal. Moreover, if the recoverable amount of impaired assets is based on fair value less costs of disposal, the Company should also disclose the discount rate used. The Company expects the aforementioned amendments will result in a broader disclosure of recoverable amount for non-financial assets.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Company continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the R.O.C. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.

Significant accounting policies are summarized as follows:

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Basis of Consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of GUC and entities controlled by GUC (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies accord with those used by the Company.

All intercompany transactions, balances, income and expenses are eliminated in full upon consolidation.

The subsidiaries in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Establishment and Operating Location	Percentage of Ownership		Remark
				December 31		
				2015	2014	
GUC	Global Unichip Corp.-NA (GUC-NA)	Products consulting, design and technical support service	U.S.A.	100%	100%	Note
	Global Unichip Japan Co., Ltd. (GUC-Japan)	Products consulting, design and technical support service	Japan	100%	100%	Note
	Global Unichip Corp. Europe B.V. (GUC-Europe)	Products consulting service	Netherlands	100%	100%	Note
	Global Unichip (BVI) Corp. (GUC-BVI)	Investing activities	British Virgin Islands	100%	100%	Note
GUC-BVI	Global Unichip (Shanghai) Company, Limited (GUC-Shanghai)	Products consulting, design and technical support service	Shanghai, China	100%	100%	Note

Note: The subsidiaries are not significant subsidiaries, their financial statements have not been audited except for GUC-NA.

Foreign Currencies

The financial statements of each individual consolidated entity were expressed in the currency, which reflected its primary economic environment (functional currency). The functional currency of GUC and presentation currency of the consolidated financial statements are both New Taiwan Dollars (NT\$). In preparing the consolidated financial statement, the operating results and financial positions of each consolidated entity are translated into NT\$.

In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the period in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Company's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity.

Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within twelve months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within twelve months after the reporting period; and
- c. Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting period. 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.

Assets and liabilities that are not classified as current are classified as non-current.

Cash Equivalents

Cash equivalents, for the purpose of meeting short-term cash commitments, consist of highly liquid time deposits and investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial Instruments

Financial assets and liabilities shall be recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially recognized at fair values. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial Assets

Financial assets are classified as available-for-sale financial assets and loans and receivables. Thus are depended at the time of initial recognition's characteristic and purpose. Convention trading of financial assets are recognized and derecognized on a settlement date basis. Convention trading purchases or sales of financial assets require delivery of assets within the time frame established by regulation or convention in the marketplace.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives financial assets that are either designated as available-for-sale or not classified as (a) loans and receivables, (b) held-to-maturity financial assets or (c) financial assets at fair value through profit or loss (FVTPL).

Open-end mutual funds held by the Company that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value at the end of each reporting period. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

Fair value of open-end mutual funds is determined by the financial institution using the net assets value at the balance sheet date.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, the value are presented at cost less any identified impairment loss at the end of each reporting period and in a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including cash and cash equivalents, notes and accounts receivable (including related parties) and other receivables are measured at amortized cost using the effective interest method less any impairment, except for those receivables with immaterial discounted effect.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. The Company assesses the collectability of receivables by evaluating the current financial condition of customers, historical experience and by performing account aging analysis. In the aging analysis, poor credit quality customers with balances past due for over 90 days should all be recognized an allowance for doubtful receivable.

For 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 the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced by using an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

Inventories

Inventories consist of raw materials, supplies, finished goods and work-in-process. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made on an item-by-item basis, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and necessary selling costs. Inventories are recorded at weighted-average cost on the balance sheet date.

Property, Plant and Equipment and Assets Leased to Others

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment. Costs include any incremental costs that are directly attributable to the construction or acquisition of the item of property, plant and equipment.

Depreciation is recognized so as to write off the cost of the assets less their residual values over their useful lives, and it is computed using the straight-line method over the following estimated useful lives:

Buildings	50 years
Machinery and equipment	4 to 7 years
Research and development equipment	3 to 5 years
Transportation equipment	5 years
Office equipment	3 to 5 years
Miscellaneous equipment	2 to 10 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, other than finance leases are classified as operating lease.

Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Intangible Assets

Intangible assets are limited in a certain useful life. The initial book value is recorded on the purchasing cost itself. After that the subsequent book value is measured by cost less accumulated amortization and accumulated impairment losses. Amortization is recognized using the straight-line method over the following estimated useful lives:

Software	2 to 5 years
Technology license fees	The term of the technology transfer contract
Patents	Economic lives of the patents

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Expenditure on research activities is recognized as an expense when incurred. An internally-generated intangible asset arising from development activities is capitalized and then amortized on a straight-line basis over its useful life if the recognition criteria for an intangible asset have been met; otherwise, the development expenditure is recognized as an expense when incurred.

Impairment of Tangible and Intangible Assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell or value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset or a cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Provision

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is also reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of Non-Recurring Engineering (NRE) services

Revenue from a contract to provide NRE services is recognized by reference to the stage of completion of the contract.

Interest Income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Retirement Benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability are recognized as employee benefits expense in the period they occur. Remeasurement is recognized in other comprehensive income in the period in which they occur, and it is reflected in retained earnings immediately and will not be reclassified to profit or loss.

Net defined benefit liability represents the actuarial deficit in the Company's defined benefit plan.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) at a rate of 10% is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carry forwards and unused R&D tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and increased to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 4, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgments, apart from those involving estimations, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Impairment of Accounts Receivable

Accounts receivable are considered to be impaired when there is objective evidence of uncollectability; the Company will consider the estimated future cash flows to determine the impairment. The Company assesses the collectability of receivables by evaluating the current financial condition of customers, historical experience and by performing account aging analysis; the amount of impairment loss is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the financial assets original effective interest rate. It might be a critical impairment loss if the actual future cash flows are less than estimated future cash flows. In the aging analysis, poor credit quality customers with balances past due for over 90 days should all be recognized an allowance for doubtful receivable.

Realization of Deferred Income Tax Assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Company's subjective judgment and estimation, including the future revenue growth and profitability, tax holidays, the amount of tax credits that can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to deferred tax assets.

Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company has to determine and estimate to the net realizable value of inventory at the end of each reporting period.

Due to the rapid technological changes, the Company estimates the net realizable value of inventory for obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions of future demand within a specific time horizon.

6. ACCOUNTS RECEIVABLE, NET

	December 31,	
	2015	2014
Accounts receivable	<u>\$ 587,428</u>	<u>\$ 529,253</u>

In principle, the payment term granted to customers is due 30 days from the invoice date or 30 days from the end of the month the invoice is issued. The Company assesses the collectability of receivables by evaluating the current financial condition of customers, historical experience and by performing account aging analysis. In the aging analysis, poor credit quality customers with balances past due for over 90 days, should all be recognized an allowance for doubtful receivable. As of December 31, 2015 and 2014, the Company's allowance for doubtful receivables was zero.

Accounts receivable, aging analysis at the end of the reporting period is summarized in the following table. Accounts receivable include amounts that are past due but for which the Company has not recognized an allowance for doubtful receivables after the assessment since there has not been a significant change in the credit quality of its customers and the amounts are still considered recoverable.

Aging analysis of accounts receivable

	December 31,	
	2015	2014
Neither past due nor impaired	\$ 494,876	\$ 479,630
Past due but not impaired		
Past due within 1-30 days	78,869	45,610
Past due within 31-60 days	13,683	3,940
Past due within 61-90 days	<u>-</u>	<u>73</u>
	<u>\$ 587,428</u>	<u>\$ 529,253</u>

Movements of the allowance for doubtful receivables

	Year Ended December 31 2014
Balance, beginning of year	\$ 21,382
Reversal	<u>(21,382)</u>
Balance, end of the year	<u>\$ -</u>

7. INVENTORIES

	December 31,	
	2015	2014
Finished goods	\$ 87,255	\$ 49,707
Work in process	555,593	528,088
Raw materials	<u>93,348</u>	<u>131,251</u>
	<u>\$ 736,196</u>	<u>\$ 709,046</u>

As of December 31, 2015 and 2014, the allowance for loss on inventory was NT\$11,583 thousand and NT\$29,079 thousand, respectively.

Inventories in related to income and expenses were included in the operating cost as follows:

	Years Ended December 31	
	2015	2014
Reversal of inventory loss (write-down of inventory)	\$ (1,291)	\$ 51,259
Revenue from sale of scraps	\$ 1,405	\$ 532

8. FINANCIAL ASSETS MEASURED AT COST

**December 31,
2015**

Non-Current

Overseas unlisted preferred stock \$ 15,746

Management believed that the unlisted equity investments held by the Company cannot be reliably measured due to the range of reasonable fair value estimates; therefore they were measured at cost less impairment at the end of reporting period.

9. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Research and Development Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
<u>Cost</u>							
Balance at January 1, 2015	\$ 242,923	\$ 3,216	\$ 522,284	\$ 8,366	\$ 20,371	\$ 241,546	\$ 1,038,706
Additions	-	-	59,508	-	518	32,395	92,421
Disposals	-	-	(1,784)	(3,388)	-	(4,350)	(9,522)
Effect of exchange rate changes	-	-	162	-	34	209	405
Balance at December 31, 2015	<u>\$ 242,923</u>	<u>\$ 3,216</u>	<u>\$ 580,170</u>	<u>\$ 4,978</u>	<u>\$ 20,923</u>	<u>\$ 269,800</u>	<u>\$ 1,122,010</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2015	\$ 49,499	\$ 2,416	\$ 418,258	\$ 7,022	\$ 19,223	\$ 203,970	\$ 700,388
Depreciation	4,766	241	48,596	436	565	18,893	73,497
Disposals	-	-	(1,784)	(3,388)	-	(4,180)	(9,352)
Effect of exchange rate changes	-	-	107	-	10	17	134
Balance at December 31, 2015	<u>\$ 54,265</u>	<u>\$ 2,657</u>	<u>\$ 465,177</u>	<u>\$ 4,070</u>	<u>\$ 19,798</u>	<u>\$ 218,700</u>	<u>\$ 764,667</u>
Carrying amount at December 31, 2015	<u>\$ 188,658</u>	<u>\$ 559</u>	<u>\$ 114,993</u>	<u>\$ 908</u>	<u>\$ 1,125</u>	<u>\$ 51,100</u>	<u>\$ 357,343</u>
<u>Cost</u>							
Balance at January 1, 2014	\$ 242,923	\$ 19,416	\$ 452,801	\$ 9,436	\$ 20,210	\$ 234,736	\$ 979,522
Additions	-	-	69,500	-	-	6,770	76,270
Disposals	-	(16,200)	(260)	(1,070)	-	(334)	(17,864)
Effect of exchange rate changes	-	-	243	-	161	374	778
Balance at December 31, 2014	<u>\$ 242,923</u>	<u>\$ 3,216</u>	<u>\$ 522,284</u>	<u>\$ 8,366</u>	<u>\$ 20,371</u>	<u>\$ 241,546</u>	<u>\$ 1,038,706</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2014	\$ 44,733	\$ 18,375	\$ 375,949	\$ 7,426	\$ 18,473	\$ 182,502	\$ 647,458
Depreciation	4,766	241	42,476	666	621	21,505	70,275
Disposals	-	(16,200)	(260)	(1,070)	-	(332)	(17,862)
Effect of exchange rate changes	-	-	93	-	129	295	517
Balance at December 31, 2014	<u>\$ 49,499</u>	<u>\$ 2,416</u>	<u>\$ 418,258</u>	<u>\$ 7,022</u>	<u>\$ 19,223</u>	<u>\$ 203,970</u>	<u>\$ 700,388</u>
Carrying amount at December 31, 2014	<u>\$ 193,424</u>	<u>\$ 800</u>	<u>\$ 104,026</u>	<u>\$ 1,344</u>	<u>\$ 1,148</u>	<u>\$ 37,576</u>	<u>\$ 338,318</u>

10. INTANGIBLE ASSETS

	Software	Technology License Fees	Patents	Total
<u>Cost</u>				
Balance at January 1, 2015	\$ 528,991	\$ 18,831	\$ 519	\$ 548,341
Additions	76,216	-	-	76,216
Disposals	<u>(61,029)</u>	<u>-</u>	<u>-</u>	<u>(61,029)</u>
Balance at December 31, 2015	<u>\$ 544,178</u>	<u>\$ 18,831</u>	<u>\$ 519</u>	<u>\$ 563,528</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2015	\$ 310,122	\$ 7,580	\$ 311	\$ 318,013
Amortization	143,865	7,300	28	151,193
Disposals	<u>(61,029)</u>	<u>-</u>	<u>-</u>	<u>(61,029)</u>
Balance at December 31, 2015	<u>\$ 392,958</u>	<u>\$ 14,880</u>	<u>\$ 339</u>	<u>\$ 408,177</u>
Carrying amount at December 31, 2015	<u>\$ 151,220</u>	<u>\$ 3,951</u>	<u>\$ 180</u>	<u>\$ 155,351</u>
<u>Cost</u>				
Balance at January 1, 2014	\$ 490,097	\$ 145,106	\$ 519	\$ 635,722
Additions	135,134	8,601	-	143,735
Disposals	<u>(96,240)</u>	<u>(134,876)</u>	<u>-</u>	<u>(231,116)</u>
Balance at December 31, 2014	<u>\$ 528,991</u>	<u>\$ 18,831</u>	<u>\$ 519</u>	<u>\$ 548,341</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2014	\$ 271,093	\$ 122,814	\$ 283	\$ 394,190
Amortization	135,269	19,642	28	154,939
Disposals	<u>(96,240)</u>	<u>(134,876)</u>	<u>-</u>	<u>(231,116)</u>
Balance at December 31, 2014	<u>\$ 310,122</u>	<u>\$ 7,580</u>	<u>\$ 311</u>	<u>\$ 318,013</u>
Carrying amount at December 31, 2014	<u>\$ 218,869</u>	<u>\$ 11,251</u>	<u>\$ 208</u>	<u>\$ 230,328</u>

11. OTHER CURRENT ASSETS

	December 31,	
	2015	2014
Prepayment for purchases	\$ 126,449	\$ -
Prepaid license fees	68,439	91,792
Tax receivable	26,379	34,519
Prepaid expenses	23,361	24,896
Temporary payments	14,086	6,065
Enterprise income tax receivable	13,457	13,235
Prepaid income tax	<u>1,680</u>	<u>5,004</u>
	<u>\$ 273,851</u>	<u>\$ 175,511</u>

12. PROVISIONS

	Years Ended December 31	
	2015	2014
Balance, beginning of year	\$ 97,476	\$ -
Additional provisions recognized	4,226	97,476
Reversal	<u>(97,476)</u>	<u>-</u>
Balance, end of year	<u>\$ 4,226</u>	<u>\$ 97,476</u>

Provisions for sales allowances are estimated based on management judgment, historical experience, and any known factors that would significantly affect the allowances, and are recognized as a reduction of revenue in the same year of the related product sales.

13. OTHER LIABILITIES

	December 31,	
	2015	2014
<u>Current</u>		
Payable for salaries and bonuses	\$ 80,188	\$ 63,818
License fees payable	62,601	115,266
Payable for royalties	17,800	28,905
Others	<u>97,734</u>	<u>82,439</u>
	<u>\$ 258,323</u>	<u>\$ 290,428</u>
<u>Non-current</u>		
License fees payable	<u>\$ 19,631</u>	<u>\$ 38,031</u>

The license fees payable are primarily attributable to several agreements that GUC entered into for certain technology license and software.

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The pension mechanism under the Labor Pension Act is deemed a defined contribution retirement plan. Pursuant to the Act, GUC makes monthly contributions equal to 6% of each employee's monthly salary to employees' pension accounts. Furthermore, GUC-Shanghai is required by local regulations to make monthly contributions at certain percentages of the salary of their employees. GUC-Japan makes yearly contributions as pension cost. Accordingly, the Company recognized expenses of NT\$34,633 thousand and NT\$31,977 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2015 and 2014, respectively.

b. Defined benefit plans

GUC has a defined benefit plan under the Labor Standards Act, which provides benefits based on an employee's length of service and average monthly salary of the last six months prior to retirement. GUC contributes an amount equal to 2% of salaries paid each month to a pension fund (the Fund), which is administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the Committee's name in the Bank of Taiwan. Before the end of each year, the Company assesses the balance in the Fund. If the amount of the balance in the Fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The Fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); as such, GUC has no right to influence the investment policy and strategy.

GUC adopted projected unit credit method to measure the present value of the defined benefit obligation, current service costs and prior service costs.

GUC adopted the pension cost rate from the actuarial valuation as of December 31, 2014 and 2013 to determine and recognize pension expenses in General and administrative expenses of NT\$881 thousand and NT\$1,727 thousand in the consolidated statements of comprehensive income for the years ended December 31, 2015 and 2014, respectively.

The amounts arising from the defined benefit obligation of GUC under GUC's financial position were as follows:

	December 31,	
	2015	2014
Present value of defined benefit obligation	\$ 54,398	\$ 50,954
Fair value of plan assets	<u>(29,999)</u>	<u>(27,608)</u>
Net defined benefit liabilities	<u>\$ 24,399</u>	<u>\$ 23,346</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2014	<u>\$ 55,468</u>	<u>\$ (28,328)</u>	<u>\$ 27,140</u>
Service cost			
Current service cost	405	-	405
Past service cost	783	-	783
Net interest expense (income)	<u>1,125</u>	<u>(586)</u>	<u>539</u>
Recognized in profit or loss	<u>2,313</u>	<u>(586)</u>	<u>1,727</u>
Remeasurement			
Return on plan assets	-	(60)	(60)
Actuarial gain - changes in demographic assumptions	(301)	-	(301)
Actuarial gain - experience adjustments	<u>(3,532)</u>	<u>-</u>	<u>(3,532)</u>
Recognized in other comprehensive income	<u>(3,833)</u>	<u>(60)</u>	<u>(3,893)</u>
Contributions from the employer	-	<u>(1,628)</u>	<u>(1,628)</u>
Benefits paid	<u>(2,994)</u>	<u>2,994</u>	<u>-</u>
Balance at December 31, 2014	50,954	(27,608)	23,346

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	\$ 432	\$ -	\$ 432
Net interest expense (income)	<u>1,019</u>	<u>(570)</u>	<u>449</u>
Recognized in profit or loss	<u>1,451</u>	<u>(570)</u>	<u>881</u>
Remeasurement			
Return on plan assets	-	(180)	(180)
Actuarial loss - changes in demographic assumptions	633	-	633
Actuarial loss - changes in financial assumptions	2,125	-	2,125
Actuarial gain - experience adjustments	<u>(765)</u>	<u>-</u>	<u>(765)</u>
Recognized in other comprehensive income	<u>1,993</u>	<u>(180)</u>	<u>1,813</u>
Contributions from the employer	<u>-</u>	<u>(1,641)</u>	<u>(1,641)</u>
Balance at December 31, 2015	<u>\$ 54,398</u>	<u>\$ (29,999)</u>	<u>\$ 24,399</u> (Concluded)

Through the defined benefit plans under the Labor Standards Law, GUC is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31,	
	2015	2014
Discount rate	1.75%	2.00%
Expected rate of salary increase	3.00%	3.00%
Turnover rate	3.55%	4.19%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31,	
	2015	2014
Discount rate		
0.25% increase	<u>\$ (2,172)</u>	<u>\$ (2,129)</u>
0.25% decrease	<u>\$ 2,281</u>	<u>\$ 2,240</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 2,230</u>	<u>\$ 2,197</u>
0.25% decrease	<u>\$ (2,134)</u>	<u>\$ (2,099)</u>
Turnover rate		
10% increase	<u>\$ (1,223)</u>	<u>\$ (1,364)</u>
10% decrease	<u>\$ 1,258</u>	<u>\$ 1,409</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31,	
	2015	2014
The expected contributions to the plan for the next year	<u>\$ 1,744</u>	<u>\$ 1,763</u>
The average duration of the defined benefit obligation	17 years	17 years

The maturity analysis of undiscounted pension benefit is as follows:

	December 31,	
	2015	2014
Later than 1 year and not later than 5 years	\$ 1,042	\$ 844
Later than 5 years	<u>77,221</u>	<u>76,428</u>
	<u>\$ 78,263</u>	<u>\$ 77,272</u>

15. EQUITY

a. Share capital

	December 31,	
	2015	2014
Authorized	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>
Issued	<u>\$ 1,340,119</u>	<u>\$ 1,340,119</u>

As of December 31, 2015 and 2014 the authorized shares are 150,000 thousand shares, with par value of \$10 per share is entitled the right to vote and to receive dividends; issued and paid shares were 134,011 thousand shares.

b. Capital surplus

	December 31,	
	2015	2014
From merger	\$ 16,621	\$ 16,621
Additional paid-in capital	<u>13,232</u>	<u>13,232</u>
	<u>\$ 29,853</u>	<u>\$ 29,853</u>

Under the Company Law, the capital surplus generated from the excess of the issuance price over the par value of capital stock (including the stock issued for new capital and mergers) may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be appropriated as cash dividends or stock dividends, which are limited to a certain percentage of GUC's paid-in capital under capital surplus.

c. Retained earnings and dividend policy

GUC's Articles of Incorporation provide that, when allocating the net profits for each fiscal year, GUC shall first offset its losses in previous years and then set aside the following items accordingly:

- 1) Legal reserve at 10% of the remaining profit;
- 2) Special reserve in accordance with the resolution in the shareholders' meeting;
- 3) Bonus to directors of not more than 2% of the remainder after setting aside 1) and 2) above. Directors who also serve as executive officers of GUC are not entitled to receive the bonus to directors;
- 4) Bonus to employees of not less than 2% of the remainder after setting aside 1) and 2) above. GUC may issue stock bonuses to employees of an affiliated company upon meeting the conditions set by the Board of Directors;
- 5) Any balance remaining shall be allocated according to the resolution in the shareholders' meeting.

GUC at present is in a business growing stage. The proportion of dividends that will be paid in cash will depend on future expansion plans and cash needs. For profit distribution, the proportion of cash dividends shall not be lower than 10% of the total dividends.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to Company's Articles of Incorporation had been proposed by the Company's Board of Directors on February 4, 2016 and are subject to the resolution of the shareholders in their meeting to be held on May 26, 2016. For information about the accrual basis of employees' compensation or profit sharing and bonus to directors and the actual appropriations please refer to employee benefits expense in Note 22.

The appropriation for legal reserve shall be made until the reserve equals GUC's paid-in capital. The reserve may be used to offset a deficit, or be distributed as dividends and bonuses to the extent of the portion in excess of 25% of the paid-in capital if GUC incurs no loss.

A special reserve equivalent to the net debit balance of other components of shareholders' equity such as exchange differences on translation of foreign operations, shall be made from unappropriated earnings. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses.

The appropriations of earnings for 2014 and 2013 had been approved in GUC shareholders' meetings held on May 28, 2015 and May 29, 2014, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For Fiscal Year 2014	For Fiscal Year 2013	For Fiscal Year 2014	For Fiscal Year 2013
Legal reserve	\$ 43,844	\$ 28,920		
Reversal of special reserve	(6,011)	(3,975)		
Cash dividends to shareholders	<u>402,036</u>	<u>264,302</u>	\$3.00	\$1.97222
	<u>\$ 439,869</u>	<u>\$ 289,247</u>		

GUC shareholders' meetings resolved to appropriate cash dividend of NT\$1.02778 per share by using additional paid-in capital and donations of capital surplus for a total amount of NT\$137,734 thousand on May 29, 2014.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by GUC.

GUC's appropriations of earnings for 2015 had been approved in the meeting of the Board of Directors held on February 4, 2016. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividend Per Share (NT\$)
	For Fiscal Year 2015	For Fiscal Year 2015
Legal reserve	\$ 49,424	
Reversal of special reserve	(352)	
Cash dividends to shareholders	<u>402,036</u>	\$ 3.00
	<u>\$ 451,108</u>	

The appropriations of earnings for 2015 are to be resolved in the GUC shareholders' meeting which is expected to be held on May 26, 2016.

d. Others

Changes in foreign currency translation reserve were as follows:

	Years Ended December 31	
	2015	2014
Balance, beginning of year	\$ (352)	\$ (6,363)
Exchange differences on translation of foreign operations	<u>3,578</u>	<u>6,011</u>
Balance, end of year	<u>\$ 3,226</u>	<u>\$ (352)</u>

The exchange differences on translation of foreign operation's net assets from its functional currency to the Company's presentation currency are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve.

16. OPERATING REVENUE

The analysis of the Company's operating revenue was as follows:

	Years Ended December 31	
	2015	2014
Operating revenue from sale of goods	\$ 5,605,288	\$ 4,940,781
Operating revenue from NRE service	<u>2,156,844</u>	<u>2,011,500</u>
	<u>\$ 7,762,132</u>	<u>\$ 6,952,281</u>

17. OTHER INCOME

	Years Ended December 31	
	2015	2014
Interest income		
Bank deposits	\$ 15,034	\$ 14,423
Government grants (refunds)	(7,114)	21,555
Income (expenses) of rental assets		
Rental income	474	579
Depreciation of rental assets	(4)	(4)
Other income	<u>4,911</u>	<u>5,164</u>
	<u>\$ 13,301</u>	<u>\$ 41,717</u>

18. OTHER GAINS AND LOSSES

	Years Ended December 31	
	2015	2014
Gain on disposal of available-for-sale financial assets	\$ 4,717	\$ 4,599
Gain (loss) on disposal of property, plant and equipment	(170)	166
Foreign exchange gain (loss), net	<u>2,016</u>	<u>(7,785)</u>
	<u>\$ 6,563</u>	<u>\$ (3,020)</u>

19. FINANCE COSTS

	Years Ended December 31	
	2015	2014
Interest expense		
Bank loans	\$ 39	\$ 72
Refunds of bank interest from government grants	<u>4</u>	<u>-</u>
	<u>\$ 43</u>	<u>\$ 72</u>

20. INCOME TAX

a. Income tax expense recognized in profit or loss

Income tax expense consisted of the following:

	Years Ended December 31	
	2015	2014
Current income tax		
Current tax expense recognized in the current period	\$ 62,424	\$ 53,587
Income tax adjustments on prior years	<u>6,260</u>	<u>479</u>
	<u>68,684</u>	<u>54,066</u>
Deferred income tax		
Temporary differences	18,986	20,297
Income tax credits	<u>364</u>	<u>791</u>
	<u>19,350</u>	<u>21,088</u>
Income tax expense recognized in profit or loss	<u>\$ 88,034</u>	<u>\$ 75,154</u>

A reconciliation of income before income tax and income tax expense recognized in profit or loss was as follows:

	Years Ended December 31	
	2015	2014
Income before tax	<u>\$ 582,274</u>	<u>\$ 513,670</u>
Income tax expense at the statutory rate	\$ 105,087	\$ 92,481
Tax effect of adjusting items:		
Nondeductible items in determining taxable income	(1,139)	1,152
Tax-exempt income	(10,657)	(3,359)
Investment tax credits used	(11,771)	(15,599)
Additional income tax on unappropriated earnings	254	-
Income tax adjustments on prior years	<u>6,260</u>	<u>479</u>
Income tax expense recognized in profit or loss	<u>\$ 88,034</u>	<u>\$ 75,154</u>

The Company applied a tax rate of 17% for entities subject to the Income Tax Law of the Republic of China; for other jurisdictions, the Company measures taxes by using the applicable tax rate for each individual jurisdiction.

b. Deferred income tax balance

The analysis of deferred income tax assets and liabilities in the consolidated balance sheets was as follows:

	December 31,	
	2015	2014
<u>Deferred income tax assets</u>		
Temporary differences		
Share of loss of subsidiaries accounted for using equity method	\$ 20,773	\$ 21,156
Allowance for sales discounts	14,698	10,330
Write-down of inventory	2,379	5,175
Provisions	718	16,571
Others	1,393	4,094
Operating loss carry forwards	<u>246</u>	<u>642</u>
	<u>\$ 40,207</u>	<u>\$ 57,968</u>
<u>Deferred income tax liabilities</u>		
Temporary differences		
Share of profit of subsidiaries accounted for using equity method	<u>\$ (10,984)</u>	<u>\$ (9,335)</u>

Movements of deferred income tax assets and deferred tax liabilities were as follows:

Year ended December 31, 2015

	Balance, Beginning of Year	Recognized in Profit or Loss	Effect of Exchange Rate Changes	Balance, End of Year
<u>Deferred income tax assets</u>				
Temporary differences				
Share of loss of subsidiaries accounted for using equity method	\$ 21,156	\$ (383)	\$ -	\$ 20,773
Allowance for sales discounts	10,330	4,368	-	14,698
Write-down of inventory	5,175	(2,796)	-	2,379
Provisions	16,571	(15,853)	-	718
Others	4,094	(2,673)	(28)	1,393
Operating loss carry forwards	<u>642</u>	<u>(364)</u>	<u>(32)</u>	<u>246</u>
	<u>\$ 57,968</u>	<u>\$ (17,701)</u>	<u>\$ (60)</u>	<u>\$ 40,207</u>

Year ended December 31, 2014

	Balance, Beginning of Year	Recognized in Profit or Loss	Effect of Exchange Rate Changes	Balance, End of Year
<u>Deferred income tax assets</u>				
Temporary differences				
Share of loss of subsidiaries accounted for using equity method	\$ 15,552	\$ 5,604	\$ -	\$ 21,156
Provisions	-	16,571	-	16,571
Allowance for sales discounts	32,769	(22,439)	-	10,330
Write-down of inventory	21,244	(16,069)	-	5,175
Allowance for doubtful receivables	1,932	(1,932)	-	-
Others	4,856	(792)	30	4,094
Operating loss carry forwards	<u>1,441</u>	<u>(791)</u>	<u>(8)</u>	<u>642</u>
	<u>\$ 77,794</u>	<u>\$ (19,848)</u>	<u>\$ 22</u>	<u>\$ 57,968</u>

Year ended December 31, 2015

	Balance, Beginning of Year	Recognized in Profit or Loss	Balance, End of Year
<u>Deferred income tax liabilities</u>			
Temporary differences			
Share of profit of subsidiaries accounted for using equity method	<u>\$ (9,335)</u>	<u>\$ (1,649)</u>	<u>\$ (10,984)</u>

Year ended December 31, 2014

	Balance, Beginning of Year	Recognized in Profit or Loss	Balance, End of Year
<u>Deferred income tax liabilities</u>			
Temporary differences			
Share of profit of subsidiaries accounted for using equity method	<u>\$ (8,095)</u>	<u>\$ (1,240)</u>	<u>\$ (9,335)</u>

c. The information of unrecognized deferred income tax assets (liabilities)

	December 31,	
	2015	2014
Deductible temporary differences		
Related to investments in subsidiaries	<u>\$ (548)</u>	<u>\$ 60</u>

d. Information about loss carry forwards and tax exemption

As of December 31, 2015, the profits generated from the following projects of GUC are exempt from income tax for a five-year period:

	Tax-exemption Period
Construction and expansion of 2005 and 2006	2013 to 2017
Construction and expansion of 2007 and 2008	2015 to 2019
Construction and expansion of 2009	2016 to 2020

As of December 31, 2015, operating loss carry forwards of GUC-Europe has imputation credits that can be used until 2020.

e. Integrated income tax information

	December 31,	
	2015	2014
Balance of the Imputation		
Credit Account - GUC	<u>\$ 174,943</u>	<u>\$ 193,957</u>

The estimated and actual creditable ratio for distribution of GUC's earnings of 2015 and 2014 were 11.09% and 11.91%, respectively; however, according to the Income Tax Law as revised in June 2014 and effective from January 1, 2015, the creditable ratio for individual shareholders residing in the Republic of China will be half of the original creditable ratio.

The imputation credit allocated to shareholders is based on its balance as of the date of the dividend distribution. The estimated creditable ratio of GUC may change when the actual distribution of the imputation credit is made.

There was no earnings generated prior to December 31, 1997.

f. Income tax examination

The tax authorities have examined income tax returns of GUC through 2013.

21. EARNINGS PER SHARE

	Years Ended December 31	
	2015	2014
Basic EPS	<u>\$3.69</u>	<u>\$3.27</u>
Diluted EPS	<u>\$3.66</u>	<u>\$3.26</u>

EPS is computed as follows:

	Amounts (Numerator)	Number of Shares (Denominator) (In Thousands)	EPS (NT\$)
<u>Year ended December 31, 2015</u>			
Basic EPS			
Net income available to common shareholders	\$ 494,240	134,011	<u>\$3.69</u>
Effect of dilutive potential common stock	<u>-</u>	<u>1,133</u>	
Diluted EPS			
Net income available to common shareholders (including effect of dilutive potential common stock)	<u>\$ 494,240</u>	<u>135,144</u>	<u>\$3.66</u>
<u>Year ended December 31, 2014</u>			
Basic EPS			
Net income available to common shareholders	\$ 438,516	134,011	<u>\$3.27</u>
Effect of dilutive potential common stock	<u>-</u>	<u>690</u>	
Diluted EPS			
Net income available to common shareholders (including effect of dilutive potential common stock)	<u>\$ 438,516</u>	<u>134,701</u>	<u>\$3.26</u>

If the Company may settle the obligation by cash, by issuing shares, or in combination of both cash and shares, employees' compensation or profit sharing to employees which will be settled in shares should be included in the weighted average number of shares outstanding in calculation of diluted EPS, if the shares have a dilutive effect. The number of shares is estimated by dividing the amount of employees' compensation or profit sharing to employees in stock by the closing price (after considering the dilutive effect of dividends) of the common shares at the end of the reporting period. Such dilutive effect of the potential shares needs to be included in the calculation of diluted EPS until employees' compensation or profit sharing to employees to be settled in the form of common stocks are approved in the following year.

22. ADDITIONAL INFORMATION OF EXPENSES BY NATURE

Net income included the following items:

	<u>Years Ended December 31</u>	
	2015	2014
a. Depreciation of property, plant and equipment		
Recognized in operating costs	\$ 2,129	\$ 2,598
Recognized in operating expenses	71,364	67,673
Recognized in other income - depreciation of rental assets	<u>4</u>	<u>4</u>
	<u>\$ 73,497</u>	<u>\$ 70,275</u>

	Years Ended December 31	
	2015	2014
b. Amortization of intangible assets		
Recognized in operating costs	\$ 651	\$ 747
Recognized in sales and marketing expenses	624	681
Recognized in general and administrative expenses	9,313	7,955
Recognized in research and development expenses	<u>140,605</u>	<u>145,556</u>
	<u>\$ 151,193</u>	<u>\$ 154,939</u>
c. Research and development costs expensed as occurred	<u>\$ 1,125,149</u>	<u>\$ 952,969</u>
d. Employee benefits expenses		
Post-employment benefits (Note 14)		
Defined contribution plans	\$ 34,633	\$ 31,977
Defined benefit plans	<u>881</u>	<u>1,727</u>
	35,514	33,704
Other employee benefits	<u>1,179,384</u>	<u>1,002,940</u>
	<u>\$ 1,214,898</u>	<u>\$ 1,036,644</u>
Employee benefits expense summarized by function		
Recognized in operating costs	\$ 139,131	\$ 127,387
Recognized in operating expenses	<u>1,075,767</u>	<u>909,257</u>
	<u>\$ 1,214,898</u>	<u>\$ 1,036,644</u>

Under the Company Act as amended in May 2015, GUC's Articles of Incorporation should stipulate a fixed amount or ratio of annual profit to be distributed as employees' compensation. The consequential amendments to Company's Articles of Incorporation had been proposed by the Company's Board of Directors on February 4, 2016 and are subject to the resolution of the shareholders in their meeting to be held on May 26, 2016.

For 2015, GUC's accrued employees' compensation and bonus to directors based on a percentage of net income before income tax and before deduction of employees' compensation and bonus to directors. For 2014, GUC accrued profit sharing to employees was based on a percentage of net income, and accrued bonus to directors was based on a percentage of net income and after deduction of legal reserve and special reserve. The accrued amounts were the following:

	Years Ended December 31	
	2015	2014
Employees' compensation or profit sharing to employees	\$ 55,089	\$ 49,324
Bonus to directors	3,798	3,007

GUC's compensation to employees and bonus to directors for 2015 had been approved in the meeting of the Board of Directors held on February 4, 2016 and will be reported in shareholders' meeting which is expected to be held on May 26, 2016. The aforementioned approved amount is the same as amounts had been charged against expenses of 2015.

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in accounting estimate.

GUC's profit sharing to employees and bonus to directors in the amounts of NT\$49,324 thousand and NT\$3,007 thousand in cash for 2014, respectively, and profit sharing to employees and bonus to directors in the amounts of NT\$32,528 thousand and NT\$1,166 thousand in cash for 2013, respectively, had been approved in the shareholders in its meeting held on May 28, 2015 and May 29, 2014, respectively. The aforementioned approved amount has no difference with the one approved by the Board of Directors in its meetings held on February 12, 2015 and February 13, 2014, respectively, and the same amount had been charged against earnings of 2014 and 2013, respectively.

The information about appropriations of GUC's profit sharing to employees and bonus to directors is available at the Market Observation Post System website.

23. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company are able to operate sustainability while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company engages in the semiconductor design services, which is closely tied with customer demand. Business is influenced by the cyclical nature of the semiconductor industry but not significantly. In consideration of the industry dynamics, the Company manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing operations over the next 12 months. Through capital management, the Company is capable of coping with changes in the industry, striving for improvement, and ultimately creating shareholder value.

24. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	December 31,	
	2015	2014
<u>Financial assets</u>		
Loans and receivables		
Cash and cash equivalents	\$ 3,153,324	\$ 2,852,856
Accounts receivable, net (including related parties)	635,712	532,557
Other financial assets	968	912
Refundable deposits	636	903
Pledged time deposits	20,000	20,000
Financial assets measured at cost	<u>15,746</u>	<u>-</u>
	<u>\$ 3,826,386</u>	<u>\$ 3,407,228</u>
<u>Financial liabilities</u>		
Measured at amortized cost		
Accounts payable (including related parties)	\$ 555,644	\$ 467,909
Payables on machinery and equipment	15,907	1,221
Accrued expenses and other current liabilities	94,730	98,533
Other long-term payables	82,232	153,297
Guarantee deposits	<u>3,283</u>	<u>18,683</u>
	<u>\$ 751,796</u>	<u>\$ 739,643</u>

b. Financial risk management objectives and policies

The Company's objectives of financial risk management are to manage its exposure to market risk, credit risk and liquidity risk related to the operating activities. To reduce the related financial risks, the Company engages in identifying, assessing and avoiding the market uncertainties with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by Audit Committees and Board of Directors in accordance with procedures required by relevant regulations and internal controls. During the implementation of such plans, the treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties.

c. Market risk

Foreign currency risk

The Company's operating activities are mainly denominated in foreign currency and exposed to foreign exchange risk. To protect the volatility of future cash flows arising from changes in foreign exchange rates, the Company maintains a balance of net foreign currency assets and liabilities in hedge.

The Company's sensitivity analysis to foreign currency risk mainly focuses on the foreign currency monetary items at the end of the reporting period. Assuming a 10% strengthening of New Taiwan Dollars against the relevant currencies, the net income for the years ended December 31, 2015 and 2014 would have decreased by NT\$57,055 thousand and NT\$3,948 thousand, respectively.

d. Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables, and from investing activities of deposits with banks. Credit risk is managed separately for business related and financial related exposures. As of the balance sheet date, the Company's maximum credit risk exposure is mainly from the carrying amount of financial assets recognized in the consolidated balance sheet.

Business related credit risk

The Company has considerable trade receivables outstanding with its customers worldwide. A substantial majority of the Company's outstanding trade receivables are not covered by collateral or credit insurance. While the Company has procedures to monitor and limit exposure to credit risk on trade receivables, there can be no assurance such procedures will effectively limit its credit risk and avoid losses.

As of December 31, 2015 and 2014, the Company's ten largest customers accounted for 56% and 55% of accounts receivable, respectively. The Company believes the concentration of credit risk is insignificant for the remaining accounts receivable.

Financial credit risk

The Company monitors and reviews the transaction limit applied to counter parties and adjusts the concentration limit according to market conditions and the credit standing of the counter parties regularly. The Company mitigates its exposure by selecting financial institution with well credit.

e. Liquidity risk management

The objective of liquidity risk management is to ensure the Company has sufficient liquidity to fund its business requirements. The Company manages its liquidity risk by maintaining adequate cash and banking facilities.

As of December 31, 2015 and 2014, the unused financing facilities of the Company amounted to NT\$1,100,000 thousand and NT\$1,568,390 thousand, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Non-derivative financial liabilities	Less Than 1 Year	2-3 Years	4+ Years	Total
<u>December 31, 2015</u>				
Accounts payable (including related parties)	\$ 555,644	\$ -	\$ -	\$ 555,644
Payables on machinery and equipment	15,907	-	-	15,907
Accrued expenses and other current liabilities	94,730	-	-	94,730
Other long-term payables	62,601	19,631	-	82,232
Guarantee deposits	-	-	3,283	3,283
	<u>\$ 728,882</u>	<u>\$ 19,631</u>	<u>\$ 3,283</u>	<u>\$ 751,796</u>
<u>December 31, 2014</u>				
Accounts payable (including related parties)	\$ 467,909	\$ -	\$ -	\$ 467,909
Payables on machinery and equipment	1,221	-	-	1,221
Accrued expenses and other current liabilities	98,533	-	-	98,533
Other long-term payables	115,266	38,031	-	153,297
Guarantee deposits	-	15,518	3,165	18,683
	<u>\$ 682,929</u>	<u>\$ 53,549</u>	<u>\$ 3,165</u>	<u>\$ 739,643</u>

f. Fair value of financial instruments

The carrying amounts of the Company's financial assets and financial liabilities measured at amortized cost at the end of financial reporting period recognized in the consolidated financial statements approximate their fair values. Further, the Company did not have any financial assets and financial liabilities measured at fair values at the end of the reporting period.

25. RELATED PARTY TRANSACTIONS

Intercompany balances and transactions between GUC and its subsidiaries, which are related parties of GUC, have been eliminated upon consolidation; therefore those items are not disclosed in this note. The following is a summary of transactions between the Company and other related parties:

a. Operating transactions

	Operating Revenue from Sale		Purchases	
	Years Ended December 31		Years Ended December 31	
	2015	2014	2015	2014
Investor that have significant influence over the company	\$ 139,973	\$ 87,534	\$ 3,429,200	\$ 2,902,773
Other related parties	<u>191</u>	<u>488</u>	<u>32,200</u>	<u>38,090</u>
	<u>\$ 140,164</u>	<u>\$ 88,022</u>	<u>\$ 3,461,400</u>	<u>\$ 2,940,863</u>
	Manufacturing Overhead		Operating Expenses	
	Years Ended December 31		Years Ended December 31	
	2015	2014	2015	2014
Investor that have significant influence over the company	\$ 549,903	\$ 718,181	\$ 7,250	\$ 1,257
Other related parties	<u>8,960</u>	<u>65,627</u>	<u>-</u>	<u>-</u>
	<u>\$ 558,863</u>	<u>\$ 783,808</u>	<u>\$ 7,250</u>	<u>\$ 1,257</u>

The following balances were outstanding at the end of reporting period:

	Receivables from Related Parties	
	December 31,	
	2015	2014
Investor that have significant influence over the company	<u>\$ 48,284</u>	<u>\$ 3,304</u>
	Other Current Assets	
	December 31,	
	2015	2014
Investor that have significant influence over the company	<u>\$ 126,449</u>	<u>\$ -</u>
	Refundable Deposits	
	December 31,	
	2015	2014
Investor that have significant influence over the company	<u>\$ 483</u>	<u>\$ -</u>

Payables to Related Parties		
December 31,		
	2015	2014
Investor that have significant influence over the company	\$ 312,072	\$ 172,418
Other related parties	<u>1,818</u>	<u>2,777</u>
	<u>\$ 313,890</u>	<u>\$ 175,195</u>
Customer Advances		
December 31,		
	2015	2014
Investor that have significant influence over the company	<u>\$ 1,756</u>	<u>\$ -</u>
Accrued Expenses and Other Current Liabilities		
December 31,		
	2015	2014
Investor that have significant influence over the company	<u>\$ 413</u>	<u>\$ -</u>

The terms of sales to related parties were not significantly different from those of sales to third parties. For other related party transactions, the terms of transactions were determined in accordance with mutual agreement because there were no comparable terms for third-party transactions. The payment term granted to related parties is due 30 days from the invoice date or 30 days from the end of the month of when the invoice is issued, while the payment term granted to third parties is due 30 days from the invoice date or 75 days from the end of the month of when the invoice is issued.

The Company leased office from related parties. The lease terms and prices were determined in accordance with mutual agreements. The rental expense was paid monthly and the related expense was classified under operating expenses.

b. Compensation of key management personnel:

The compensation to directors and other key management personnel in 2015 and 2014 were as follows:

Years ended December 31		
	2015	2014
Short-term employee benefits	\$ 51,340	\$ 48,561
Post-employment benefits	<u>684</u>	<u>1,677</u>
	<u>\$ 52,024</u>	<u>\$ 50,238</u>

The compensation to directors and other key management personnel were determined by the Compensation Committee of GUC in accordance with the individual performance and the market trends.

26. PLEDGED OR MORTGAGED ASSETS

As of December 31, 2015 and 2014 GUC provided pledged time deposits of NT\$20,000 thousand as collateral for customs clearance.

27. OPERATING LEASE ARRANGEMENTS

GUC leases a parcel of land from the Science Park Administration (SPA), and the operating lease agreement will expire in December 2021. The lease agreement can be renewed upon expiration, and the SPA can adjust annual rental amounts by lease agreement.

GUC leases office premises located in Taipei, and the lease agreement will expire in March 2017. The lease agreement can be renewed upon expiration and rental is payable monthly.

GUC-NA and GUC-Japan lease office premises located in the United States and Japan and the lease agreement will expire in February 2020 and February 2017, respectively. The rentals are payable monthly. The lease agreement can be renewed and the rental rate can be adjusted upon expiration.

The Company's expenses for lease payments were as follows:

	Years Ended December 31	
	2015	2014
Minimum lease payments	<u>\$ 18,700</u>	<u>\$ 16,910</u>

Future minimum lease payments under the above non-cancellable operating leases are as follows:

	December 31,	
	2015	2014
Not later than 1 year	\$ 19,336	\$ 7,969
Later than 1 year and not later than 5 years	28,632	14,758
Later than 5 years	<u>2,115</u>	<u>4,229</u>
	<u>\$ 50,083</u>	<u>\$ 26,956</u>

28. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

GUC has entered into license agreements with several companies that own intellectual property rights. According to the agreements, GUC shall pay specific amounts of money to obtain licenses of their intellectual property rights or shall pay royalties at specific percentages of sales amount of identified products. Under the agreements, GUC shall pay at least US\$1,600 thousand to the counter party in the period from September 2013 to September 2016.

In addition, GUC has entered license agreements with another company. Under the agreement, GUC shall pay at least US\$4,000 thousand to the counter party in the period from April 2014 to April 2017.

29. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The following information was aggregated by the foreign currencies other than functional currencies of the Company entities. The significant foreign-currency financial assets and liabilities were as follows:

(Unit: Foreign Currency in Thousands)

	Foreign Currencies (In Thousands)	Exchange Rate (Note)	Carrying Amount
<u>December 31, 2015</u>			
Monetary items of financial assets			
USD	\$ 37,200	32.825	\$ 1,221,074
Non-monetary items of financial assets			
USD	500	31.492	15,746
Monetary items of financial liabilities			
USD	19,446	32.825	638,314
JPY	30,825	0.2727	8,406
RMB	947	5.0550	4,785

December 31, 2014

Monetary items of financial assets			
USD	21,276	31.65	673,395
JPY	13,645	0.2646	3,611
Monetary items of financial liabilities			
USD	19,768	31.65	625,648
JPY	35,267	0.2646	9,332
RMB	699	5.1724	3,617

Note: Exchange rate represents the number of N.T. dollars for which one foreign currency could be exchanged.

The significant (realized and unrealized) foreign exchange gain (loss) were as follows:

Years Ended December 31				
Foreign Currencies	2015		2014	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
USD	31.7390 (USD:NTD)	\$ 1,324	30.3056 (USD:NTD)	\$ (7,554)
RMB	5.1145 (RMB:NTD)	248	4.9324 (RMB:NTD)	(57)
EUR	35.2431 (EUR:NTD)	103	40.2816 (EUR:NTD)	42
KRW	0.02827 (KRW:NTD)	(12)	0.02901 (KRW:NTD)	(46)
JPY	0.2624 (JPY:NTD)	(473)	0.2870 (JPY:NTD)	(242)
USD	6.2055 (USD:RMB)	<u>826</u>	6.1443 (USD:RMB)	<u>72</u>
		<u>\$ 2,016</u>		<u>\$ (7,785)</u>

30. OPERATING SEGMENT INFORMATION

The Company operates in individual industry on the basis of how the Company's chief operating decision maker regularly reviews information in order to allocate resources and assess performance. The basis for the measurement of the operating segment profit (loss), assets and liabilities is the same as that for the preparation of financial statements. Please refer to the consolidated financial statements for the related operating segment information.

a. Geographic information

	Operating Revenue from External Customer		Non-current Assets	
	Years Ended December 31		December 31,	
	2015	2014	2015	2014
Taiwan	\$ 2,138,304	\$ 1,338,114	\$ 495,237	\$ 560,811
United States	1,617,132	921,390	13,059	2,958
China	952,420	701,214	990	1,953
Japan	856,624	1,695,395	3,408	2,916
Korea	474,047	618,863	-	-
Singapore	452,048	37,691	-	-
Israel	437,536	675,166	-	-
Cayman	122,460	486,393	-	-
Others	<u>711,561</u>	<u>478,055</u>	<u>-</u>	<u>8</u>
	<u>\$ 7,762,132</u>	<u>\$ 6,952,281</u>	<u>\$ 512,694</u>	<u>\$ 568,646</u>

The geographic information is presented by billed regions. Non-current assets include property, plant and equipment and intangible assets, but exclude financial instrument and deferred income tax assets.

b. Production information

Production	Years Ended December 31	
	2015	2014
ASIC and wafer product	\$ 5,605,288	\$ 4,940,781
NRE	1,663,679	1,773,429
Multiple-Project Wafer	280,349	94,685
Others	<u>212,816</u>	<u>143,386</u>
	<u>\$ 7,762,132</u>	<u>\$ 6,952,281</u>

c. Major customers representing at least 10% of operating revenue

	Years Ended December 31			
	2015		2014	
	Amount	%	Amount	%
Customer AV	\$ 1,007,376	13	\$ (Note)	-
Customer AN	(Note)	-	720,339	10

Note: The customer did not exceed 10% of operating revenue in the current year, the disclosure is not required.

31. ADDITIONAL DISCLOSURES

a. Significant transactions and b. Related information of reinvestment

- 1) Financings provided: None;
- 2) Endorsements/guarantees provided: None;
- 3) Marketable securities held (excluding investments in subsidiaries, associates and jointly controlled entities): Please see Table 1 attached;
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Please see Table 2 attached;
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- 7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 3 attached;
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None;
- 9) Information about the derivative instruments transaction: None;
- 10) Others: Intercompany relationships and significant intercompany transactions: Please see Table 4 attached;
- 11) Names, locations, and related information of investees over which the Company exercises significant influence (excluding information on investment in Mainland China): Please see Table 5 attached;

c. Information on investment in Mainland China

- 1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, net income (losses) of the investee, investment income (losses), ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 6 attached.
- 2) Significant direct or indirect transactions with the investee, its prices and terms of payment, unrealized gain or loss, and other related information which is helpful to understand the impact of investment in Mainland China on financial reports: Please see Table 4 attached.

TABLE 1

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2015				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
GUC	<u>Preferred stock</u>							
	eTopus Technology Inc.	-	Financial assets measured at cost	1,515,151	\$ 15,746	4.9	\$ 15,746	Note

Note: Presented at carrying amount.

TABLE 2

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counter party	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Amount	Gains on Disposal	Shares	Amount
GUC	Taishin 1699 Money Market Fund	Available-for-sale financial assets	-	-	-	\$ -	45,065,959	\$ 600,000	45,065,959	\$ 600,767	\$ 600,000	\$ 767	-	\$ -
	Jih Sun Money Market Fund	Available-for-sale financial assets	-	-	-	-	47,339,478	690,000	47,339,478	690,765	690,000	765	-	-
	UPAMC James Bond Money Market Fund	Available-for-sale financial assets	-	-	-	-	29,777,108	490,000	29,777,108	490,589	490,000	589	-	-
	Capital Money Market Fund	Available-for-sale financial assets	-	-	-	-	34,612,526	550,000	34,612,526	550,536	550,000	536	-	-
	Eastspring Investments Well Pool Money Market Fund	Available-for-sale financial assets	-	-	-	-	42,560,507	570,000	42,560,507	570,485	570,000	485	-	-
	Fuh Hwa Money Market Fund	Available-for-sale financial assets	-	-	-	-	38,622,000	550,000	38,622,000	550,482	550,000	482	-	-
	Yuanta Wan Tai Money Market Fund	Available-for-sale financial assets	-	-	-	-	32,170,463	480,000	32,170,463	480,477	480,000	477	-	-
	Mega Diamond Money Market Fund	Available-for-sale financial assets	-	-	-	-	28,397,539	350,000	28,397,539	350,426	350,000	426	-	-

TABLE 3

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in Thousands of New Taiwan Dollars)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
GUC	TSMC	TSMC is equity method investor of GUC	Sales	\$ (139,973)	(2)	30 days after monthly closing	Note 25	Note 25	\$ 48,284	8	
	TSMC-NA	TSMC-NA is a subsidiary of TSMC	Purchases	2,746,030	78	30 days after monthly closing	Note 25	Note 25	(291,526)	(52)	
			Purchases	683,170	19	30 days after invoice date and 30 days after monthly closing	Note 25	Note 25	(20,526)	(4)	

TABLE 4

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in Thousands of New Taiwan Dollars)**

No.	Company Name	Counter Party	Nature of Relationship (Note 1)	Intercompany Transactions			
				Financial Statement Account	Amount	Terms (Note 2)	Percentage to Consolidated Operating Revenue or Total Assets
0	GUC	GUC-NA	1	Manufacturing overhead	\$ 57,792	-	1%
				Operating expenses	153,782	-	2%
				Accrued expenses and other current liabilities	18,246	-	-
		GUC-Japan	1	Operating expenses	97,349	-	1%
				Accrued expenses and other current liabilities	8,211	-	-
		GUC-Europe	1	Operating expenses	12,447	-	-
				Accrued expenses and other current liabilities	1,034	-	-
		GUC-Shanghai	1	Operating expenses	56,008	-	1%
				Accrued expenses and other current liabilities	4,785	-	-

Note 1: No. 1 represents the transactions from parent company to subsidiary.

Note 2: The intercompany transactions, prices and terms are determined in accordance with mutual agreements and no other similar transactions could be compared with.

TABLE 5

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

**NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE (EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2015
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Losses) of the Investee	Investment Income (Losses)	Note
				December 31, 2015 (Foreign Currencies in Thousands)	December 31, 2014 (Foreign Currencies in Thousands)	Shares	Percentage of Ownership (%)	Carrying Amount			
GUC	GUC-NA	U.S.A.	Products consulting, design and technical support service	\$ 40,268 (US\$ 1,264)	\$ 40,268 (US\$ 1,264)	800,000	100	\$ 98,274	\$ 6,172	\$ 6,172	
	GUC-BVI	British Virgin Islands	Investing activities	152,603 (US\$ 5,050)	152,603 (US\$ 5,050)	5,050,000	100	32,926	1,778	1,778	
	GUC-Japan	Japan	Products consulting, design and technical support service	15,393 (YEN 55,000)	15,393 (YEN 55,000)	1,100	100	24,301	3,527	3,527	
	GUC-Europe	Netherlands	Products consulting service	8,109 (EUR 200)	4,585 (EUR 100)	-	100	6,515	473	473	

TABLE 6**GLOBAL UNICHIP CORP. AND SUBSIDIARIES****INFORMATION ON INVESTMENT IN MAINLAND CHINA****FOR THE YEAR ENDED DECEMBER 31, 2015****(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital (US\$ in Thousands)	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2015 (US\$ in Thousands)	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015 (US\$ in Thousands)	Net Income (Losses) of the Investee	Percentage of Ownership	Investment Income (Losses)	Carrying Amount as of December 31, 2015	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow						
GUC-Shanghai	Products consulting, design and technical support service	\$ 31,165 (US\$ 1,000)	(Note 1)	\$ 31,165 (US\$ 1,000)	\$ -	\$ -	\$ 31,165 (US\$ 1,000)	\$ 1,826	100%	\$ 1,826 (Note 2)	\$ 29,497	\$ -

Accumulated Investment in Mainland China as of December 31, 2015 (US\$ in Thousands)	Investment Amounts Authorized by Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on Investment (US\$ in Thousands)
\$ 31,165 (US\$ 1,000)	\$ 31,165 (US\$ 1,000)	\$ 2,116,547 (Note 3)

Note 1: The Company's investee with a controlling financial interest; indirectly invested in GUC-Shanghai through GUC-BVI.

Note 2: Investment Income (Losses) was determined based on unaudited financial statements.

Note 3: Subject to 60% of net asset value of GUC according to the revised "Guidelines Governing the Approval of Investment or Technical Cooperation in Mainland China" issued by the Investment Commission.