TTET UNION CORPORATION AND SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2016 AND 2015

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of TTET Union Corporation

We have reviewed the accompanying consolidated balance sheets of TTET Union Corporation and its subsidiary as of September 30, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three-month and nine-month periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Except as discussed in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 36, "Review of Financial Statements" in the Republic of China. A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical procedures to financial data, and making inquiries of company personnel responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

As described in Note 4(3), the financial statements of the Company's subsidiary were consolidated based on its unreviewed financial statements as of and for the nine-month periods ended September 30, 2016 and 2015. Total assets of this subsidiary amounted to $723,130 thousand and $581,573 thousand, representing 16% and 13% of the related consolidated totals, and total liabilities amounted to $472,617 thousand and $354,473 thousand, representing 44% and 37% of the related consolidated totals, as of September 30, 2016 and 2015, respectively. Total comprehensive income of this subsidiary amounted to $14,177 thousand, $11,560 thousand, $39,330 thousand and $32,665 thousand, constituting 7%, 4%, 6% and 5% of the related consolidated totals for the three-month and nine-month periods ended September 30, 2016 and 2015, respectively.

Based on our reviews, except for the effect of such adjustments, if any, as might have been determined to be necessary had the financial statements of the subsidiary been reviewed by independent accountants as described in the preceding paragraph, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission of the Republic of China.

James Liu

Independent Accountants

Lewis Lee

PricewaterhouseCoopers, Taiwan
Republic of China
October 27, 2016

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

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2016 and 2015 are reviewed, not audited)

			September 30, 2016		December 31, 2015		September 30, 2015	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 615,461	13	$ 1,232,661	25	$ 1,503,910	34
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	3,401	-	14,365	-
1150	Notes receivable, net		167,492	4	183,452	4	145,046	3
1170	Accounts receivable, net	6(3)(24)	690,810	15	612,157	13	690,573	15
1180	Accounts receivable - related parties	7	74,688	2	90,161	2	75,810	2
1200	Other receivables		33,875	1	18,966	-	7,204	-
130X	Inventory	5(2) and 6(4)	2,197,510	47	1,895,218	39	1,179,964	27
1410	Prepayments		249,169	5	200,024	4	207,135	5
1476	Other financial assets - current	8	-	-	1,950	-	1,950	-
11XX	**Total current assets**		4,029,005	87	4,237,990	87	3,825,957	86
	Non-current assets							
1523	Available-for-sale financial assets - non-current	6(5)	1,275	-	1,275	-	1,275	-
1600	Property, plant and equipment	6(6) and 8	548,027	12	575,275	12	563,926	13
1780	Intangible assets	6(7)	1,675	-	1,626	-	1,027	-
1840	Deferred income tax assets	6(21)	24,772	1	24,092	1	30,146	1
1920	Guarantee deposits paid		22,649	-	16,326	-	16,468	-
1990	Other non-current assets, others		203	-	94	-	-	-
15XX	**Total non-current assets**		598,601	13	618,688	13	612,842	14
1XXX	**Total assets**		$ 4,627,606	100	$ 4,856,678	100	$ 4,438,799	100

(Continued)

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2016 and 2015 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2016 AMOUNT	%	December 31, 2015 AMOUNT	%	September 30, 2015 AMOUNT	%
	Current liabilities							
2100	Short-term borrowings	6(8)	$ 197,029	4	$ 127,675	3	$ 171,650	4
2110	Short-term notes and bills payable	6(9)	47,995	1	-	-	-	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	3,915	-	-	-	-	-
2170	Accounts payable		361,670	8	393,274	8	307,847	7
2180	Accounts payable - related parties	7	62,586	1	35,453	1	36,776	1
2200	Other payables		234,290	5	317,962	6	275,388	6
2230	Current income tax liabilities	6(21)	44,195	1	93,847	2	56,809	1
2310	Advance receipts		65,256	2	113,404	2	19,414	1
21XX	**Total current liabilities**		1,016,936	22	1,081,615	22	867,884	20
	Non-current liabilities							
2570	Deferred income tax liabilities	6(21)	9,736	-	10,000	1	9,195	-
2640	Net defined benefit liabilities - non current	5(2) and 6(10)	57,501	1	58,085	1	90,158	2
2645	Guarantee deposits received		1,373	-	940	-	970	-
25XX	**Total non-current liabilities**		68,610	1	69,025	2	100,323	2
2XXX	**Total liabilities**		1,085,546	23	1,150,640	24	968,207	22
	Equity attributable to owners of parent							
	Share capital							
3110	Share capital - common stock	6(11)	1,599,749	35	1,599,749	33	1,599,749	36
3200	**Capital surplus**	6(12)	23,784	-	23,784	-	23,784	-
	Retained earnings	6(13)(21)						
3310	Legal reserve		967,834	21	876,624	18	876,624	20
3320	Special reserve		-	-	222	-	222	-
3350	Unappropriated retained earnings		906,652	20	1,163,475	24	930,533	21
31XX	**Equity attributable to owners of the parent**		3,498,019	76	3,663,854	75	3,430,912	77
36XX	**Non-controlling interest**		44,041	1	42,184	1	39,680	1
3XXX	**Total equity**		3,542,060	77	3,706,038	76	3,470,592	78
	Contingent liabilities and commitments	6(23) and 9						
3X2X	**Total liabilities and equity**		$ 4,627,606	100	$ 4,856,678	100	$ 4,438,799	100

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 27, 2016.

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

			Three months ended September 30				Nine months ended September 30			
			2016		2015		2016		2015	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(15) and 7	$ 4,554,201	100	$ 4,424,889	100	$ 12,725,711	100	$ 13,366,089	100
5000	**Operating costs**	6(4)(19)(20) and 7	(4,130,270)	(91)	(4,004,540)	(90)	(11,437,386)	(90)	(12,139,049)	(91)
5900	**Net operating margin**		423,931	9	420,349	10	1,288,325	10	1,227,040	9
	Operating expenses	6(7)(19)(20)(23) and 7								
6100	Selling expenses		(111,178)	(2)	(102,660)	(3)	(321,577)	(3)	(300,692)	(2)
6200	General and administrative expenses		(46,668)	(1)	(51,688)	(1)	(143,316)	(1)	(136,259)	(1)
6300	Research and development expenses		(2,085)	-	(1,154)	-	(4,479)	-	(3,076)	-
6000	**Total operating expenses**		(159,931)	(3)	(155,502)	(4)	(469,372)	(4)	(440,027)	(3)
6900	**Operating profit**		264,000	6	264,847	6	818,953	6	787,013	6
	Non-operating income and expenses									
7010	Other income	6(16)	2,946	-	7,319	-	11,607	-	22,769	-
7020	Other gains and losses	6(2)(5)(14)(17) and 12	(32,430)	(1)	61,574	1	(48,382)	-	45,934	-
7050	Finance costs	6(18)	(1,023)	-	(480)	-	(3,040)	-	(1,403)	-
7000	**Total non-operating income and expenses**		(30,507)	(1)	68,413	1	(39,815)	-	67,300	-
7900	**Profit before income tax**		233,493	5	333,260	7	779,138	6	854,313	6
7950	Income tax expense	6(21)	(40,710)	(1)	(56,654)	(1)	(137,322)	(1)	(154,978)	(1)
8200	**Profit for the period**		$ 192,783	4	$ 276,606	6	$ 641,816	5	$ 699,335	5
	Other comprehensive income									
	Components of other comprehensive income that will be reclassified to profit or loss									
8362	Unrealized gain on valuation of available-for-sale financial assets	6(5)(14)(17)	$ -	-	$ -	-	$ -	-	$ 222	-
8300	**Total other comprehensive income for the period**		$ -	-	$ -	-	$ -	-	$ 222	-
8500	**Total comprehensive income for the period**		$ 192,783	4	$ 276,606	6	$ 641,816	5	$ 699,557	5
	Profit attributable to:									
8610	Owners of the parent		$ 189,995	4	$ 274,368	6	$ 634,040	5	$ 693,034	5
8620	Non-controlling interest		2,788	-	2,238	-	7,776	-	6,301	-
			$ 192,783	4	$ 276,606	6	$ 641,816	5	$ 699,335	5
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 189,995	4	$ 274,368	6	$ 634,040	5	$ 693,256	5
8720	Non-controlling interest		2,788	-	2,238	-	7,776	-	6,301	-
			$ 192,783	4	$ 276,606	6	$ 641,816	5	$ 699,557	5
	Basic earnings per share (in dollars)									
9750	**Net income**	6(22)	$	1.19	$	1.72	$	3.96	$	4.33
	Diluted earnings per share (in dollars)									
9850	**Net income**	6(22)	$	1.19	$	1.71	$	3.96	$	4.32

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 27, 2016.

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

		Equity attributable to owners of the parent								
				Retained Earnings			Other Equity			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
For the nine-month period ended September 30, 2015										
Balance at January 1, 2015		$1,599,749	$ 23,784	$ 777,880	$ 5,146	$ 1,131,194	($ 222)	$3,537,531	$ 39,298	$3,576,829
Reversal of special reserve	6(13)	-	-	-	(4,924)	4,924	-	-	-	-
Distribution of 2014 net income:										
Legal reserve		-	-	98,744	-	(98,744)	-	-	-	-
Cash dividends	6(13)	-	-	-	-	(799,875)	-	(799,875)	-	(799,875)
Net income for the nine-month period ended September 30, 2015		-	-	-	-	693,034	-	693,034	6,301	699,335
Other comprehensive income for the nine-month period ended September 30, 2015		-	-	-	-	-	222	222	-	222
Decrease in non-controlling interest		-	-	-	-	-	-	-	(5,919)	(5,919)
Balance at September 30, 2015		$1,599,749	$ 23,784	$ 876,624	$ 222	$ 930,533	$ -	$3,430,912	$ 39,680	$3,470,592
For the nine-month period ended September 30, 2016										
Balance at January 1, 2016		$1,599,749	$ 23,784	$ 876,624	$ 222	$ 1,163,475	$ -	$3,663,854	$ 42,184	$3,706,038
Reversal of special reserve	6(13)	-	-	-	(222)	222	-	-	-	-
Distribution of 2015 net income:										
Legal reserve		-	-	91,210	-	(91,210)	-	-	-	-
Cash dividends	6(13)	-	-	-	-	(799,875)	-	(799,875)	-	(799,875)
Net income for the nine-month period ended September 30, 2016		-	-	-	-	634,040	-	634,040	7,776	641,816
Decrease in non-controlling interest		-	-	-	-	-	-	-	(5,919)	(5,919)
Balance at September 30, 2016		$1,599,749	$ 23,784	$ 967,834	$ -	$ 906,652	$ -	$3,498,019	$ 44,041	$3,542,060

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 27, 2016.

TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	Notes	For the nine-month periods ended September 30, 2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 779,138	$ 854,313
Adjustments			
Adjustments to reconcile profit (loss)			
Loss on financial assets at fair value through profit or loss		7,316	9,759
Provision for doubtful accounts	6(3)	482	12
Gain on reversal of decline in market price	6(4)	(812)	(7,163)
Gain on disposal of available-for-sale financial assets	6(5)(14)(17)	-	(897)
Property, plant and equipment recognised as expense	6(6)	3,306	4,020
Depreciation	6(6)(19)	71,845	69,258
Loss (gain) on disposal of property, plant and equipment	6(17)	908	(1,455)
Amortisation	6(7)(19)	825	821
Interest income	6(16)	(2,868)	(4,248)
Finance costs	6(18)	3,040	1,403
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		15,960	43,379
Accounts receivable		(79,135)	(30,147)
Accounts receivable - related parties		15,473	86,049
Other receivables		(14,909)	8,643
Inventories		(301,480)	891,584
Prepayments		(49,145)	(33,626)
Changes in operating liabilities			
Accounts payable		(31,604)	(196)
Accounts payable - related parties		27,133	(3,813)
Other payables		(83,748)	(52,919)
Advance receipts		(48,148)	(21,172)
Net defined benefit liabilities - non-current		(584)	(2,991)
Cash inflow generated from operations		312,993	1,810,614
Interest received		2,868	4,248
Interest paid		(2,964)	(1,377)
Income tax paid		(187,918)	(239,545)
Net cash flows from operating activities		124,979	1,573,940

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TTET UNION CORPORATION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

	Notes	For the nine-month periods ended September 30, 2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in other financial assets - current		$ 1,950	$ -
Proceeds from disposal of available-for-sale financial assets		-	18,228
Cash paid for acquisition of property, plant and equipment	6(6)	(48,899)	(82,340)
Proceeds from disposal of property, plant and equipment		88	1,638
Increase in intangible assets	6(7)	(874)	(571)
(Increase) decrease in guarantee deposits paid		(6,323)	3,078
Increase in other non-current assets, others		(109)	-
Net cash flows used in investing activities		(54,167)	(59,967)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		69,354	(174,256)
Increase (decrease) in short-term notes and bills payable		47,995	(10,997)
Increase (decrease) in guarantee deposit received		433	(180)
Payment of cash dividends	6(13)	(799,875)	(799,875)
Decrease in non-controlling interest		(5,919)	(5,919)
Net cash flows used in financing activities		(688,012)	(991,227)
Net (decrease) increase in cash and cash equivalents		(617,200)	522,746
Cash and cash equivalents at beginning of period	6(1)	1,232,661	981,164
Cash and cash equivalents at end of period	6(1)	$ 615,461	$ 1,503,910

The accompanying notes are an integral part of these consolidated financial statements.
See review report of independent accountants dated October 27, 2016.

TTET UNION CORPORATION AND SUBSIDIARY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, Except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANIZATION

(1)TTET Union Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on May 24, 1982. The Company and its subsidiary (the "Group") are primarily engaged in the manufacture, sales, processing, import and export of a variety of vegetable oils and fat, and engaged in cogeneration plant business, wholesale and retailing of oils, etc.

(2)The common shares of the Company have been listed on the Taiwan Stock Exchange since February 1996.

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

These consolidated financial statements were reported to the Board of Directors on October 27, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

New standards, interpretations and amendments included in the IFRSs endorsed by the FSC effective from 2017:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Improvements to IFRSs 2012-2014	January 1, 2016

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and operating results based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. Annual improvements to IFRSs 2010-2012 cycle

(a) IFRS 3, 'Business combinations'

Except for the contingent consideration classified as equity, all non-equity contingent consideration is measured at fair value with changes in fair value recognized in profit and loss.

(b) IAS 24, 'Related party disclosures'

The standard is amended to include, as a related party, an entity (or any member of a group of which it is a part) that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity').

B. Amendments to IAS 1, 'Disclosure initiative'

This amendment clarifies the presentation of materiality, aggregation and subtotals, the framework of financial report, and the guide for accounting disclosure.

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarifications and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4,'Insurance contracts' (amendments to IFRS 4)	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and operating results based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

B. Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'

These amendments clarify the recognition of deferred tax assets for unrealised losses related to debt instruments measured at fair value, and they clarify several of the general principles underlying the accounting for deferred tax assets. The amendments clarify that a deductible temporary difference exists whenever an asset is measured at fair value and that fair value is below the asset's tax base. When an entity assesses whether taxable profits will be available against which it can utilise a deductible temporary difference, it considers a deductible temporary difference in combination with all of its other deductible temporary differences unless there are tax law restrictions, and the tax deduction resulting from temporary differences is excluded from estimated future taxable profits. The amendments are effective from January 1, 2017.

C. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).

D. IFRS 15, 'Revenue from contracts with customer'

IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction Contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price

Step 5: Recognise revenue when the performance obligation is satisfied

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

E. Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from Contracts with Customers'

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

F. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS 34, 'Interim Financial Reporting' as endorsed by the FSC.

(2) Basis of preparation

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

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

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

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiary included in the consolidated financial statements:

	Name of	Business	Ownership (%)		
Name of investor	subsidiary	activities	September 30, 2016	December 31, 2015	Note
TTET Union Corporation	Master Channels Corporation	Wholesale of food	80. 27	80. 27	(Note)

	Name of	Business	Ownership (%)	
Name of investor	subsidiary	activities	September 30, 2015	Note
TTET Union Corporation	Master Channels Corporation	Wholesale of food	80. 27	(Note)

Note: The financial statements of the entity as of and for the nine-month periods ended September 30, 2016 and 2015 were not reviewed by independent auditors as the entity did not meet the definition of significant subsidiary.

The financial statements of the Company's subsidiary were consolidated based on its unreviewed financial statements as of and for the nine-month periods ended September 30, 2016 and 2015. Total assets of this subsidiary amounted to $723,130 and $581,573, representing 16% and 13% of the related consolidated totals, and total liabilities amounted to $472,617 and $354,473, representing 44% and 37% of the related consolidated totals, as of September 30, 2016 and 2015, respectively. Total comprehensive income of this subsidiary amounted to $14,177, $11,560, $39,330 and $32,665, constituting 7%, 4%, 6% and 5% of the related consolidated totals for the three-month and nine-month periods ended September 30, 2016 and 2015, respectively.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

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

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

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

D. All foreign exchange gains and losses are presented in the statement of comprehensive income, within "Other gains and losses".

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(6) Cash equivalents

A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

B. Commercial paper that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

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

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

(a) Hybrid (combined) contracts; or

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy.

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

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

(8) Receivables

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

(9) Inventories

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

(10) Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using settlement date accounting.

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

(11) Impairment of financial assets

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

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

(a)Significant financial difficulty of the issuer or debtor;

(b)The disappearance of an active market for that financial asset because of financial difficulties;

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

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

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

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

(a) Available-for-sale financial assets

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

(b) Financial assets measured at amortised cost

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

(12) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

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

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

C. The contractual rights to receive cash flows from the financial asset have been transferred and the Group has not retained control of the financial asset.

(13) Property, plant and equipment

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

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

C. Property, plant and equipment apply the cost model. Except for land, other property, plant and equipment are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

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

Asset	Useful lives
Buildings	4～40 years
Machinery	3～15 years
Transportation equipment	1～12 years
Leasehold improvements	3～10 years
Other equipment	3～19 years

(14) Operating leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(15) Intangible assets

Computer software and trademarks are stated at cost and amortized on a straight-line basis over their estimated useful life of 1～4 years.

(16) Impairment of non-financial assets

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

(17) Borrowings

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

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

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

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

(a)Hybrid (combined) contracts; or

(b)They eliminate or significantly reduce a measurement or recognition inconsistency; or

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

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

(19) Accounts payable

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

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realized the asset and settle the liability simultaneously.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

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

II.Remeasurement arising on defined benefit plan is recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

III.Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. The related information is disclosed accordingly.

(c) Employees', directors' and supervisors' remuneration

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

(23) Income tax

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

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

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

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

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

F. The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(25) Revenue recognition

A. Sales of goods

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

B. Sales of services

The Group provides processing services. Revenue from processing services is recognized under the percentage-of-completion method when the outcome of services provided can be estimated reliably.

(26) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

(a) As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgments and estimates. The Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

(b) As of September 30, 2016, the carrying amount of inventories was $2,197,510.

B. Calculation of net defined benefit liabilities - non-current

(a) When calculating the present value of defined benefit obligations, the Group must apply judgments and estimates to determine the actuarial assumptions on balance sheet date, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined benefit obligations.

(b) As of September 30, 2016, the carrying amount of net defined benefit liabilities - non-current was $57,501.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2016	December 31, 2015	September 30, 2015
Cash:			
Cash on hand	$ 1,969	$ 1,366	$ 1,977
Checking and demand deposits	443,896	333,132	443,919
	445,865	334,498	445,896
Cash equivalents:			
Commercial paper	169,596	898,163	1,058,014
	$ 615,461	$ 1,232,661	$ 1,503,910

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

B. The Group has no cash and cash equivalents pledged to others as of September 30, 2016, December 31, 2015 and September 30, 2015.

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

	September 30, 2016	December 31, 2015	September 30, 2015
Financial assets held for trading			
Non-hedging derivative	$ -	$ 3,401	$ 14,365

	September 30, 2016	December 31, 2015	September 30, 2015
Financial liabilities held for trading			
Non-hedging derivative	$ 3,915	$ -	$ -

A. The Group recognized net gain (loss) on financial assets and liabilities held for trading amounting to ($33,689), $69,566, ($47,769) and $49,722 for the three-month and nine month periods ended September 30, 2016 and 2015, respectively (shown as "other gains and losses").

B. The non-hedging derivative instruments transaction and contract information are as follows (Units in thousands of currencies indicated):

	September 30, 2016		December 31, 2015	
Derivative instruments	Contract Amount	Contract Period	Contract Amount	Contract Period
Current item:				
Foreign exchange futures	USD 40,800	2016.8.22 ~2016.12.13	USD 23,974	2015.10.23 ~2016.3.1

	September 30, 2015	
Derivative instruments	Contract Amount	Contract Period
Current item:		
Foreign exchange futures	USD 29,300	2015.8.4 ~2015.11.30

The Group entered into the forward foreign exchange contracts to manage exposures due to fluctuations of foreign exchange rates. However, the Group did not apply hedge accounting treatment for the forward foreign exchange contracts.

C. The Group has no financial assets at fair value through profit or loss pledged to others as of September 30, 2016, December 31, 2015 and September 30, 2015.

(3) Accounts receivable, net

	September 30, 2016	December 31, 2015	September 30, 2015
Accounts receivable	$ 691,695	$ 612,797	$ 690,942
Less: Allowance for doubtful accounts	(885)	(640)	(369)
	$ 690,810	$ 612,157	$ 690,573

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

	September 30, 2016	December 31, 2015	September 30, 2015
Less 30 days	$ 2,199	$ 2,437	$ 1,549
31～60 days	439	277	12
61～90 days	-	1,767	4
91～120 days	1,757	-	-
	$ 4,395	$ 4,481	$ 1,565

The above ageing analysis was based on past due date.

B. Movements of the Group's provision for impairment of accounts receivable are as follows:

	For the nine-month periods ended September 30,	
	2016	2015
	Individual provision	Individual provision
At January 1	$ 640	$ 382
Provision for impairment	482	12
Write-offs during the period	(237)	(25)
At September 30	$ 885	$ 369

C. The Group's accounts receivable that were neither past due nor impaired were from the customers who have good credit quality.

D. The Group holds certificates of deposit and land collateral as security for accounts receivable as of September 30, 2016, December 31, 2015 and September 30, 2015.

(4) Inventories

	September 30, 2016		
	Cost	Allowance for market price decline	Book value
Merchandise	$ 186,013	($ 1,388)	$ 184,625
Raw materials	414,287	-	414,287
Raw materials in transit	976,582	-	976,582
Supplies	17,509	(720)	16,789
Work in process	108,635	-	108,635
Work in process in transit	47,279	-	47,279
Finished goods	449,796	(483)	449,313
	$ 2,200,101	($ 2,591)	$ 2,197,510

	December 31, 2015		
	Cost	Allowance for market price decline	Book value
Merchandise	$ 164,264	($ 1,183)	$ 163,081
Raw materials	513,238	-	513,238
Raw materials in transit	826,461	-	826,461
Supplies	19,483	(1,058)	18,425
Work in process	120,295	-	120,295
Finished goods	254,880	(1,162)	253,718
	$ 1,898,621	($ 3,403)	$ 1,895,218

	September 30, 2015		
	Cost	Allowance for market price decline	Book value
Merchandise	$ 137,924	($ 1,121)	$ 136,803
Raw materials	241,536	(1,035)	240,501
Raw materials in transit	255,741	(759)	254,982
Supplies	17,230	(1,070)	16,160
Work in process	107,674	-	107,674
Finished goods	434,451	(13,053)	421,398
Finished goods in transit	2,446	-	2,446
	$ 1,197,002	($ 17,038)	$ 1,179,964

Expenses and losses of inventories recognized:

	For the three-month periods ended September 30,	
	2016	2015
Cost of goods sold	$ 4,068,676	$ 3,922,054
Loss on discarding inventory	122	49
Gain on physical inventory	(90)	(127)
(Gain on reversal of decline) provision for inventory market price decline (Note)	(432)	14,059
	$ 4,068,276	$ 3,936,035

	For the nine-month periods ended September 30,	
	2016	2015
Cost of goods sold	$ 11,252,178	$ 11,941,892
Loss on discarding inventory	122	379
Gain on physical inventory	(186)	(86)
Gain on reversal of decline in market price (Note)	(812)	(7,163)
	$ 11,251,302	$ 11,935,022

(Note) The Group recognized gain from price recovery as the increase in the international prices of raw materials led to a recovery in inventory net realizable value.

(5) Available-for-sale financial assets - non-current

	September 30, 2016	December 31, 2015	September 30, 2015
Unlisted stocks	$ 8,275	$ 8,275	$ 8,275
Accumulated impairment	(7,000)	(7,000)	(7,000)
	$ 1,275	$ 1,275	$ 1,275

A. The Group recognized $—, $—,$— and $1,119 in other comprehensive income for fair value change and reclassified $—, $—,$— and ($897) from equity to profit or loss (shown as "other gains and losses") for the three-month and nine-month periods ended September 30, 2016 and 2015, respectively.

B. The Group has no available-for-sale financial assets pledged to others as of September 30, 2016, December 31, 2015 and September 30, 2015.

(6) Property, plant and equipment

	Land	Buildings	Machinery	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress	Total
January 1, 2016								
Cost	$ 44,244	$ 879,950	$ 3,025,106	$ 16,170	$ 9,636	$ 83,022	$ 39,123	$ 4,097,251
Accumulated depreciation	-	(612,974)	(2,841,653)	(12,447)	(3,012)	(51,890)	-	(3,521,976)
	$ 44,244	$ 266,976	$ 183,453	$ 3,723	$ 6,624	$ 31,132	$ 39,123	$ 575,275
For the nine-month period ended September 30, 2016								
At January 1	$ 44,244	$ 266,976	$ 183,453	$ 3,723	$ 6,624	$ 31,132	$ 39,123	$ 575,275
Additions	-	1,717	27,742	346	825	3,794	14,475	48,899
Transferred after acceptance	-	531	40,053	-	-	3,657	(44,241)	-
Expensed	-	-	-	-	-	-	(3,306)	(3,306)
Depreciation	-	(20,890)	(44,027)	(791)	(727)	(5,410)	-	(71,845)
Disposals－Cost	-	(1,304)	(53,896)	-	(1,825)	(795)	-	(57,820)
－Accumulated depreciation	-	1,267	53,110	-	1,825	622	-	56,824
At September 30	$ 44,244	$ 248,297	$ 206,435	$ 3,278	$ 6,722	$ 33,000	$ 6,051	$ 548,027
September 30, 2016								
Cost	$ 44,244	$ 880,894	$ 3,039,005	$ 16,516	$ 8,636	$ 89,678	$ 6,051	$ 4,085,024
Accumulated depreciation	-	(632,597)	(2,832,570)	(13,238)	(1,914)	(56,678)	-	(3,536,997)
	$ 44,244	$ 248,297	$ 206,435	$ 3,278	$ 6,722	$ 33,000	$ 6,051	$ 548,027

	Land	Buildings	Machinery	Transportation equipment	Leasehold improvements	Other equipment	Construction in progress	Total
January 1, 2015								
Cost	$ 44,244	$ 874,900	$ 2,953,727	$ 17,507	$ 5,803	$ 72,098	$ 20,495	$ 3,988,774
Accumulated depreciation	-	(584,624)	(2,785,841)	(13,590)	(2,404)	(47,268)	-	(3,433,727)
	$ 44,244	$ 290,276	$ 167,886	$ 3,917	$ 3,399	$ 24,830	$ 20,495	$ 555,047
For the nine-month period ended September 30, 2015								
At January 1	$ 44,244	$ 290,276	$ 167,886	$ 3,917	$ 3,399	$ 24,830	$ 20,495	$ 555,047
Additions	-	1,804	31,309	988	375	3,312	44,552	82,340
Transferred after acceptance	-	2,318	3,487	-	103	2,047	(7,955)	-
Expensed	-	-	-	-	-	-	(4,020)	(4,020)
Depreciation	-	(21,335)	(42,270)	(896)	(430)	(4,327)	-	(69,258)
Disposals－Cost	-	-	(177)	(2,325)	-	(991)	-	(3,493)
－Accumulated depreciation	-	-	177	2,307	-	826	-	3,310
At September 30	$ 44,244	$ 273,063	$ 160,412	$ 3,991	$ 3,447	$ 25,697	$ 53,072	$ 563,926
September 30, 2015								
Cost	$ 44,244	$ 879,022	$ 2,988,346	$ 16,170	$ 6,281	$ 76,466	$ 53,072	$ 4,063,601
Accumulated depreciation	-	(605,959)	(2,827,934)	(12,179)	(2,834)	(50,769)	-	(3,499,675)
	$ 44,244	$ 273,063	$ 160,412	$ 3,991	$ 3,447	$ 25,697	$ 53,072	$ 563,926

A. The Group has not capitalized any interest for the nine-month periods ended September 30, 2016 and 2015.

B. For more information regarding the Group's property, plant and equipment pledged to others as at September 30, 2016, December 31, 2015 and September 30, 2015, please refer to Note 8, "Pledged assets".

(7) Intangible assets

	Computer software	Trademark	Total
At January 1, 2016			
Cost	$ 5,060	$ 133	$ 5,193
Accumulated amortisation	(3,449)	(118)	(3,567)
	$ 1,611	$ 15	$ 1,626
For the nine-month period ended September 30, 2016			
At January 1	$ 1,611	$ 15	$ 1,626
Additions	874	-	874
Amortisation	(820)	(5)	(825)
At September 30	$ 1,665	$ 10	$ 1,675
At September 30, 2016			
Cost	$ 5,934	$ 133	$ 6,067
Accumulated amortisation	(4,269)	(123)	(4,392)
	$ 1,665	$ 10	$ 1,675

	Computer software	Trademark	Total
At January 1, 2015			
Cost	$ 3,651	$ 133	$ 3,784
Accumulated amortisation	(2,395)	(112)	(2,507)
	$ 1,256	$ 21	$ 1,277
For the nine-month period ended September 30, 2015			
At January 1	$ 1,256	$ 21	$ 1,277
Additions	571	-	571
Amortisation	(816)	(5)	(821)
At September 30	$ 1,011	$ 16	$ 1,027
At September 30, 2015			
Cost	$ 4,222	$ 133	$ 4,355
Accumulated amortisation	(3,211)	(117)	(3,328)
	$ 1,011	$ 16	$ 1,027

Details of amortization on intangible assets are as follows:

	For the three-month periods ended September 30,	
	2016	2015
Selling expenses	$ 40	$ 71
Administrative expenses	229	199
	$ 269	$ 270

	For the nine-month periods ended September 30,	
	2016	2015
Selling expenses	$ 89	$ 205
Administrative expenses	736	616
	$ 825	$ 821

(8) Short-term borrowings

	September 30, 2016	Interest rate range	Collateral
Bank unsecured borrowings	$ 197,029	1.38%～1.75%	None

	December 31, 2015	Interest rate range	Collateral
Bank unsecured borrowings	$ 127,675	1.07%～1.46%	None

	September 30, 2015	Interest rate range	Collateral
Bank unsecured borrowings	$ 171,650	1.58%	None

(9) Short-term notes and bills payable

	September 30, 2016	Interest rate	Collateral
Commercial paper payable	$ 48,000	0.61%～0.81%	None
Less: Unamortised discount	(5)		
	$ 47,995		

There are no short-term notes and bills payable as of December 31, 2015 and September 30, 2015. The above commercial papers were issued and secured by International Bills Finance Co., Ltd. etc. for short-term financing.

(10) Pensions

A.The Group has defined benefit pension plans in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 6% (prior to February 2014－5%) of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, and the subsidiary, Master Channels Corp., contributes monthly an amount equal to 4% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by March 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contribution for the deficit by next March. The information on the Group's defined benefit pension plan is as follows:

(a) The pension cost under the aforementioned defined benefit pension plans of the Group for the three-month and nine-month periods ended September 30, 2016 and 2015 were $1,395, $1,483, $4,200 and $4,356, respectively.

(b) The Group's expected contributions under the defined benefit pension plans for the year ending December 31, 2016 amount to $6,420.

B. Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Group for the three-month and nine-month periods ended September 30, 2016 and 2015 were $4,804, $2,355, $10,056 and $6,999, respectively.

(11) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (in thousands of shares):

	For the nine-month periods ended September 30,	
	2016	2015
Beginning and ending balance	159, 975	159, 975

B. As of September 30, 2016, the Company's authorized capital was $1,778,000 and the paid-in capital was $1,599,749, consisting of 159,975 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(12) Capital surplus

Pursuant to the Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient. Movements of the Company's capital reserves for the nine-month periods ended September 30, 2016 and 2015 are as follows:

	For the nine-month period ended September 30, 2016		
	Share premium	Treasury share transactions	Total
Beginning and ending balance	$ 154	$ 23, 630	$ 23, 784

	For the nine-month period ended September 30, 2015		
	Share premium	Treasury share transactions	Total
Beginning and ending balance	$ 154	$ 23, 630	$ 23, 784

(13) Retained earnings

A. Pursuant to the Company Act, the current year's after-tax earnings should set aside 10% of the remaining earnings as legal reserve until the balance of legal reserve is equal to that of paid-in capital. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. According to the Company's Articles of Incorporation, 10% of the annual net income, after offsetting any loss of prior years and paying all taxes and dues, shall be set aside as legal reserve, and set aside or reverse special reserve. The remaining net income and the unappropriated retained earnings from prior years can be distributed in accordance with a resolution passed during a meeting of the Board of Directors and approved at the stockholders' meeting. Of the amount to be distributed by the Company, stockholders' dividends shall comprise 50% to 100% of the unappropriated retained earnings. Since the Company is in a changeable industry environment and the life cycle of the Company is in a stable growth, the appropriation of earnings should consider fund requirements and capital budgets to decide how much earnings will be kept or distributed and how much cash dividends will be distributed. The percentage of stock dividends shall not be more than 50% of dividends distributed.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings. The decrease in shareholders' equity due to the unrecognized available-for-sale asset amounted to $222 and $5,146 for the years ended December 31, 2014 and 2013, respectively. In accordance with the Company Act of the special reserve, no dividend shall be distributed. Due to the aforedmentioned restriction, the special reserve amouting to $222 and $4,924 was reversed for the years ended December 31, 2015 and 2014, respectively.

D. For the years ended December 31, 2015 and 2014, the Company recognized dividends distributed to owners amounting to $799,875 ($5 (in dollars) per share as cash dividend) for both years.

(14) Other equity items - Unrealized gain or loss on available-for-sale financial assets

	For the nine-month periods ended September 30, 2016	2015
At January 1	$ -	($ 222)
Revaluation	-	1,119
Revaluation transfer	-	(897)
At September 30	$ -	$ -

(15) Operating revenue

	For the three-month periods ended September 30, 2016	2015
Sales revenue	$ 4,473,278	$ 4,337,551
Processing revenue	80,923	87,338
	$ 4,554,201	$ 4,424,889

	For the nine-month periods ended September 30, 2016	2015
Sales revenue	$ 12,481,664	$ 13,097,009
Processing revenue	244,047	269,080
	$ 12,725,711	$ 13,366,089

(16) Other income

	For the three-month periods ended September 30, 2016	2015
Interest income:		
Interest income from bank deposits	$ 20	$ 7
Other interest income	510	1,655
Other income	2,416	5,657
	$ 2,946	$ 7,319

	For the nine-month periods ended September 30, 2016	2015
Interest income:		
Interest income from bank deposits	$ 63	$ 68
Other interest income	2,805	4,180
Other income	8,739	18,521
	$ 11,607	$ 22,769

(17) Other gains and losses

	For the three-month periods ended September 30,	
	2016	2015
Net currency exchange gain (loss)	$ 1,629	($ 8,031)
Net (loss) gain on financial assets and liabilites at fair value through profit or loss	(33,689)	69,566
(Loss) gain on disposal of property, plant and equipment	(370)	810
Other losses	-	(771)
	($ 32,430)	$ 61,574

	For the nine-month periods ended September 30,	
	2016	2015
Gain on disposal of available-for-sale financial assets	$ -	$ 897
Net currency exchange gain (loss)	1,019	(5,369)
Net (loss) gain on financial assets and liabilites at fair value through profit or loss	(47,769)	49,722
(Loss) gain on disposal of property, plant and equipment	(908)	1,455
Other losses	(724)	(771)
	($ 48,382)	$ 45,934

(18) Finance costs

	For the three-month periods ended September 30,	
	2016	2015
Interest expense:		
Bank borrowings	$ 967	$ 446
Other interest expense	56	34
	$ 1,023	$ 480

	For the nine-month periods ended September 30,	
	2016	2015
Interest expense:		
Bank borrowings	$ 2,920	$ 1,333
Other interest expense	120	70
	$ 3,040	$ 1,403

(19) Expenses by nature

	For the three-month period ended September 30, 2016		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 22, 802	$ 91, 198	$ 114, 000
Depreciation	$ 21, 233	$ 2, 563	$ 23, 796
Amortization	$ -	$ 269	$ 269

	For the three-month period ended September 30, 2015		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 28, 888	$ 88, 977	$ 117, 865
Depreciation	$ 20, 271	$ 2, 277	$ 22, 548
Amortization	$ -	$ 270	$ 270

	For the nine-month period ended September 30, 2016		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 67, 004	$ 262, 202	$ 329, 206
Depreciation	$ 64, 102	$ 7, 743	$ 71, 845
Amortization	$ -	$ 825	$ 825

	For the nine-month period ended September 30, 2015		
	Operating cost	Operating expense	Total
Employee benefit expenses	$ 71, 519	$ 236, 793	$ 308, 312
Depreciation	$ 62, 631	$ 6, 627	$ 69, 258
Amortization	$ -	$ 821	$ 821

(20) Employee benefit expense

	For the three-month period ended September 30, 2016		
	Operating cost	Operating expense	Total
Wages and salaries	$ 20, 125	$ 75, 543	$ 95, 668
Labor and health insurance expenses	1, 238	6, 474	7, 712
Pension costs	944	5, 255	6, 199
Other personnel expenses	495	3, 926	4, 421
	$ 22, 802	$ 91, 198	$ 114, 000

	For the three-month period ended September 30, 2015		
	Operating cost	Operating expense	Total
Wages and salaries	$ 26,573	$ 75,628	$ 102,201
Labor and health insurance expenses	1,183	6,576	7,759
Pension costs	889	2,949	3,838
Other personnel expenses	243	3,824	4,067
	$ 28,888	$ 88,977	$ 117,865

	For the nine-month period ended September 30, 2016		
	Operating cost	Operating expense	Total
Wages and salaries	$ 59,476	$ 222,236	$ 281,712
Labor and health insurance expenses	3,651	17,151	20,802
Pension costs	2,804	11,452	14,256
Other personnel expenses	1,073	11,363	12,436
	$ 67,004	$ 262,202	$ 329,206

	For the nine-month period ended September 30, 2015		
	Operating cost	Operating expense	Total
Wages and salaries	$ 64,533	$ 199,880	$ 264,413
Labor and health insurance expenses	3,606	16,895	20,501
Pension costs	2,653	8,702	11,355
Other personnel expenses	727	11,316	12,043
	$ 71,519	$ 236,793	$ 308,312

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 2% for employees' compensation and shall not be higher than 2% for directors' and supervisors' remuneration.

B. For the three-month and nine-month periods ended September 30, 2016 and 2015, employees' compensation and directors' and supervisors' remuneration were accrued at $8,100, $10,364, $27,670 and $25,724, respectively. The aforementioned amounts were recognized in salary expenses and estimated and accrued based on the distributable net profit for 2015 calculated by the percentage prescribed under the Articles of Incorporation of the Company. The actual amount resolved by the meeting of Board of Directors for employees' compensation and directors' and supervisors' remuneration for 2015 was $40,002, which is different from the estimated amount recognized in the 2015 financial statements of $40,100, by $98. Such difference was recognized in profit and loss for the nine-month period ending September 30, 2016. Information about employees' compensation and directors' and supervisors' remuneration of the Company as proposed by the board of directors and resolved by the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

Components of income tax expense:

	For the three-month periods ended September 30, 2016	2015
Current tax:		
Current tax on profits for the period	$ 40,944	$ 57,598
Deferred tax:		
Origination and reversal of temporary differences	(234)	(944)
Income tax expense	$ 40,710	$ 56,654

	For the nine-month periods ended September 30, 2016	2015
Current tax:		
Current tax on profits for the period	$ 133,417	$ 145,603
10% tax on undistributed earnings	4,508	10,101
Under provision in prior year	341	159
Total current tax	138,266	155,863
Deferred tax:		
Origination and reversal of temporary differences	(944)	(885)
Income tax expense	$ 137,322	$ 154,978

B. As of October 27, 2016, the Company's income tax returns through 2014 have been assessed by the Tax Authority, and there were no disputes existing between the Company and the Tax Authority.

C. Unappropriated retained earnings:

	September 30, 2016	December 31, 2015	September 30, 2015
Earnings generated in and after 1998	$ 906,652	$ 1,163,475	$ 930,533

D. As of September 30, 2016, December 31, 2015 and September 30, 2015, the balance of the imputation tax credit account was $56,879, $149,324 and $49,881, respectively. As dividends were approved at the stockholders' meeting on June 14, 2016 and June 29, 2015 and with the dividend distribution dates set on July 11, 2016 and July 21, 2015 by the Board of Directors, the creditable tax rate for the unappropriated retained earnings of 2015 and 2014 are 20.86% and 20.98%, respectively.

(22) Earnings per share

	For the three-month period ended September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the ordinary shareholders	$ 189, 995	159, 975	$ 1. 19
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 189, 995	159, 975	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	200	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 189, 995	160, 175	$ 1. 19

	For the three-month period ended September 30, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the ordinary shareholders	$ 274, 368	159, 975	$ 1. 72
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 274, 368	159, 975	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	193	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 274, 368	160, 168	$ 1. 71

	For the nine-month period ended September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the ordinary shareholders	$ 634, 040	159, 975	$ 3. 96
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 634, 040	159, 975	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	286	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 634, 040	160, 261	$ 3. 96

	For the nine-month period ended September 30, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the ordinary shareholders	$ 693, 034	159, 975	$ 4. 33
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 693, 034	159, 975	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	360	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 693, 034	160, 335	$ 4. 32

(23) Operating leases

The Group leases buildings under non-cancellable operating lease agreements. The lease terms are between 1 and 19 years, and all these lease agreements are renewable at the end of the lease period. The Group recognized rental expenses of $5,531, $5,454, $16,592 and $16,054 for these leases in profit or loss (shown as "operating expenses") for the three-month and nine-month periods ended September 30, 2016 and 2015, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Not later than one year	$ 23,095	$ 27,739	$ 23,119
Later than one year but not later than five years	78,816	102,384	85,280
Later than five years	86,672	120,896	103,184
	$ 188,583	$ 251,019	$ 211,583

(24) Supplemental cash flow information

Operating activities with no cash flow effects:

	For the nine-month periods ended September 30,	
	2016	2015
Write-off of allowance for doubtful	$ 237	$ 25

7. RELATED PARTY TRANSACTIONS

(1) Significant transactions and balances with related parties

A. Sales:

	For the three-month periods ended September 30,	
	2016	2015
Sales of product:		
—An entity controlled by key management individuals	$ 172,695	$ 134,151
—Key management individuals	117,301	66,531
	289,996	200,682
Processing revenue:		
—An entity controlled by key management individuals	62,171	66,321
—Key management individuals	18,752	21,017
	80,923	87,338
	$ 370,919	$ 288,020

	For the nine-month periods ended September 30,	
	2016	2015
Sales of product:		
—An entity controlled by key management individuals	$ 452, 770	$ 440, 602
—Key management individuals	355, 731	212, 029
	808, 501	652, 631
Processing revenue:		
—An entity controlled by key management individuals	187, 157	205, 864
—Key management individuals	56, 890	63, 216
	244, 047	269, 080
	$ 1, 052, 548	$ 921, 711

The collection period for related parties was 7~45 days after sales of goods, 10~45 days for sales to companies of traditional channel. Except for the collection periods, other terms of sales were the same for related and third parties. The terms of providing processing services to related parties were the same with regular customers. The above related parties close their accounts at the end of each month and made payment within 15 days after it. The pricing depends on the contract and management methods.

B. Purchases

	For the three-month periods ended September 30,	
	2016	2015
An entity controlled by key management individuals	$ 139, 876	$ 87, 511
Key management individuals	60, 349	22, 616
	$ 200, 225	$ 110, 127

	For the nine-month periods ended September 30,	
	2016	2015
An entity controlled by key management individuals	$ 315, 318	$ 248, 608
Key management individuals	153, 669	215, 119
	$ 468, 987	$ 463, 727

The terms of purchases and payments (7~30 days after receipt) to related parties were the same with third party suppliers, except for an entity controlled by key management individuals, wherein payments are made in 15~30 days after receipt.

C. Accounts receivable

	September 30, 2016	December 31, 2015	September 30, 2015
An entity controlled by key management individuals	$ 55,900	$ 67,706	$ 57,059
Key management individuals	18,788	22,455	18,751
	$ 74,688	$ 90,161	$ 75,810

D. Accounts payable

	September 30, 2016	December 31, 2015	September 30, 2015
An entity controlled by key management individuals	$ 45,372	$ 34,843	$ 35,527
Key management individuals	17,214	610	1,249
	$ 62,586	$ 35,453	$ 36,776

(2) Key management compensation

	For the three-month periods ended September 30,	
	2016	2015
Salaries and other short-term employee benefits	$ 5,423	$ 23,386

	For the nine-month periods ended September 30,	
	2016	2015
Salaries and other short-term employee benefits	$ 62,614	$ 64,781

8. PLEDGED ASSETS

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

	Book Value			
Assets pledged	September 30, 2016	December 31, 2015	September 30, 2015	Purpose of collateral
Time deposits (Note 1)	$ -	$ 1,950	$ 1,950	Performance guarantees
Land (Note 2)	44,244	44,244	44,244	(Note 3)
Buildings, net (Note 2)	137,457	144,365	146,807	〃
	$ 181,701	$ 190,559	$ 193,001	

(Note 1) Recognized as "Other financial assets - current".

(Note 2) Recognized as "Property, plant, and equipment".

(Note 3) Uncanceled secured loan on Property, plant and equipment.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of September 30, 2016, December 31, 2015, and September 30, 2015, the unused letters of credit amounted to $1,264,764, $785,270 and $1,320,601, respectively.

(2) Capital expenditures contracted for but not yet incurred

	September 30, 2016	December 31, 2015	September 30, 2015
Property, plant and equipment	$ 35, 285	$ 36, 108	$ 50, 194

(3) For more information about operating leases, please refer to Note 6(23), 'Operating leases.'

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Fair value information of financial instruments

The financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, other financial assets - current, guarantee deposit paid, short-term borrowings, short-term notes and bills payable, accounts payable (including related parties), other payables and guarantee deposits received) are based on their book value as book value approximates to fair value. The fair value information of financial instruments measured at fair value is provided in Note 12 (3), "Fair value information".

B. Financial risk management policies

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

(b)Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's and the subsidiary's operating units.

C. Significant financial risks and degrees of financial risks

(a)Market risk

(i)Foreign exchange risk

i. Some purchases and sales are valued in US dollars, therefore the fair value changes with market exchange rate.

ii. To manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Group is required to hedge the foreign exchange risk exposure using forward foreign exchange contracts. However, hedge accounting is not applied as transactions did not meet all criteria of hedge accounting.

	September 30, 2016				
	Foreign currency amount (in thousands)		Exchange rate	Book value	
(foreign currency: functional currency)					
Financial assets					
Monetary items					
USD : NTD	$	1,108	31.41	$	34,812
Financial liabilities					
Monetary items					
USD : NTD		4,681	31.41		147,028

	December 31, 2015				
	Foreign currency amount (in thousands)		Exchange rate	Book value	
(foreign currency: functional currency)					
Financial assets					
Monetary items					
USD : NTD	$	3	32.88	$	104
Financial liabilities					
Monetary items					
USD : NTD		3,275	32.88		107,675

	September 30, 2015				
	Foreign currency amount (in thousands)		Exchange rate	Book value	
(foreign currency: functional currency)					
Financial assets					
Monetary items					
USD : NTD	$	34	32.92	$	1,125
Financial liabilities					
Monetary items					
USD : NTD		4,303	32.92		141,650

iii. As of September 30, 2016 and 2015, if the NTD:USD exchange rate appreciates/ depreciates by 1% with all other factors remaining constant, the after-tax profit for the nine-month periods ended September 30, 2016 and 2015 would increase/decrease by $1,121 and $1,406, respectively.

iv. The unrealized exchange gain (loss) arising from significant foreign exchange variation on monetary items held by the Group for the three-month and nine-month periods ended September 30, 2016 and 2015 amounted to $114, ($2,284), $516 and ($2,207), respectively.

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale. To manage its price risk arising from investments in equity securities, the Group has set various stop loss points to ensure that the Group is not exposed to significant market risks.

The Group's investments in equity securities comprise unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 2% with all other variables held constant, there is no significant effect on other components of equity for the nine-month periods ended September 30, 2016 and 2015, as a result of gains/losses on equity securities classified as available-for-sale.

(iii) Interest rate risk

If interest rates on borrowings had been 1% higher/lower with all other variables held constant, there is no significant effect on after-tax profit for the nine-month periods ended September 30, 2016 and 2015.

(b) Credit risk

(i) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and outstanding receivables.

(ii) No credit limits were exceeded during the nine-month periods ended September 30, 2016 and 2015, and management does not expect any significant losses from non-performance by these counterparties.

(iii) For the credit quality information of the Group's financial assets which are not past due and impaired, please refer to Note 6, "Financial assets".

(iv) For aging analysis information of the Group's financial assets which are past due but not impaired, please refer to Note 6, "Financial assets".

(v) For individual analysis of the Group's financial assets which are impaired, please refer to Note 6, "Financial assets".

(c) Liquidity risk

(i) Cash flow forecasting is performed in Finance Division of the Group. Finance division monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

(ii) Forward exchange agreement which the Company is engaged in will be the item of cash outflow, amounting to US$40,800 thousand dollars. There is no significant risk because the rate of forward exchange agreement had already been confirmed.

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

September 30, 2016	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 197,195	$ -	$ -	$ -
Short-term notes and bills payable	48,000	-	-	-
Accounts payable (including related parties)	424,256	-	-	-
Other payables	234,290	-	-	-
Guarantee deposits received	-	1,373	-	-
Derivative financial liabilities:				
Forward exchange contracts	3,915	-	-	-

December 31, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 127, 706	$ -	$ -	$ -
Accounts payable (including related parties)	428, 727	-	-	-
Other payables	317, 962	-	-	-
Guarantee deposits received	-	940	-	-

September 30, 2015	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 171, 650	$ -	$ -	$ -
Accounts payable (including related parties)	344, 623	-	-	-
Other payables	275, 388	-	-	-
Guarantee deposits received	-	970	-	-

The Group has no derivative financial liabilities as of December 31, 2015 and September 30, 2015.

(3) Fair value information

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

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in forward foreign exchange contracts is included in Level 2.

Level 3:Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at September 30, 2016, December 31, 2015, and September 30, 2015 is as follows:

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities - non-current	$ -	$ -	$ 1,275	$ 1,275
Liabilities				
Recurring fair value measurements				
Financial liabilites at fair value through profit or loss				
Forward exchange contract	$ -	$ 3,915	$ -	$ 3,915

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange contract	$ -	$ 3,401	$ -	$ 3,401
Available-for-sale financial assets				
Equity securities - non-current	-	-	1,275	1,275
	$ -	$ 3,401	$ 1,275	$ 4,676

September 30, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Forward exchange contract	$ -	$ 14,365	$ -	$ 14,365
Available-for-sale financial assets				
Equity securities - non-current	-	-	1,275	1,275
	$ -	$ 14,365	$ 1,275	$ 15,640

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

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

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

E. For the nine-month periods ended September 30, 2016 and 2015, there was no transfer between Level 1 and Level 2.

F. The following is the movement of level 3 for the nine-month periods ended September 30, 2016 and 2015:

	2016	2015
	Equity Securities	Equity Securities
Beginning and ending balance	$ 1,275	$ 1,275

G. For the nine-month periods ended September 30, 2016 and 2015, there was no transfer into or out from Level 3.

H. Financial segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the nine-month period ended September 30, 2016. The financial information of the investee was prepared based on unreviewed financial statements and disclosed individually. Elimination and adjustment for consolidation were not considered.

(1) Significant transactions information

A. Loans to others: None.

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

C. Holding of marketable securities at the end of the period (not including subsidiary, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: Please refer to table 2.

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

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

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

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(2), "Financial assets and liabilities at fair value through profit or loss - current".

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

14. SEGMENT INFORMATION

(1) General information

The management of the Group has identified the operating segments based on information provided to the Group's chief operating decision maker in order to make strategic decisions. The components of the Group and the basis for identification and measurement of segment information had no significant changes in this period.

(2) Segment information

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

For the nine-month period ended September 30, 2016	TTET Union Corporation	Master Channels Corporation	Total
Segment revenue	$ 10,912,804	$ 2,055,354	$ 12,968,158
Revenue from internal customers	242,447	-	242,447
Revenue from external customers	10,670,357	2,055,354	12,725,711
Segment income	730,118	49,020	779,138
Segment assets	3,904,476	723,130	4,627,606

For the nine-month period ended September 30, 2015	TTET Union Corporation	Master Channels Corporation	Total
Segment revenue	$ 11,839,645	$ 1,767,839	$ 13,607,484
Revenue from internal customers	241,395	-	241,395
Revenue from external customers	11,598,250	1,767,839	13,366,089
Segment income	814,767	39,546	854,313
Segment assets	3,857,047	581,752	4,438,799

(3) Reconciliation for segment income and segment assets

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the chief operating decision-maker with respect to segment income and segment assets are measured consistent with that of the financial statements.

TTET Union Corporation and Subsidiary

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

September 30, 2016

Table 1

Expressed in thousands of NTD

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2016 Number of shares	Book value	Ownership	Fair value	Note
TTET Union Corporation	Commercial paper:							
	Mega Bills Finance Co., Ltd.	—	Cash equivalents	-	$ 119,669	—	$ 119,669	—
	International Bills Finance Corp.	—	Cash equivalents	-	49,927	—	49,927	—
	Stocks:							
	FOOD CHINA INC.	—	Available-for-sale financial assets - non-current	400,000	1,275	1.08%	1,275	—

TTET Union Corporation and Subsidiary

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

For the nine-month period ended September 30, 2016

Table 2

Expressed in thousands of NTD

					Balance as at January 1, 2016		Addition		Disposal				Balance as at September 30, 2016	
Investor	Marketable securities	General ledger account	Counterparty	Relationship with the investor	Number of shares	Amount	Number of shares	Amount	Number of shares	Selling price	Book value	Gain (loss) on disposal	Number of shares	Amount
TTET Union Corporation	China Bills Finance Corp.	Cash equivalents	—	—	-	$ 139,949	-	$ 5,137,154	-	$ 5,277,936	($ 5,277,103)	$ 833	-	$ -
	International Bills Finance Corp.	Cash equivalents	—	—	-	429,561	-	4,673,397	-	5,054,213	(5,053,031)	1,182	-	49,927
	Mega Bills Finance Co., Ltd.	Cash equivalents	—	—	-	328,653	-	2,944,950	-	3,154,723	(3,153,934)	789	-	119,669

TTET Union Corporation and Subsidiary

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

For the nine-month period ended September 30, 2016

Table 3

Expressed in thousands of NTD

			Description of transaction				Description and reasons for difference in transation terms compared to non-related party transations		Notes or accounts receivable/(payable)		
Purchase/sale company	Counterparty	Relationship with the counterparty	Purchases /(sales)	Amount	Percentage of total purchases /(sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
TTET Union Corporation	Ton-Yi Industrial Corp.	An investee company of Uni-President Corp. accounted for under the equity method	Purchases	$ 204, 814	2%	30 days after acceptance	$ -	(Note 2)	($ 24, 378)	(20%)	—
	Total Nutrition Technologies Co., Ltd.	An investee company of Great Wall Enterprise Co., Ltd. accounted for under the equity method	(Sales)	(212, 457)	(2%)	10 days after sales	-	(Note 1)	6, 758	1%	—
	Master Channels Corporation	An investee company for under the equity method	(Sales)	(242, 447)	(2%)	Closes its accounts each half month, notes due in 20 days	-	(Note 1)	27, 412	5%	—
	Great Wall Enterprise Co., Ltd.	The director of the Company	(Sales)	(262, 715)	(2%)	10 days after sales	-	(Note 1)	5, 662	1%	—
	May Lan Lei Co., Ltd.	An investee company of Great Wall Enterprise Co., Ltd. accounted for under the equity method	(Processing revenue)	(168, 093)	(2%)	Closesits accounts 15 days after the end of each month	-	(Note 1)	26, 290	5%	—
Master Channels Corporation	TTET Union Corporation	The parent company	Purchases	242, 447	13%	Closes its accounts each half month, notes due in 20 days	-	—	(27, 412)	(8%)	—

Note 1: The collection period for third parties was 10~45 days after sales of goods.
Note 2: Payments to third parties were made in 7~30 days after receipt of goods.

TTET Union Corporation and Subsidiary

Significant inter-company transactions during the reporting period

For the nine-month period ended September 30, 2016

Table 4

Expressed in thousands of NTD

				Transaction terms			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of total consolidated revenues or total assets (Note 3)
0	TTET Union Corporation	Master Channels Corporation	1	Sales	($ 242, 447)	Closes its accounts each half month, notes due in 20 days	(2%)
				Accounts receivable	27, 412	–	1%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

(1) Parent company is '0'.

(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice.)

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated revenues or total assets, it is computed based on period-end balance of transaction to consolidated assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

TTET Union Corporation and Subsidiary

Information on investees (not including investees in China)

For the nine-month period ended September 30, 2016

Table 5

Expressed in thousands of NTD

				Initial investment amount		Shares held as at September 30, 2016				
Investor	Investee	Location	Main business activities	Balance as at September 30, 2016	Balance as at December 31, 2015	Number of shares	Ownership	Book value	Net profit (loss) of the investee for the nine-month period ended September 30, 2016	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2016	Note
TTET Union Corporation	Master Channels Corporation	Taiwan	Wholesale of food	$ 138, 585	$ 138, 585	12, 039, 999	80. 27	$ 179, 061	$ 39, 330	$ 31, 553	Subsidiary

TTET Union Corporation and Subsidiary

Information on investments in Mainland China

For the nine-month period ended September 30, 2016

Table 6

Expressed in thousands of NTD

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the nine-month period ended September 30, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2016	Net income of investee for the nine-month period ended September 30, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine-month period ended September 30, 2016	Book value of investments as of September 30, 2016	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2016	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Beijing FoodChina Online Information and Technology Ltd.	Program planning, System design, etc.	$ 43, 904	2	$ 7, 526	$ -	$ -	$ 7, 526	($ 14, 479)	1. 08	$ -	$ 1, 275	$ -	—

Note : Investment methods are classified into the following three categories:

(1) Directly invest in a company in Mainland China.

(2) Indirect investment in PRC through the existing company (FOOD CHINA INC.) located in the third area.

(3) Others

Company name	Accumulated investment balance from Taiwan to Mainland China	Amount approved by MOEA	Ceiling amount of investments in Mainland China imposed by MOEA (Note1)
TTET Union Corporation	$ 7, 526	$ 7, 526	$ 2, 125, 236

Note 1: The ceiling amount is 60% of consolidated net worth.

Note 2: Foreign currencies were translated into New Taiwan Dollars using the exchange rate as of report date as follows: USD:NTD 1:31.36.