

**AU OPTRONICS CORP.
AND SUBSIDIARIES**

Consolidated Interim Financial Statements

**June 30, 2017 and 2016
(With Independent Auditors' Review Report)**

The auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Independent Auditors' Review Report

To the Board of Directors of AU Optronics Corp.:

We have reviewed the accompanying consolidated balance sheets of AU Optronics Corp. and its subsidiaries ("the Company") as of June 30, 2017 and 2016 and the related consolidated statements of comprehensive income for the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016, as well as the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2017 and 2016. These consolidated interim financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our reviews in accordance with Statement on Auditing Standard No. 36, "Engagements to Review Financial Statements". A review consists principally of inquiries of the Company's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

We have audited the consolidated financial statements of the Company for the year ended December 31, 2016 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China, in which we issued an unqualified opinion on February 13, 2017. In our opinion, the consolidated balance sheet as of December 31, 2016 and the related disclosures that extracted from the annual consolidated financial statements for the year ended December 31, 2016 included in the consolidated interim financial statements referred to above, in all material aspects, present fairly.

The engagement partners on the review resulting in this independent auditors' review report are Wei, Shing-Hai and Lu, Chien-Hui.

KPMG
Hsinchu, Taiwan (Republic of China)
July 25, 2017

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' review report and consolidated financial statements, the Chinese version shall prevail.

Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2017 and 2016

AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2017, December 31, 2016 and June 30, 2016

(Expressed in thousands of New Taiwan dollars)

	June 30, 2017		December 31, 2016		June 30, 2016			June 30, 2017		December 31, 2016		June 30, 2016	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Assets							Liabilities and Stockholders' Equity						
Current assets:							Current liabilities:						
1100 Cash and cash equivalents (Note 6(1))	\$ 102,800,518	23	80,191,248	19	72,954,216	18	2100 Short-term borrowings (Note 6(12))	\$ 2,160,253	1	526,723	-	1,575,893	-
1110 Financial assets measured at fair value through profit or loss – current (Note 6(2))	57,094	-	65,669	-	528,433	-	2120 Financial liabilities measured at fair value through profit or loss – current (Note 6(2))	250,713	-	896,998	-	112,505	-
1170 Notes and accounts receivable, net (Note 6(5))	42,218,055	9	45,710,177	11	34,416,938	8	2125 Hedging derivative financial liabilities – current (Note 6(2))	-	-	3,540	-	-	-
1180 Accounts receivable from related parties, net (Note 6(5)&7)	2,518,107	1	2,533,224	1	2,775,437	1	2170 Notes and accounts payable	45,303,374	10	51,148,055	13	48,730,166	12
1210 Other receivables from related parties (Note 7)	175,941	-	34,288	-	231,352	-	2180 Notes and accounts payable to related parties (Note 7)	7,537,175	2	8,823,065	2	8,351,570	2
1220 Current tax assets	9,794	-	14,057	-	14,645	-	2213 Equipment and construction payable	9,536,832	2	12,647,041	3	11,223,760	3
130X Inventories (Note 6(6))	25,539,903	6	27,679,335	6	27,754,179	7	2220 Other payables to related parties (Note 7)	14,436	-	27,341	-	27,718	-
1476 Other current financial assets (Note 6(5)&8)	451,111	-	559,946	-	1,462,132	-	2230 Current tax liabilities	5,518,916	1	949,890	-	2,056,907	-
1460 Noncurrent assets held for sale (Note 6(8))	-	-	228,015	-	-	-	2250 Provisions – current (Note 6(14))	926,675	-	1,783,407	-	4,409,010	1
1479 Other current assets (Note 6(11))	7,399,598	2	6,330,283	1	5,285,292	1	2399 Other current liabilities	30,131,718	7	22,385,488	5	24,811,200	6
	<u>181,170,121</u>	<u>41</u>	<u>163,346,242</u>	<u>38</u>	<u>145,422,624</u>	<u>35</u>	2322 Current installments of long-term borrowings (Note 6(13)&8)	<u>16,871,558</u>	<u>4</u>	<u>18,074,627</u>	<u>4</u>	<u>21,093,266</u>	<u>5</u>
Noncurrent assets:								<u>118,251,650</u>	<u>27</u>	<u>117,266,175</u>	<u>27</u>	<u>122,391,995</u>	<u>29</u>
1523 Available-for-sale financial assets – noncurrent (Note 6(3))	4,371,875	1	2,836,696	1	2,157,676	1	Noncurrent liabilities:						
1543 Financial assets carried at cost – noncurrent (Note 6(4))	207,815	-	193,582	-	137,182	-	2510 Hedging derivative financial liabilities – noncurrent (Note 6(2))	-	-	-	-	8,446	-
1550 Investments in equity-accounted investees (Note 6(7))	5,077,657	1	5,178,337	1	12,233,614	3	2540 Long-term borrowings, excluding current installments (Note 6(13)&8)	105,675,736	24	106,187,993	26	94,669,791	23
1600 Property, plant and equipment (Note 6(8),7&8)	216,104,848	49	222,741,832	52	214,058,959	51	2550 Provisions – noncurrent (Note 6(14))	1,014,773	-	1,038,264	-	1,098,217	-
1760 Investment property (Note 6(9)&8)	465,868	-	465,868	-	465,868	-	2570 Deferred tax liabilities	3,200,365	1	3,705,300	1	4,478,604	1
1780 Intangible assets (Note 6(10))	13,451,955	3	13,602,834	3	14,269,862	3	2600 Other noncurrent liabilities	<u>1,855,444</u>	<u>-</u>	<u>1,936,337</u>	<u>-</u>	<u>3,428,347</u>	<u>1</u>
1840 Deferred tax assets	14,285,376	3	14,364,745	3	16,914,666	4		<u>111,746,318</u>	<u>25</u>	<u>112,867,894</u>	<u>27</u>	<u>103,683,405</u>	<u>25</u>
1900 Other noncurrent assets (Note 6(11)&8)	6,007,625	2	7,039,115	2	11,724,614	3	Total liabilities	<u>229,997,968</u>	<u>52</u>	<u>230,134,069</u>	<u>54</u>	<u>226,075,400</u>	<u>54</u>
	<u>259,973,019</u>	<u>59</u>	<u>266,423,009</u>	<u>62</u>	<u>271,962,441</u>	<u>65</u>	Equity: (Note 6(17))						
							Equity attributable to shareholders of AU Optronics Corp.:						
Total assets	\$ 441,143,140	100	429,769,251	100	417,385,065	100	3100 Common stock	96,242,451	22	96,242,451	22	96,242,451	23
							3200 Capital surplus	60,022,161	13	59,979,723	14	60,428,105	14
							3300 Retained earnings	38,160,464	9	24,243,153	6	10,988,365	3
							3400 Other components of equity	<u>(17,708)</u>	<u>-</u>	<u>779,372</u>	<u>-</u>	<u>3,114,284</u>	<u>1</u>
								<u>194,407,368</u>	<u>44</u>	<u>181,244,699</u>	<u>42</u>	<u>170,773,205</u>	<u>41</u>
							Non-controlling interests:						
							36XX Non-controlling interests	16,737,804	4	18,390,483	4	20,536,460	5
							Total equity	<u>211,145,172</u>	<u>48</u>	<u>199,635,182</u>	<u>46</u>	<u>191,309,665</u>	<u>46</u>
							Total Liabilities and Equity	\$ 441,143,140	100	429,769,251	100	417,385,065	100

See accompanying notes to the consolidated interim financial statements

Reviewed only, not audited in accordance with generally accepted auditing standards

AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2017 and 2016
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Three months ended June 30,				Six months ended June 30,			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	Revenue	\$ 84,806,534	100	80,361,430	100	173,651,659	100	151,770,131	100
4190	Less: sales return and discount	394,134	-	270,527	-	682,443	-	543,996	-
	Net revenue (Note 6(19)&7)	84,412,400	100	80,090,903	100	172,969,216	100	151,226,135	100
5000	Cost of sales (Note 6(6),(20),(21)&7)	67,291,581	80	74,526,564	93	138,415,648	80	145,272,276	96
	Gross profit	17,120,819	20	5,564,339	7	34,553,568	20	5,953,859	4
	Operating expenses: (Note 6(20),(21)&7)								
6100	Selling and distribution expenses	932,815	1	996,454	1	1,880,431	1	1,999,390	1
6200	General and administrative expenses	2,072,060	2	2,267,229	3	4,059,300	2	4,541,704	3
6300	Research and development expenses	2,439,915	3	2,184,965	3	4,920,401	3	4,393,992	3
	Total operating expenses	5,444,790	6	5,448,648	7	10,860,132	6	10,935,086	7
	Profit (loss) from operations	11,676,029	14	115,691	-	23,693,436	14	(4,981,227)	(3)
	Non-operating income and expenses:								
7010	Other income (Note 6(22)&7)	604,695	1	500,176	1	2,085,900	1	1,028,486	1
7020	Other gains and losses (Note 6(2),(23)&7)	4,511	-	(341,135)	-	(836,528)	-	(632,240)	-
7050	Finance costs (Note 6(8)&(24))	(712,271)	(1)	(562,079)	(1)	(1,436,622)	(1)	(1,100,199)	(1)
7060	Share of profit of equity-accounted investees (Note 6(7))	71,095	-	47,189	-	87,615	-	159,994	-
	Total non-operating income and expenses	(31,970)	-	(355,849)	-	(99,635)	-	(543,959)	-
7900	Profit (loss) before income tax	11,644,059	14	(240,158)	-	23,593,801	14	(5,525,186)	(3)
7950	Less: income tax expense (Note 6(25))	2,697,570	3	563,416	1	5,212,679	3	858,812	1
8200	Profit (loss) for the period	8,946,489	11	(803,574)	(1)	18,381,122	11	(6,383,998)	(4)
8300	Other comprehensive income: (Note 6(7),(17)&(25))								
8310	Items that will never be reclassified to profit or loss								
8320	Equity-accounted investees – share of other comprehensive income	387	-	238	-	714	-	238	-
8349	Related tax	-	-	-	-	-	-	-	-
		387	-	238	-	714	-	238	-
8360	Items that are or may be reclassified subsequently to profit or loss								
8361	Foreign operations – foreign currency translation differences	1,123,037	1	(1,992,396)	(2)	(3,365,799)	(2)	(3,398,594)	(2)
8362	Net change in fair value of available-for-sale financial assets	1,058,081	1	185,131	-	1,535,179	1	80,473	-
8363	Effective portion of changes in fair value of cash flow hedges	-	-	1,748	-	(21,992)	-	2,293	-
8370	Equity-accounted investees – share of other comprehensive income (loss)	2,596	-	(22,950)	-	(56,536)	-	(339,634)	-
8399	Related tax	(161,213)	-	338,914	-	477,390	-	611,949	-
		2,022,501	2	(1,489,553)	(2)	(1,431,758)	(1)	(3,043,513)	(2)
8300	Other comprehensive income (loss), net of tax	2,022,888	2	(1,489,315)	(2)	(1,431,044)	(1)	(3,043,275)	(2)
8500	Total comprehensive income (loss) for the period	\$ 10,969,377	13	(2,292,889)	(3)	16,950,078	10	(9,427,273)	(6)
	Profit (loss) attributable to:								
8610	Shareholders of AU Optronics Corp.	\$ 9,829,784	12	(572,407)	(1)	19,308,977	11	(6,049,733)	(4)
8620	Non-controlling interests	(883,295)	(1)	(231,167)	-	(927,855)	-	(334,265)	-
		\$ 8,946,489	11	(803,574)	(1)	18,381,122	11	(6,383,998)	(4)
	Total comprehensive income (loss) attributable to:								
8710	Shareholders of AU Optronics Corp.	\$ 11,596,261	14	(1,421,125)	(2)	18,512,611	11	(8,020,669)	(5)
8720	Non-controlling interests	(626,884)	(1)	(871,764)	(1)	(1,562,533)	(1)	(1,406,604)	(1)
		\$ 10,969,377	13	(2,292,889)	(3)	16,950,078	10	(9,427,273)	(6)
	Earnings per share (Note 6(26))								
9750	Basic earnings per share	\$ 1.02		(0.06)		2.01		(0.63)	
9850	Diluted earnings per share	\$ 1.01		(0.06)		1.96		(0.63)	

See accompanying notes to the consolidated interim financial statements

Reviewed only, not audited in accordance with generally accepted auditing standards

AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2017 and 2016

(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of AU Optronics Corp.											
	Capital Stock		Retained earnings			Other components of equity				Equity attributable to shareholders of AU Optronics Corp.	Non-controlling interests	Total equity
	Common stock	Capital surplus	Legal reserve	Unappropriated earnings	Subtotal	Cumulative translation differences	Unrealized gains (losses) on available-for-sale financial assets	Unrealized gains (losses) on cash flow hedges	Subtotal			
Balance at January 1, 2016	\$ 96,242,451	60,249,983	2,164,596	18,242,681	20,407,277	5,612,885	(539,653)	12,279	5,085,511	181,985,222	22,651,183	204,636,405
Appropriation of earnings												
Legal reserve	-	-	493,196	(493,196)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	(3,368,486)	(3,368,486)	-	-	-	-	(3,368,486)	-	(3,368,486)
Loss for the period	-	-	-	(6,049,733)	(6,049,733)	-	-	-	-	(6,049,733)	(334,265)	(6,383,998)
Other comprehensive income (loss), net of tax	-	-	-	291	291	(2,051,400)	78,331	1,842	(1,971,227)	(1,970,936)	(1,072,339)	(3,043,275)
Total comprehensive income (loss) for the period	-	-	-	(6,049,442)	(6,049,442)	(2,051,400)	78,331	1,842	(1,971,227)	(8,020,669)	(1,406,604)	(9,427,273)
Adjustments to capital surplus and retained earnings for changes in investees' equity	-	158,116	-	(984)	(984)	-	-	-	-	157,132	(572,155)	(415,023)
Group reorganization	-	20,006	-	-	-	-	-	-	-	20,006	37,036	57,042
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(173,000)	(173,000)
Balance at June 30, 2016	\$ 96,242,451	60,428,105	2,657,792	8,330,573	10,988,365	3,561,485	(461,322)	14,121	3,114,284	170,773,205	20,536,460	191,309,665
Balance at January 1, 2017	\$ 96,242,451	59,979,723	2,657,792	21,585,361	24,243,153	536,819	224,299	18,254	779,372	181,244,699	18,390,483	199,635,182
Appropriation of earnings												
Legal reserve	-	-	781,894	(781,894)	-	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	(5,389,577)	(5,389,577)	-	-	-	-	(5,389,577)	-	(5,389,577)
Profit (loss) for the period	-	-	-	19,308,977	19,308,977	-	-	-	-	19,308,977	(927,855)	18,381,122
Other comprehensive income (loss), net of tax	-	-	-	714	714	(2,312,929)	1,534,103	(18,254)	(797,080)	(796,366)	(634,678)	(1,431,044)
Total comprehensive income (loss) for the period	-	-	-	19,309,691	19,309,691	(2,312,929)	1,534,103	(18,254)	(797,080)	18,512,611	(1,562,533)	16,950,078
Adjustments to capital surplus and retained earnings for changes in investees' equity	-	42,438	-	(2,803)	(2,803)	-	-	-	-	39,635	4,639	44,274
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(94,785)	(94,785)
Balance at June 30, 2017	\$ 96,242,451	60,022,161	3,439,686	34,720,778	38,160,464	(1,776,110)	1,758,402	-	(17,708)	194,407,368	16,737,804	211,145,172

See accompanying notes to the consolidated interim financial statements

Reviewed only, not audited in accordance with generally accepted auditing standards

AU OPTRONICS CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

**For the six months ended June 30, 2017 and 2016
(Expressed in thousands of New Taiwan dollars)**

	Six months ended June 30,	
	2017	2016
Cash flows from operating activities:		
Profit (loss) before income tax	\$ 23,593,801	(5,525,186)
Adjustments for:		
Depreciation	18,673,261	19,277,891
Amortization	343,436	495,896
Interest expense	1,436,622	1,100,199
Interest income	(267,809)	(256,720)
Share of profit of equity-accounted investees	(87,615)	(159,994)
Losses (gains) on disposals of property, plant and equipment, net	225,396	(18,443)
Impairment losses on assets	-	34,747
Changes in fair values of financial instruments	(637,710)	(755,397)
Unrealized foreign currency exchange losses	402,998	343,371
Others	(24,209)	(6,085)
Subtotal of income and expense items not affecting cash flows	<u>20,064,370</u>	<u>20,055,465</u>
Change in operating assets and liabilities:		
- notes and accounts receivable	2,160,031	(3,184,601)
- receivables from related parties	17,261	(290,131)
- inventories	2,064,616	3,828,182
- other current assets	634,426	9,428,612
- notes and accounts payable	(5,092,010)	(2,597,023)
- payables to related parties	(1,298,795)	(975,897)
- net defined benefit liability	(55,463)	(62,518)
- provisions	(862,203)	(501,517)
- other current liabilities	<u>2,277,965</u>	<u>(3,438,391)</u>
Subtotal of net changes in operating assets and liabilities	<u>(154,172)</u>	<u>2,206,716</u>
Subtotal of adjustment items	<u>19,910,198</u>	<u>22,262,181</u>
Cash generated from operations	43,503,999	16,736,995
Cash received from interest income	282,079	286,012
Cash received from dividend income	29,239	2,607
Cash paid for interest	(1,277,956)	(989,190)
Cash paid for income taxes	<u>(625,007)</u>	<u>(1,212,669)</u>
Net cash provided by operating activities	<u>41,912,354</u>	<u>14,823,755</u>
Cash flows from investing activities:		
Acquisitions of financial assets carried at cost	(14,233)	(66,948)
Proceeds from disposals of equity-accounted investees	57	-
Acquisitions of property, plant and equipment	(18,216,313)	(26,355,114)
Proceeds from disposals of property, plant and equipment	503,882	207,267
Increase in refundable deposits	(392,939)	(15,732)
Increase in intangible assets	(192,556)	(190,479)
Decrease (increase) in other financial assets	<u>21,893</u>	<u>(28,500)</u>
Net cash used in investing activities	<u>(18,290,209)</u>	<u>(26,449,506)</u>
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	1,633,530	(17,821)
Proceeds from long-term borrowings	18,206,235	38,098,171
Repayments of long-term borrowings	(18,804,742)	(29,998,038)
Decrease in guarantee deposits received	(43,925)	(22,587)
Net change of non-controlling interests and others	<u>11,350</u>	<u>(1,625,018)</u>
Net cash provided by financing activities	<u>1,002,448</u>	<u>6,434,707</u>
Effect of exchange rate change on cash and cash equivalents	<u>(2,015,323)</u>	<u>(735,440)</u>
Net increase (decrease) in cash and cash equivalents	<u>22,609,270</u>	<u>(5,926,484)</u>
Cash and cash equivalents at beginning of the period	<u>80,191,248</u>	<u>78,880,700</u>
Cash and cash equivalents at end of the period	\$ <u>102,800,518</u>	<u>72,954,216</u>

See accompanying notes to the consolidated interim financial statements

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

June 30, 2017 and 2016

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

1. Organization

AU Optronics Corp. (“AUO”) was founded on August 12, 1996 and is located in Hsinchu Science Park, the Republic of China (“ROC”). AUO’s main activities are the research, development, production and sale of thin film transistor liquid crystal displays (“TFT-LCDs”) and other flat panel displays used in a wide variety of applications. AUO also engages in the production and sale of solar modules and systems. AUO’s common shares have been publicly listed on the Taiwan Stock Exchange since September 2000, and its American Depositary Shares (“ADSs”) have been listed on the New York Stock Exchange since May 2002.

On September 1, 2001 and October 1, 2006, Unipac Optoelectronics Corp. (“Unipac”) and Quanta Display Inc. (“QDI”) were merged with and into AUO, respectively. AUO is the surviving Company, whereas Unipac and QDI were dissolved.

The consolidated interim financial statements comprise AUO and its subsidiaries (collectively as “the Company”).

2. The Authorization of Financial Statements

These consolidated interim financial statements were approved and authorized for issue by the Board of Directors of AUO on July 25, 2017.

3. Application of New Standards, Amendments and Interpretations

- (1) Impact of adoption of new, revised or amended standards and interpretations endorsed by the Financial Supervisory Commission, ROC (“FSC”)

In preparing the accompanying consolidated financial statements, the Company has adopted the following International Financial Reporting Standards (“IFRS”), International Accounting Standards (“IAS”), and Interpretations that have been issued by the International Accounting Standards Board (“IASB”) (collectively, “IFRSs”) and endorsed by the FSC, with effect from 2017.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10, IFRS 12 and IAS 28, <i>Investments Entities: Applying the Consolidation Exception</i>	January 1, 2016
Amendments to IFRS 11, <i>Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations</i>	January 1, 2016
IFRS 14, <i>Regulatory Deferral Accounts</i>	January 1, 2016
Amendments to IAS 1, <i>Presentation of Financial Statements - Disclosure Initiative</i>	January 1, 2016

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IAS 16 and IAS 38, <i>Clarification of Acceptable Methods of Depreciation and Amortization</i>	January 1, 2016
Amendments to IAS 16 and IAS 41, <i>Agriculture: Bearer Plants</i>	January 1, 2016
Amendments to IAS 19, <i>Defined Benefit Plans: Employee Contributions</i>	July 1, 2014
Amendments to IAS 27, <i>Equity Method in Separate Financial Statements</i>	January 1, 2016
Amendments to IAS 36, <i>Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets</i>	January 1, 2014
Amendments to IAS 39, <i>Financial Instruments - Novation of Derivatives and Continuation of Hedge Accounting</i>	January 1, 2014
Annual Improvements to IFRSs 2010 – 2012 Cycle and 2011 – 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012 – 2014 Cycle	January 1, 2016
IFRIC 21, <i>Levies</i>	January 1, 2014

The initial adoption of aforementioned IFRSs endorsed by the FSC has not had a significant impact on the Company's consolidated interim financial statements.

(2) Impact of the IFRSs that have been endorsed by the FSC but not yet in effect

According to Ruling No. 1060025773 issued on July 14, 2017 by the FSC, commencing from 2018, the Company is required to adopt the IFRSs that have been endorsed by the FSC with effective date from 2018. The related new, revised or amended standards and interpretations are set out below:

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 2, <i>Share-based Payments - Classification and Measurement of Share-based Payment Transactions</i>	January 1, 2018
Amendments to IFRS 4, <i>Insurance Contracts - Applying IFRS 9, Financial Instruments with IFRS 4, Insurance Contracts</i>	January 1, 2018
IFRS 9, <i>Financial Instruments</i>	January 1, 2018
IFRS 15, <i>Revenue from Contracts with Customers</i>	January 1, 2018
Amendments to IAS 7, <i>Statement of Cash Flows - Disclosure Initiative</i>	January 1, 2017
Amendments to IAS 12, <i>Income Taxes - Recognition of Deferred Tax Assets for Unrealized Losses</i>	January 1, 2017
Amendments to IAS 40, <i>Transfers of Investment Property</i>	January 1, 2018

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Notes to Consolidated Interim Financial Statements

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Annual Improvements to IFRSs 2014 – 2016 Cycle:	
IFRS 12, <i>Disclosure of Interests in Other Entities</i>	January 1, 2017
IFRS 1, <i>First-time Adoption of International Financial Reporting Standards</i> and IAS 28, <i>Investments in Associates and Joint Ventures</i>	January 1, 2018
IFRIC 22, <i>Foreign Currency Transactions and Advance Consideration</i>	January 1, 2018

Except for the items discussed below, the Company believes that the initial adoption of abovementioned standards or interpretations will not have any significant impact on its accounting policies.

a. IFRS 9, *Financial Instruments*

IFRS 9 replaces the existing guidance in IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including replacing the “incurred loss” model with an “expected credit loss” model for calculating impairment on financial assets, and the new general hedge accounting requirements.

Under IFRS 9, a new “expected credit loss” model is used to measure the impairment of financial assets. A loss allowance for expected credit losses should be recognized on financial assets measured at amortized cost and financial assets mandatorily measured at fair value through other comprehensive income.

The main changes in hedge accounting are amendments to application requirements for hedge accounting. Compared with IAS 39, the main changes include: (i) enhancing types of transactions eligible for hedge accounting; (ii) changing the way hedging derivative instruments are accounted for; and (iii) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

The Company is currently revamping its accounting procedures and internal control over financial reporting in accordance with the requirement of this Standard, and also, is assessing the potential impact to the Company as a result of the initial adoption of IFRS 9. Based on the Company’s preliminary view, the initial adoption of IFRS 9 would not have a material impact on the measurement for the Company’s financial instruments. However, the impact of adopting IFRS 9 on the Company’s consolidated financial statements for the year 2018 will depend on the financial instruments that the Company holds then and the economic condition at the same time, as well as accounting judgments that the Company will make in the future.

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b. IFRS 15, *Revenue from Contracts with Customers* and related amendments

IFRS 15 establishes a five-step model framework for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18, *Revenue*, IAS 11, *Construction Contracts*, and a number of revenue-related interpretations.

When applying IFRS 15, the Company shall recognize revenue when a customer obtains control of the goods and services, by applying the following steps:

- (i) Identify the contract with the customer;
- (ii) Identify the performance obligations;
- (iii) Determine the transaction price;
- (iv) Allocate the transaction price to the performance obligations in the contracts; and
- (v) Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 and related amendments become effective, the Company may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with a recognition of cumulative effect of the initial adoption of this Standard at the date of initial adoption.

The Company is currently revamping its accounting procedures and internal control over financial reporting in accordance with the requirement of this Standard, and also, is assessing the potential impact to the Company resulting from the initial adoption of IFRS 15. Based on the Company's preliminary view, the initial adoption of IFRS 15 would not have significant differences and influences on the current recognition of the Company's revenue from contracts with customers. However, the impact of adopting IFRS 15 on the Company's consolidated financial statements for the year 2018 will depend on the relative contracts with customers then.

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

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC is set out below.

New, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Subject to IASB's announcement
IFRS 16, <i>Leases</i>	January 1, 2019
IFRS 17, <i>Insurance Contracts</i>	January 1, 2021
IFRIC 23, <i>Uncertainty over Income Tax Treatments</i>	January 1, 2019

Except for the item discussed below, the Company believes that the initial adoption of abovementioned standards or interpretations will not have any significant impact on its accounting policies.

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IFRS 16, *Leases*

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

Under IFRS 16, a lessee is required to recognize a right-of-use asset and a lease liability on the balance sheet for all leases with exception for leases of low-value assets and short-term leases which the Company may elect to apply the accounting method similar to the accounting for operating lease under IAS 17. Additionally, a depreciation expense charged on the right-of-use asset and an interest expense accrued on the lease liability, for which interest is computed by using effective interest method, are recognized separately on the statement of comprehensive income. On the statement of cash flows, cash payments for the principal amount and the interest of the lease liability are generally classified within financing activities.

When IFRS 16 becomes effective, as a lessee, the Company may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with a recognition of cumulative effect of the initial adoption of this Standard at the date of initial adoption. As a lessor, the Company is not required to make any adjustments for leases except it is an intermediate lessor in a sub-lease.

The Company has performed a preliminary assessment and identification on whether its current operating leases are in the scope of IFRS 16, in which the main impact is that, in case a lease contract meets the lease definition in this Standard, the Company shall recognize an asset and a liability. The related impact of adoption IFRS 16 by the Company will be disclosed when the Company completes the assessment.

Except for the aforementioned impact, as of the date that the accompanying consolidated interim financial statements were issued, the Company continues in assessing the potential impact on its financial position and results of operations as a result of the application of other standards, interpretations and amendments. The potential impact will be disclosed when the assessment is complete.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The accompanying consolidated interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and IAS 34, *Interim Financial Reporting*, as endorsed by the FSC. The consolidated interim financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRSs endorsed and issued into effect by the FSC for application.

Except as described below, the significant accounting policies applied in the consolidated interim financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2016, and have been applied consistently to all periods presented in the consolidated interim financial statements. Refer to note 4 of the consolidated financial statements for the year ended December 31, 2016 for the details.

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

(2) Basis of consolidation

Principles of preparation of the consolidated interim financial statements are the same as those applied in the consolidated financial statements for the year ended December 31, 2016. Refer to note 4(3) of the consolidated financial statements for the year ended December 31, 2016.

List of subsidiaries in the consolidated interim financial statements was as follows:

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2017	December 31, 2016	June 30, 2016
AUO	AU Optronics (L) Corp. (AULB)	Holding and trading company (Malaysia)	100.00	100.00	100.00
AUO	Konly Venture Corp. (Konly)	Venture capital investment (Taiwan ROC)	100.00	100.00	100.00
AUO	Ronly Venture Corp. (Ronly)	Venture capital investment (Taiwan ROC)	100.00	100.00	100.00
AUO	Taiwan CFI Co., Ltd. (CFI) (Previously named as "Toppan CFI (Taiwan) Co., Ltd. (Toppan CFI)")	Manufacturing and sale of color filters (Taiwan ROC)	-	-(5)	100.00
AUO	Space Money Inc. (SMI)	Sale of TFT-LCD panels; leasing (Taiwan ROC)	100.00	100.00	100.00
AUO	U-Fresh Technology Inc. (UTI)	Design, development and implementation of environmentally friendly projects and solutions (Taiwan ROC)	100.00 ⁽²⁾	-	-
AUO, Konly and Ronly	Darwin Precisions Corporation (DPTW)	Manufacturing, design and sale of TFT-LCD modules, TV set, backlight modules and related parts (Taiwan ROC)	51.04	51.04	48.80 ⁽¹⁾
AUO, Konly and Ronly	Sanda Materials Corporation (SDMC)	Holding company (Taiwan ROC)	99.99	99.99	99.99
AUO, Konly and Ronly	AUO Crystal Corp. (ACTW)	Manufacturing and sale of ingots and solar wafers (Taiwan ROC)	96.04	96.31	96.44
Konly	Fargen Power Corporation (FGPC)	Renewable energy power generation (Taiwan ROC)	100.00	100.00	100.00
Konly	Evergen Power Corporation (EGPC)	Solar power generation (Taiwan ROC)	-	-(6)	100.00
Konly	LiGen Power Corporation (LGPC)	Renewable energy power generation (Taiwan ROC)	100.00	100.00	100.00
Konly	TronGen Power Corporation (TGPC)	Renewable energy power generation (Taiwan ROC)	100.00	100.00	100.00 ⁽²⁾
Konly	ChampionGen Power Corporation (CGPC)	Renewable energy power generation (Taiwan ROC)	100.00 ⁽²⁾	-	-
ACTW	AUO Crystal (Malaysia) Sdn. Bhd. (ACMK)	Manufacturing and sale of solar wafers (Malaysia)	100.00	100.00	100.00

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Notes to Consolidated Interim Financial Statements

Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2017	December 31, 2016	June 30, 2016
SDMC	M.Setek Co., Ltd. (M.Setek)	Manufacturing and sale of ingots (Japan)	99.9991	99.9991	99.9991
AULB	AU Optronics Corporation America (AUUS)	Sales and sales support of TFT-LCD panels (United States)	100.00	100.00	100.00
AULB	AU Optronics Corporation Japan (AUJP)	Sales support of TFT-LCD panels (Japan)	100.00	100.00	100.00
AULB	AU Optronics Europe B.V. (AUNL)	Sales support of TFT-LCD panels (Netherlands)	100.00	100.00	100.00
AULB	AU Optronics Korea Ltd. (AUKR)	Sales support of TFT-LCD panels (South Korea)	100.00	100.00	100.00
AULB	AU Optronics Singapore Pte. Ltd. (AUSG)	Holding company and sales support of TFT-LCD panels (Singapore)	100.00	100.00	100.00
AULB	AU Optronics (Czech) s.r.o. (AUCZ)	Assembly of solar modules (Czech Republic)	100.00	100.00	100.00
AULB	AU Optronics (Shanghai) Co., Ltd. (AUSH)	Sales support of TFT-LCD panels (PRC)	100.00	100.00	100.00
AULB	AU Optronics (Xiamen) Corp. (AUXM)	Manufacturing and assembly of TFT-LCD modules (PRC)	100.00	100.00	100.00
AULB	AU Optronics (Suzhou) Corp., Ltd. (AUSZ)	Manufacturing and assembly of TFT-LCD modules (PRC)	100.00	100.00	100.00
AULB	AU Optronics Manufacturing (Shanghai) Corp. (AUSJ)	Manufacturing and assembly of TFT-LCD modules (PRC)	100.00	100.00	100.00
AULB	AU Optronics (Slovakia) s.r.o. (AUSK)	Repairing of TFT-LCD modules; injecting and stamping parts; manufacturing and sale of mold (Slovakia Republic)	100.00	100.00	100.00
AULB	AFPD Pte., Ltd. (AUST)	Manufacturing TFT-LCD panels based on low temperature polysilicon technology (Singapore)	100.00	100.00	100.00
AULB	AU Optronics (Kunshan) Co., Ltd. (AUKS)	Manufacturing and sale of TFT-LCD panels (PRC)	51.00	51.00	51.00
AULB	a.u. Vista Inc. (AUVI)	Research and development and IP related business (United States)	100.00	100.00	100.00
AULB and DPTW	BriView (L) Corp. (BVLB)	Holding company (Malaysia)	100.00	100.00	100.00
AUXM	BriView (Xiamen) Corp. (BVXM)	Manufacturing and sale of liquid crystal products and related parts (PRC)	100.00	100.00 ⁽⁴⁾	100.00 ⁽⁴⁾
DPTW	Darwin Precisions (L) Corp. (DPLB)	Holding company (Malaysia)	100.00	100.00	100.00
DPTW	Forhouse International Holding Ltd. (FHVI)	Holding company (BVI)	100.00	100.00	100.00

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Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2017	December 31, 2016	June 30, 2016
DPTW	Force International Holding Ltd. (FRVI)	Holding company (BVI)	100.00	100.00	100.00
FHVI	Fortech International Corp. (FTMI)	Holding company (Mauritius)	100.00	100.00	100.00
FHVI	Forward Optronics International Corp. (FWSA)	Holding company (Samoa)	100.00	100.00	100.00
FHVI	Prime Forward International Ltd. (PMSA)	Holding company (Samoa)	100.00	100.00	100.00
FHVI	Full Luck Precisions Co., Ltd. (FLMI)	Holding company (Mauritius)	100.00	100.00	100.00
FRVI	Forefront Corporation (FFMI)	Holding company (Mauritius)	100.00	100.00	100.00
FFMI	Forthouse Electronics (Suzhou) Co., Ltd. (FWJ)	Manufacturing of motorized treadmills (PRC)	100.00	100.00	100.00
FTMI	Fortech Electronics (Suzhou) Co., Ltd. (FTWJ)	Manufacturing and sale of light guide plates, backlight modules and related parts (PRC)	100.00	100.00	100.00
FTMI	Fortech Optronics (Xiamen) Co., Ltd. (FTXM)	Manufacturing and sale of light guide plates, backlight modules and related parts (PRC)	100.00 ⁽³⁾	100.00	100.00
FWSA and FTMI	Suzhou Forplax Optronics Co., Ltd. (FPWJ)	Manufacturing and sale of precision plastic parts (PRC)	100.00	100.00	100.00
PMSA	Fortech Electronics (Kunshan) Co., Ltd. (FTKS)	Manufacturing and sale of light guide plates, backlight modules and related parts (PRC)	100.00	100.00	100.00
FLMI	Full Luck (Wujiang) Precisions Co., Ltd. (FLWJ)	Manufacturing and sales of precision metal parts (PRC)	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
DPLB	Darwin Precisions (Hong Kong) Limited (DPHK)	Holding company (Hong Kong)	100.00	100.00	100.00
DPLB	Darwin Precisions (Slovakia) s.r.o. (DPSK)	Manufacturing, assembly and sale of automotive parts (Slovakia Republic)	100.00	100.00	100.00 ⁽²⁾
DPHK	Darwin Precisions (Suzhou) Corp. (DPSZ)	Manufacturing and sale of backlight modules and related parts (PRC)	100.00	100.00	100.00
DPHK	Darwin Precisions (Xiamen) Corp. (DPXM)	Manufacturing and sale of backlight modules and related parts (PRC)	100.00	100.00	100.00
DPHK	Darwin Precisions (Chengdu) Corp. (DPCD)	Manufacturing and sale of backlight modules and related parts (PRC)	100.00 ⁽³⁾	100.00 ⁽³⁾	100.00 ⁽³⁾
BVLB	BriView (Hefei) Co., Ltd. (BVHF)	Manufacturing and sale of liquid crystal products and related parts (PRC)	100.00	100.00	100.00
AUSG	AUO Energy (Tianjin) Corp. (AETJ)	Manufacturing and sale of solar modules (PRC)	100.00	100.00	100.00

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Name of Investor	Name of Subsidiary	Main Activities and Location	Percentage of Ownership (%)		
			June 30, 2017	December 31, 2016	June 30, 2016
AUSG	AUO Green Energy America Corp. (AEUS)	Sale and sales support of solar-related products (United States)	100.00	100.00	100.00
AUSG	AUO Green Energy Europe B.V. (AENL)	Sales support of solar modules (Netherlands)	100.00	100.00	100.00

Note 1: Although the Company did not own more than 50% of DPTW's ownership interests for the six months ended June 30, 2016, it was considered to have de facto control over the operating policies of DPTW. As a result, DPTW was accounted for as a subsidiary of the Company.

Note 2: TGPC was incorporated in April 2016. DPSK was incorporated in May 2016. UTI was incorporated in January 2017. CGPC was incorporated in May 2017.

Note 3: As part of a business restructuring, DPCD, FLWJ and FTXM have been resolved by their respective boards of directors for liquidation. The liquidation is still in process for these entities as of June 30, 2017.

Note 4: As part of a business restructuring, BVLB disposed all its shareholdings in wholly owned subsidiary, BVXM, to AUXM in March 2016. This was treated as an equity transaction as there was no change in control of BVXM by the Company.

Note 5: On October 1, 2016, CFI was amalgamated to AUO and dissolved on that day.

Note 6: Konly disposed all its shareholdings in EGPC to Star River Energy Corporation ("SREC") in October, 2016.

(3) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially-determined pension cost rate at the end of prior fiscal year, adjusted for significant market fluctuations subsequent to the end of prior fiscal year and for significant curtailments, settlements, or other significant one-time events.

(4) Income taxes

The Company measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34, *Interim Financial Reporting*.

Income tax expense is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate, and is recognized as current tax expense.

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

5. Critical Accounting Judgments and Key Sources of Estimation and Assumption Uncertainty

The preparation of the consolidated interim financial statements in conformity with the Regulations and IAS 34, *Interim Financial Reporting*, as endorsed by the FSC requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing the consolidated interim financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2016.

6. Description of Significant Accounts

Except as described below, the description of significant accounts in the accompanying consolidated interim financial statements is not materially different from those described in note 6 of the consolidated financial statements for the year ended December 31, 2016.

(1) Cash and Cash Equivalents

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
		(in thousands)	
Cash on hand, demand deposits and checking accounts	\$ 40,345,317	42,389,461	42,225,874
Time deposits	55,143,532	37,676,746	29,803,325
Government bonds with reverse repurchase agreements	<u>7,311,669</u>	<u>125,041</u>	<u>925,017</u>
	<u>\$ 102,800,518</u>	<u>80,191,248</u>	<u>72,954,216</u>

Refer to note 6(28) for the disclosure of currency risk and sensitivity analysis of the financial assets and liabilities of the Company.

As at June 30, 2017, December 31, 2016 and June 30, 2016, no cash and cash equivalents were pledged with banks as collaterals.

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

(2) Derivative Financial Instruments and Hedging Instruments

a. Derivative Financial Instruments

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
		(in thousands)	
Financial assets measured at fair value through profit or loss – current:			
Foreign currency forward contracts	\$ <u>57,094</u>	<u>65,669</u>	<u>528,433</u>
Financial liabilities measured at fair value through profit or loss – current:			
Foreign currency forward contracts	\$ <u>250,713</u>	<u>896,998</u>	<u>112,505</u>
Hedging derivative financial liabilities – current:			
Interest rate swap contracts	\$ <u>-</u>	<u>3,540</u>	<u>-</u>
Hedging derivative financial liabilities – noncurrent:			
Interest rate swap contracts	\$ <u>-</u>	<u>-</u>	<u>8,446</u>

As of June 30, 2017, December 31, 2016 and June 30, 2016, outstanding foreign currency forward contracts were as follows:

<u>June 30, 2017</u>		
<u>Contract item</u>	<u>Maturity date</u>	<u>Contract amount</u>
		(in thousands)
Sell USD / Buy NTD	Jul. 2017 – Sep. 2017	USD623,400 / NTD18,879,274
Sell USD / Buy JPY	Jul. 2017 – Nov. 2017	USD110,329 / JPY12,211,960
Sell NTD / Buy JPY	Aug. 2017	NTD1,468,976 / JPY5,360,000
Sell USD / Buy CNY	Jul. 2017 – Oct. 2017	USD96,900 / CNY664,917
Sell EUR / Buy JPY	Jul. 2017 – Sep. 2017	EUR73,000 / JPY8,943,606
Sell EUR / Buy CZK	Jul. 2017 – Aug. 2017	EUR3,390 / CZK90,701
Sell USD / Buy MYR	Jul. 2017 – Sep. 2017	USD734 / MYR3,153
Sell CNY / Buy USD	Jul. 2017 – Aug. 2017	CNY62,742 / USD9,161
Sell CNY / Buy JPY	Jul. 2017 – Nov. 2017	CNY268,917 / JPY4,304,895
Sell USD / Buy SGD	Jul. 2017	USD5,485 / SGD7,591

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December 31, 2016		
Contract item	Maturity date	Contract amount
		(in thousands)
Sell USD / Buy NTD	Jan. 2017 – Feb. 2017	USD711,000 / NTD22,687,304
Sell USD / Buy JPY	Jan. 2017 – Mar. 2017	USD126,730 / JPY13,860,716
Sell NTD / Buy JPY	Mar. 2017	NTD1,474,085 / JPY5,400,000
Sell USD / Buy CNY	Jan. 2017 – Jun. 2017	USD96,000 / CNY662,180
Sell EUR / Buy JPY	Mar. 2017	EUR90,000 / JPY10,693,738
Sell EUR / Buy CZK	Jan. 2017 – Feb. 2017	EUR3,190 / CZK85,791
Sell EUR / Buy USD	Mar. 2017	EUR41,000 / USD44,148
Sell USD / Buy MYR	Jan. 2017 – Mar. 2017	USD741 / MYR3,296
Sell JPY / Buy NTD	Mar. 2017	JPY50,000 / NTD13,725
Sell CNY / Buy USD	Jan. 2017 – Apr. 2017	CNY359,763 / USD52,189
Sell EUR / Buy NTD	Jan. 2017	EUR5,000 / NTD171,967
Sell CNY / Buy JPY	Jan. 2017 – Jul. 2017	CNY588,583 / JPY9,068,273
Sell USD / Buy SGD	Jan. 2017	USD170,157 / SGD245,680
June 30, 2016		
Contract item	Maturity date	Contract amount
		(in thousands)
Sell USD / Buy NTD	Jul. 2016 – Aug. 2016	USD229,000 / NTD7,422,134
Sell USD / Buy JPY	Jul. 2016 – Nov. 2016	USD167,972 / JPY17,975,713
Sell NTD / Buy JPY	Jul. 2016 – Aug. 2016	NTD333,545 / JPY1,097,000
Sell NTD / Buy USD	Jul. 2016 – Sep. 2016	NTD97,853 / USD3,017
Sell USD / Buy CNY	Jul. 2016 – Oct. 2016	USD121,500 / CNY796,668
Sell EUR / Buy JPY	Jul. 2016 – Sep. 2016	EUR93,000 / JPY11,243,558
Sell EUR / Buy CZK	Jul. 2016 – Aug. 2016	EUR3,660 / CZK98,939
Sell USD / Buy SGD	Jul. 2016	USD4,290 / SGD5,769
Sell EUR / Buy USD	Nov. 2016	EUR47,000 / USD53,957
Sell USD / Buy MYR	Jul. 2016 – Sep. 2016	USD605 / MYR2,464
Sell JPY / Buy NTD	Sep. 2016	JPY4,840,000 / NTD1,481,646
Sell CNY / Buy USD	Jul. 2016	CNY1,219,719 / USD183,700
Sell EUR / Buy NTD	Jul. 2016 – Aug. 2016	EUR14,000 / NTD512,168
Sell CNY / Buy EUR	Jul. 2016	CNY2,672 / EUR360
Sell CNY / Buy JPY	Aug. 2016 – Dec. 2016	CNY358,653 / JPY5,486,626

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

Net gains (losses) of foreign currency forward contracts were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Unrealized gains (losses)	\$ (547,139)	922,653	637,710	755,397
Realized gains (losses)	<u>354,701</u>	<u>(619,530)</u>	<u>821,220</u>	<u>(226,767)</u>
	\$ <u>(192,438)</u>	<u>303,123</u>	<u>1,458,930</u>	<u>528,630</u>

AUO entered into interest rate swap contracts with several banks to manage interest rate risk exposure arising from financing activities. As of June 30, 2017, there was no outstanding interest rate swap contract. As of December 31, 2016 and June 30, 2016, AUO's total notional amount of outstanding interest rate swap contracts amounted to \$1,760,000 thousand and \$2,560,000 thousand, respectively, and all of which were related to effective hedges. For the six months ended June 30, 2017 and 2016, no unrealized gains or losses resulting from change in fair value of interest rates swap contracts were recognized in profit and loss.

b. Hedge accounting

The Company entered into Plain Vanilla type interest rate swap contracts as the primary hedging instrument. The Company paid interest based on fixed rate and received market floating-rate from the counterparty. The aforementioned hedging contracts were intended to protect the Company from the risk of future cash flow fluctuation of debt bearing floating interest rate. These contracts were designated as cash flow hedges and met the criteria for hedge accounting.

Details of hedged items designated as cash flow hedges and their respective hedging derivative financial instruments were as follows:

December 31, 2016				
Hedged item	Hedging instrument	Fair value of hedging instrument	Expected period of cash flows	Expected period of recognition in comprehensive income
		(in thousands)		
Long-term borrowings with floating interest rate	Interest rate swap contracts	\$ (3,540)	Jan. 2017 – Aug. 2017	Jan. 2017 – Aug. 2017

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Notes to Consolidated Interim Financial Statements

June 30, 2016

Hedged item	Hedging instrument	Fair value of hedging instrument (in thousands)	Expected period of cash flows	Expected period of recognition in comprehensive income
Long-term borrowings with floating interest rate	Interest rate swap contracts	\$ (8,446)	Jul. 2016 – Aug. 2017	Jul. 2016 – Aug. 2017

(3) Available-for-sale Financial Assets – noncurrent

	June 30, 2017	December 31, 2016	June 30, 2016
		(in thousands)	
Equity securities – listed company	\$ <u>4,371,875</u>	<u>2,836,696</u>	<u>2,157,676</u>

(4) Financial Assets Carried at Cost – noncurrent

	June 30, 2017	December 31, 2016	June 30, 2016
		(in thousands)	
Equity securities – unlisted company	\$ <u>207,815</u>	<u>193,582</u>	<u>137,182</u>

Given that the probabilities for each assumption in the range of estimated fair value of the aforementioned investments held by the Company cannot be reasonably determined, the Company had determined that the fair value thereof could not be reliably measured and therefore were measured at cost less any impairment loss at period-end.

(5) Notes and Accounts Receivable, net (Including Related and Unrelated Parties)

	June 30, 2017	December 31, 2016	June 30, 2016
		(in thousands)	
Notes and accounts receivable	\$ 45,656,739	49,201,632	38,295,635
Less: allowance for doubtful accounts	(102,536)	(104,617)	(96,432)
allowance for sales returns and discounts	(818,041)	(853,614)	(1,006,828)
	\$ <u>44,736,162</u>	<u>48,243,401</u>	<u>37,192,375</u>
Notes and accounts receivable, net	\$ <u>42,218,055</u>	<u>45,710,177</u>	<u>34,416,938</u>
Accounts receivable from related parties, net	\$ <u>2,518,107</u>	<u>2,533,224</u>	<u>2,775,437</u>

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

Aging analysis of notes and accounts receivable, which were past due but not impaired, was as follows:

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
	(in thousands)		
Past due less than 60 days	\$ 374,358	531,327	822,385
Past due 61~180 days	8,030	9,505	40,619
Past due over 180 days	-	1,020	24,580
	<u><u>\$ 382,388</u></u>	<u><u>541,852</u></u>	<u><u>887,584</u></u>

The movement in the allowance for doubtful accounts was as follows:

	<u>Six months ended June 30,</u>			
	<u>2017</u>		<u>2016</u>	
	<u>Individually assessed for impairment</u>	<u>Collectively assessed for impairment</u>	<u>Individually assessed for impairment</u>	<u>Collectively assessed for impairment</u>
	(in thousands)			
Balance at beginning of the period	\$ 41,812	62,805	11,714	58,183
Provisions (reversals) charged to (against) expense	3,463	(3,510)	24,373	11,339
Write-offs	(2)	-	-	(7,630)
Effect of changes in foreign currency exchange rates	(1,049)	(983)	(859)	(688)
Balance at end of the period	<u><u>\$ 44,224</u></u>	<u><u>58,312</u></u>	<u><u>35,228</u></u>	<u><u>61,204</u></u>

The payment terms granted to customers are generally 30 to 60 days from the end of the month during which the invoice is issued. The Company evaluates possible uncollected amounts and uses allowance for doubtful accounts to record its doubtful receivable expenses. When evaluating the allowances, the Company considers the historical experience, the customer credits and the account aging analysis. While it is determined a receivable is uncollectible, receivable balances is offset against the allowance for doubtful accounts.

The Company entered into financing facilities with banks to factor certain of its accounts receivable without recourse, details of which were as follows:

<u>June 30, 2017</u>				
<u>Underwriting bank</u>	<u>Factoring limit</u>	<u>Amount advanced</u>	<u>Amount sold and derecognized</u>	<u>Principal terms</u>
	(in thousands)			
Chinatrust Commercial Bank	USD 230,000	-	-	See notes(a)~(c) and (e)
Taishin Bank	USD 80,000	-	-	See notes(a)~(c) and (e)
Bank of Taiwan	USD 250,000	-	-	See notes(a)~(c) and (e)
Taipei Fubon Bank	USD 120,000	-	-	See notes(a)~(c) and (e)

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

June 30, 2017

Underwriting bank	Factoring limit	Amount advanced (in thousands)	Amount sold and derecognized	Principal terms
E. Sun Bank	USD 50,000	-	-	See notes(a)~(c) and (e)
DBS Bank	USD 154,000	-	-	See notes(a)~(c) and (e)
Taishin Bank	USD 35,000	-	USD 6,693	See notes(a)~(d) and (f)

December 31, 2016

Underwriting bank	Factoring limit	Amount advanced (in thousands)	Amount sold and derecognized	Principal terms
Chinatrust Commercial Bank	USD 230,000	-	-	See notes(a)~(c) and (e)
Taishin Bank	USD 80,000	-	-	See notes(a)~(c) and (e)
Bank of Taiwan	USD 250,000	-	-	See notes(a)~(c) and (e)
Taipei Fubon Bank	USD 120,000	-	-	See notes(a)~(c) and (e)
E. Sun Bank	USD 100,000	-	-	See notes(a)~(c) and (e)
DBS Bank	USD 184,000	-	-	See notes(a)~(c) and (e)
Taishin Bank	USD 35,000	-	USD 8,780	See notes(a)~(d) and (f)

June 30, 2016

Underwriting bank	Factoring limit	Amount advanced (in thousands)	Amount sold and derecognized	Principal terms
Chinatrust Commercial Bank	USD 230,000	USD 30,000	USD 33,390	See notes(a)~(c) and (e)
Taishin Bank	USD 80,000	USD 30,000	USD 33,390	See notes(a)~(c) and (e)
Bank of Taiwan	USD 250,000	USD 19,200 EUR 30,000	USD 19,200 EUR 30,000	See notes(a)~(c) and (e)
Taipei Fubon Bank	USD 75,000	USD 25,000	USD 27,871	See notes(a)~(c) and (e)
	USD 120,000	-	-	
E. Sun Bank	USD 60,000	USD 10,000	USD 11,123	See notes(a)~(c) and (e)
DBS Bank	USD 166,000	USD 30,000	USD 30,074	See notes(a)~(c) and (e)
Taishin Bank	USD 35,000	-	USD 12,274	See notes(a)~(d) and (f)

Note (a): Under these facilities, the Company transferred accounts receivable to the respective underwriting banks, which are without recourse.

Note (b): The Company informed its customers pursuant to the respective facilities to make payment directly to the respective underwriting banks.

Note (c): As of June 30, 2017, December 31, 2016 and June 30, 2016, total outstanding receivables after the above assignment transactions, net of fees charged by underwriting banks, of \$203,254 thousand, \$283,694 thousand and \$746,514 thousand, respectively, were classified under other current financial assets.

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

Note (d): To the extent of the amount transferred to the underwriting banks, risks of non-collection or potential payment default by customers in the event of insolvency are borne by respective banks. The Company is not responsible for the collection of receivables subject to these facilities, or for any legal proceedings and costs thereof in collecting these receivables.

Note (e): To the extent of the amount transferred to the underwriting banks, risks of non-collection or potential payment default by customers in the event of insolvency are borne by respective banks. The Company is not responsible for the collection of receivables subject to these facilities, or for any legal proceedings and costs thereof in collecting these receivables. In case any commercial dispute between the Company and customers or other reasons results in the Company's failure to perform the obligation under these facilities, the banks have requested the Company to issue promissory notes in the amounts equal to 10 percent of respective facilities or to transfer receivables in the amounts equal to 10 percent of respective facilities. Other than such arrangements, no collaterals were provided by the Company.

Note (f): The Company bears all risks deriving from the customers except credit risk.

(6) Inventories

	June 30, 2017	December 31, 2016	June 30, 2016
		(in thousands)	
Finished goods	\$ 9,713,885	9,532,199	11,424,213
Work-in-progress	10,585,881	11,100,347	10,568,455
Raw materials	<u>5,240,137</u>	<u>7,046,789</u>	<u>5,761,511</u>
	<u>\$ 25,539,903</u>	<u>27,679,335</u>	<u>27,754,179</u>

For the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016, the amounts of inventories that were charged to cost of sales were \$66,980,668 thousand, \$76,353,838 thousand, \$138,023,250 thousand and \$146,234,227 thousand, respectively, and the net of provisions (reversals) that charged to (against) cost of sales in the consolidated statement of comprehensive income for inventories written down to net realizable value amounted to \$310,913 thousand, \$(1,827,274) thousand, \$392,398 thousand and \$(961,951) thousand for the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016, respectively.

As at June 30, 2017, December 31, 2016 and June 30, 2016, none of the Company's inventories was pledged as collateral.

Notes to Consolidated Interim Financial Statements

Investments in equity-accounted investees at the reporting dates consisted of the following:

	June 30, 2017	December 31, 2016	June 30, 2016
		(in thousands)	
Associates	\$ 4,767,666	4,853,325	4,644,746
Joint ventures	309,991	325,012	7,588,868
	<u>\$ 5,077,657</u>	<u>5,178,337</u>	<u>12,233,614</u>

a. Associates

Name of associate	Principal activities	Principal place of business	June 30, 2017		December 31, 2016		June 30, 2016	
			Amount	Ownership interest	Amount	Ownership interest	Amount	Ownership interest
			(in thousands)	%	(in thousands)	%	(in thousands)	%
Lextar Electronics Corp. ("Lextar")	Manufacturing and sales of Light Emitting Diode	Taiwan ROC	\$ 3,083,587	27	\$ 3,082,856	25	\$ 3,230,891	25
Raydium Semiconductor Corporation ("Raydium")	IC design	Taiwan ROC	667,612	18	712,829	18	561,014	16
SREC	Holding company	Taiwan ROC	513,163	34	531,805	34	266,349	35
Daxin Materials Corp. ("Daxin")	Research, manufacturing, and sales of display related chemicals	Taiwan ROC	503,304	25	525,835	25	470,951	25
Others			-		-		115,541	
			\$ 4,767,666		\$ 4,853,325		\$ 4,644,746	

There is no individually significant associate for the Company. The following table summarized the amount recognized by the Company at its share of those associates.

Three months ended June 30,		Six months ended June 30,	
2017	2016	2017	2016
(in thousands)			

The Company's share of:					
Profit for the period	\$	72,534	15,653	99,160	36,771
Other comprehensive income					
(loss) for the period		<u>2,983</u>	<u>(5,293)</u>	<u>(55,822)</u>	<u>(24,421)</u>
Total comprehensive income					
for the period	\$	<u>75,517</u>	<u>10,360</u>	<u>43,338</u>	<u>12,350</u>

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

b. Joint ventures

Name of joint ventures	Principal activities	Principal place of business	June 30, 2017		December 31, 2016		June 30, 2016	
			Amount	Ownership interest	Amount	Ownership interest	Amount	Ownership interest
			(in thousands)	%	(in thousands)	%	(in thousands)	%
AUO SunPower Sdn. Bhd. ("AUSP")	Manufacturing and sales of solar power products	Malaysia	\$ -	-	\$ -	-	\$ 7,221,256	50
Others			309,991		325,012		367,612	
			<u>\$ 309,991</u>		<u>\$ 325,012</u>		<u>\$ 7,588,868</u>	

AUO, through its subsidiary AUSG, entered into a joint venture agreement with SunPower Technology, Ltd. ("SPTL") which is 100% owned by SunPower Corporation. In accordance with the joint venture agreement, the Company acquired its 50% ownership interests of AUSP on July 5, 2010 (co-investment date) by contributing technology with an estimated fair value of US\$30,000 thousand and agreed to contribute additional cash over time. The total cash payments made by the Company amounted to US\$180,069 thousand. In September 2016, AUSG disposed of its entire 50% interest in AUSP to SPTL. Refer to note 6(7) of the consolidated financial statements for the year ended December 31, 2016 for the related disclosures.

There is no individually significant joint venture for the Company. The following table summarized the amount recognized by the Company at its share of those joint ventures.

	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(in thousands)			
The Company's share of:				
Profit (loss) for the period	\$ (1,439)	31,536	(11,545)	123,223
Other comprehensive loss for the period	-	(17,419)	-	(314,975)
Total comprehensive income (loss) for the period	<u>\$ (1,439)</u>	<u>14,117</u>	<u>(11,545)</u>	<u>(191,752)</u>

As at June 30, 2017, December 31, 2016 and June 30, 2016, none of the Company's investments in equity-accounted investees was pledged as collateral.

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

(8) Property, Plant and Equipment

Movements in the cost, depreciation and impairment of the Company's property, plant and equipment for the six months ended June 30, 2017 and 2016 were as follows:

Six months ended June 30, 2017				
	Balance, Beginning of Period	Additions	Disposal, write off, reclassification and others	Balance, End of Period
	(in thousands)			
Cost:				
Land	\$ 8,873,981	865,956	(72,943)	9,666,994
Buildings	130,595,844	373,292	(2,196,521)	128,772,615
Machinery and equipment	798,046,434	900,478	(6,153,487)	792,793,425
Other equipment	32,419,736	2,009,782	(4,609,910)	29,819,608
	<u>969,935,995</u>	<u>4,149,508</u>	<u>(13,032,861)</u>	<u>961,052,642</u>
Accumulated depreciation and impairment loss:				
Land	173,397	-	(58,130)	115,267
Buildings	36,028,301	1,602,302	(1,545,674)	36,084,929
Machinery and equipment	698,110,663	14,365,037	(8,973,437)	703,502,263
Other equipment	26,154,173	2,705,922	(4,889,684)	23,970,411
	<u>760,466,534</u>	<u>18,673,261</u>	<u>(15,466,925)</u>	<u>763,672,870</u>
Prepayments for purchase of land and equipment, and construction in progress	<u>13,272,371</u>	<u>11,214,671</u>	<u>(5,761,966)</u>	<u>18,725,076</u>
Net carrying amounts	<u>\$ 222,741,832</u>			<u>216,104,848</u>
Six months ended June 30, 2016				
	Balance, Beginning of Period	Additions	Disposal, write off, reclassification and others	Balance, End of Period
	(in thousands)			
Cost:				
Land	\$ 9,112,286	-	169,885	9,282,171
Buildings	122,156,354	629	(407,642)	121,749,341
Machinery and equipment	779,019,328	1,235,552	9,899,059	790,153,939
Other equipment	34,248,005	2,297,258	(3,476,071)	33,069,192
	<u>944,535,973</u>	<u>3,533,439</u>	<u>6,185,231</u>	<u>954,254,643</u>
Accumulated depreciation and impairment loss:				
Land	184,889	-	25,883	210,772
Buildings	32,791,946	1,552,253	1,102,943	35,447,142
Machinery and equipment	694,955,031	15,286,812	(2,673,728)	707,568,115
Other equipment	30,215,702	2,438,826	(5,609,770)	27,044,758
	<u>758,147,568</u>	<u>19,277,891</u>	<u>(7,154,672)</u>	<u>770,270,787</u>
Prepayments for purchase of land and equipment, and construction in progress	<u>22,397,204</u>	<u>22,541,480</u>	<u>(14,863,581)</u>	<u>30,075,103</u>
Net carrying amounts	<u>\$ 208,785,609</u>			<u>214,058,959</u>

AU OPTRONICS CORP. AND SUBSIDIARIES

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Except as described below, there was no significant change in the Company's property, plant and equipment for the six months ended June 30, 2017 and 2016. Refer to note 6(8) of the consolidated financial statements for the year ended December 31, 2016 for the related disclosures.

M.Setek reclassified part of its land and buildings as noncurrent assets held for sale in the consolidated balance sheet as of December 31, 2016, and the disposal transaction was completed in March 2017. The selling price (net of costs of disposal) and gain on disposal were \$330,536 thousand and \$106,141 thousand, respectively.

The capitalized borrowing costs in connection with the expenditures on the acquisition and construction of property, plant and equipment were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Capitalized borrowing costs	\$ <u>171,198</u>	<u>101,688</u>	<u>311,511</u>	<u>148,660</u>

The interest rates applied for the abovementioned capitalization, ranged from 1.09% to 4.85% and 1.12% to 4.37% for the six months ended June 30, 2017 and 2016, respectively.

Certain property, plant and equipment were pledged as collateral, see note 8.

(9) Investment Property

	June 30, 2017	December 31, 2016	June 30, 2016
	(in thousands)		
Land	\$ <u>465,868</u>	<u>465,868</u>	<u>465,868</u>

There were no significant additions, disposals and recognition or reversal of impairment losses on the Company's investment property for the six months ended June 30, 2017 and 2016. For other relevant information, refer to note 6(9) of the consolidated financial statements for the year ended December 31, 2016.

The fair value of the Company's investment property was not materially different from those disclosed in note 6(9) of the consolidated financial statements for the year ended December 31, 2016.

Certain investment property were pledged as collateral, see note 8.

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

(10) Intangible Assets

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
	(in thousands)		
Goodwill	\$ 11,456,176	11,456,176	11,456,176
Patent and technology fee	12,271,323	12,078,767	12,082,226
Less: accumulated amortization and impairment loss	<u>(10,275,544)</u>	<u>(9,932,109)</u>	<u>(9,268,540)</u>
	<u>\$ 13,451,955</u>	<u>13,602,834</u>	<u>14,269,862</u>

There were no significant additions, disposals and recognition or reversal of impairment losses on the Company's intangible assets for the six months ended June 30, 2017 and 2016. Information on amortization for the periods presented is disclosed in note 6(21). For other relevant information, refer to note 6(10) of the consolidated financial statements for the year ended December 31, 2016.

(11) Other Current Assets and Other Noncurrent Assets

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
	(in thousands)		
Prepayment for equipment	\$ 462,144	463,910	8,598,578
Refundable and overpaid tax	2,629,635	3,015,534	2,902,378
Long-term prepaid rents	1,850,017	1,940,489	2,039,554
Prepayments for purchases	3,017,026	3,360,869	1,114,979
Long-term receivables	1,855,607	1,974,271	-
Refundable deposits	517,471	133,221	144,460
Others	<u>3,075,323</u>	<u>2,481,104</u>	<u>2,209,957</u>
	13,407,223	13,369,398	17,009,906
Less: current	<u>(7,399,598)</u>	<u>(6,330,283)</u>	<u>(5,285,292)</u>
Noncurrent	<u>\$ 6,007,625</u>	<u>7,039,115</u>	<u>11,724,614</u>

(12) Short-term Borrowings

	<u>June 30, 2017</u>	<u>December 31, 2016</u>	<u>June 30, 2016</u>
	(in thousands)		
Unsecured borrowings	<u>\$ 2,160,253</u>	<u>526,723</u>	<u>1,575,893</u>
Unused credit facility	<u>\$ 40,412,838</u>	<u>33,877,442</u>	<u>31,206,593</u>
Interest rate	4.35%~ 4.39%	4.35%~ 4.39%	1.05%~ 4.13%

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

(13) Long-term Borrowings

Bank or agent bank	Durations	June 30 2017	December 31, 2016	June 30, 2016
		(in thousands)		
Syndicated loans:				
Bank of Taiwan and others	From Feb. 2015 to Feb. 2020	\$ 25,800,000	25,800,000	25,800,000
Bank of Taiwan and others	From Apr. 2016 to Apr. 2021	32,600,000	25,000,000	11,800,000
Bank of Taiwan and others	From Jan. 2014 to Jan. 2019	20,444,000	23,672,000	26,900,000
Bank of Taiwan and others	From May 2017 to May 2022	500,000	-	-
Bank of Taiwan and others	From Feb. 2013 to Mar. 2017	-	7,596,757	11,056,757
Bank of Taiwan and others	From Dec. 2009 to Oct. 2016	-	-	5,937,182
First Commercial Bank and others	From Feb. 2016 to Feb. 2019	2,695,868	3,000,000	3,000,000
Standard Chartered Bank and others	From Sep. 2014 to Jun. 2017	-	2,358,776	3,260,886
Bank of China and others	From Nov. 2015 to Nov. 2023	26,447,598	21,216,394	12,620,515
Unsecured loans	From Jul. 2011 to Apr. 2022	13,933,390	16,005,955	15,813,970
Mortgage loans	From Apr. 2016 to Apr. 2032	530,762	95,727	88,015
		122,951,618	124,745,609	116,277,325
Less: transaction costs		(404,324)	(482,989)	(514,268)
		122,547,294	124,262,620	115,763,057
Less: current portion		(16,871,558)	(18,074,627)	(21,093,266)
		\$ 105,675,736	106,187,993	94,669,791
Unused credit facility		\$ 29,575,064	43,228,323	52,526,415
		1.10%~	1.09%~	1.12%~
Interest rate range		5.15%	4.90%	4.90%

These credit facilities contain covenants that require the Company to maintain certain financial ratios, calculating based on the Company's annual consolidated financial statements prepared in accordance with Taiwan Financial Reporting Standards, such as current ratio, leverage ratio, interest coverage ratio, tangible net worth and others as specified in the loan agreements. As of June 30, 2017, the Company complied with all financial covenants required under each of the loan agreements.

Refer to note 8 for assets pledged as collateral to secure the aforementioned long-term borrowings. For other relevant information, refer to note 6(14) of the consolidated financial statements for the year ended December 31, 2016.

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

(14) Provisions

	<u>Warranties</u>	<u>Litigation, claims and others</u>	<u>Total</u>
		(in thousands)	
Balance at January 1, 2017	\$ 1,528,898	1,292,773	2,821,671
Additions (Reversals)	165,669	99,014	264,683
Usage	(101,854)	(1,025,032)	(1,126,886)
Effect of change in exchange rate	64	(18,084)	(18,020)
Balance at June 30, 2017	1,592,777	348,671	1,941,448
Less: current	(827,496)	(99,179)	(926,675)
Noncurrent	<u>\$ 765,281</u>	<u>249,492</u>	<u>1,014,773</u>
Balance at January 1, 2016	\$ 1,819,519	4,316,817	6,136,336
Additions (Reversals)	(156,150)	652,485	496,335
Usage	(72,261)	(925,591)	(997,852)
Effect of change in exchange rate	(2)	(127,590)	(127,592)
Balance at June 30, 2016	1,591,106	3,916,121	5,507,227
Less: current	(783,938)	(3,625,072)	(4,409,010)
Noncurrent	<u>\$ 807,168</u>	<u>291,049</u>	<u>1,098,217</u>
Current	\$ 756,079	1,027,328	1,783,407
Noncurrent	772,819	265,445	1,038,264
Balance at December 31, 2016	<u>\$ 1,528,898</u>	<u>1,292,773</u>	<u>2,821,671</u>

a. Provisions for warranties

The provisions for warranties for the six months ended June 30, 2017 and 2016 were estimated based on historical experience of warranty claims rate associated with similar products and services. The Company expects most warranty claims will be made within two years from the date of the sale of the product.

b. Provisions for litigation, claims and others

The provisions for litigation, claims and others are expected to be paid over the years in accordance with the outcome of litigation and claims and settlement agreements. See note 9(6) for further information.

(15) Operating Leases

There was no significant addition in the Company's operating lease contracts for the six months ended June 30, 2017 and 2016. Refer to note 6(16) of the consolidated financial statements for the year ended December 31, 2016 for the details.

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Notes to Consolidated Interim Financial Statements

(16) Employee Benefits

a. Defined benefit plans

Subsequent to December 31, 2016, there was no significant market volatility, significant curtailment, reimbursement and settlement or other significant one-time events. Therefore, the pension cost in the consolidated interim financial statements was measured and disclosed by the Company according to the pension cost valued by actuary as of December 31, 2016 and 2015.

For the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016, the Company set aside \$5,492 thousand, \$7,076 thousand, \$10,994 thousand and \$14,035 thousand, respectively, of the pension costs under the defined benefit plans.

b. Defined contribution plans

AUO and its subsidiaries in the ROC have set up defined contribution plans in accordance with the ROC Labor Pension Act. For the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016, these companies set aside \$247,718 thousand, \$232,756 thousand, \$485,994 thousand and \$467,008 thousand, respectively, of the pension costs under the pension plan to the ROC Bureau of the Labour Insurance. Except for the aforementioned companies, other foreign subsidiaries recognized pension expenses of \$210,740 thousand, \$260,144 thousand, \$437,922 thousand and \$581,735 thousand for the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016, respectively, for the defined contribution plans based on their respective local government regulations.

(17) Capital and Other Components of Equity

a. Common stock

AUO's authorized common stock, with par value of \$10 per share, all amounted to \$100,000,000 thousand as at June 30, 2017, December 31, 2016 and June 30, 2016.

AUO's issued and outstanding common stock, with par value of \$10 per share, all amounted to \$96,242,451 thousand as at June 30, 2017, December 31, 2016 and June 30, 2016.

AUO's ADSs were listed on the New York Stock Exchange. Each ADS represents 10 shares of common stock. As of June 30, 2017, AUO had issued 47,251 thousand ADSs, which represented 472,508 thousand shares of its common stock.

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

b. Capital surplus

The components of capital surplus were as follows:

	<u>June 30,</u> <u>2017</u>	<u>December 31,</u> <u>2016</u>	<u>June 30,</u> <u>2016</u>
		(in thousands)	
From common stock	\$ 52,756,091	52,756,091	52,756,091
From convertible bonds	6,049,862	6,049,862	6,049,862
From others	<u>1,216,208</u>	<u>1,173,770</u>	<u>1,622,152</u>
	<u>\$ 60,022,161</u>	<u>59,979,723</u>	<u>60,428,105</u>

According to the ROC Company Act, capital surplus, including premium from stock issuing and donations received, shall be applied to offset accumulated deficits before it can be used to issue common stock as stock dividends or distribute cash as cash dividends according to the proportion of shareholdings. Pursuant to the ROC Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the total sum of capital surplus capitalized per annum shall not exceed 10 percent of the paid-in capital.

c. Legal reserve

According to the ROC Company Act, 10 percent of the annual earnings after payment of income taxes due and offsetting accumulated deficits, if any, shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital. When a company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash, only the portion of legal reserve which exceeds 25 percent of the paid-in capital may be distributed.

d. Distribution of earnings

In accordance with AUO's amended Articles of Incorporation approved in the annual shareholders' meeting held on June 15, 2017, where 10 percent of the annual earnings, after payment of income taxes due and offsetting accumulated deficits, if any, shall be set aside as a legal reserve until the accumulated legal reserve equals AUO's paid-in capital. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. The remaining current-year earnings together with accumulated undistributed earnings from preceding years can be distributed after the earnings distribution plan proposed by the board of directors is approved by resolution of the shareholders' meeting.

AUO's dividend policy is to pay dividends from surplus considering factors such as AUO's current and future investment environment, cash requirements, domestic and overseas competitive conditions and capital budget requirements, while taking into account shareholders' interest, maintenance of balanced dividend and AUO's long-term financial plan. If the current-year retained earnings available for distribution reaches 2% of the paid-in capital of AUO, dividend to be distributed shall be no less than 20% of the current-year retained earnings available for distribution. If the current-year retained earnings available for distribution does not reach 2% of the paid-in capital of

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

AUO, AUO may decide not to distribute dividend. The cash portion of the dividend shall not be less than 10% of the total dividend distributed during the year in the form of cash and stock. The dividend distribution ratio aforementioned could be adjusted in the shareholders' meeting after taking into consideration factors such as finance, business and operations, etc.

Pursuant to relevant laws or regulations or as requested by the local authority, a special reserve equivalent to the total net balance of items that are accounted for as a reduction to the other components of shareholders' equity shall be set aside from current earnings, and not distributed. Amounts of subsequent decrease pertaining to the total net balance of items that are accounted for as a reduction to the other shareholders' equity shall be reversed accordingly from special reserve to undistributed earnings.

AUO's appropriations of earnings for 2015 had been approved in the shareholders' meeting held on June 16, 2016. The appropriations and dividends per share were as follows:

For fiscal year 2015		
	Appropriation of earnings	Dividends per share
	(in thousands, except for per share data)	
Legal reserve	\$ 493,196	
Cash dividends to shareholders	3,368,486	\$0.35
	\$ <u>3,861,682</u>	

The aforementioned appropriations of earnings for 2015 was consistent with the resolutions of the board of directors' meeting held on March 10, 2016.

AUO's appropriations of earnings for 2016 had been approved in the shareholders' meeting held on June 15, 2017. The appropriations and dividends per share were as follows:

For fiscal year 2016		
	Appropriation of earnings	Dividends per share
	(in thousands, except for per share data)	
Legal reserve	\$ 781,894	
Cash dividends to shareholders	5,389,577	\$0.56
	\$ <u>6,171,471</u>	

The aforementioned appropriations of earnings for 2016 was consistent with the resolutions of the board of directors' meeting held on March 22, 2017.

Information on the approval of board of directors and shareholders for AUO's appropriations of earnings are available at the Market Observation Post System website.

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

e. Other components of equity

	Cumulative translation differences	Unrealized gains (losses) on available- for-sale financial assets	Unrealized gains (losses) on cash flow hedges	Total
		(in thousands)		
Balance at January 1, 2017	\$ 536,819	224,299	18,254	779,372
Foreign operations – foreign currency translation differences	(2,692,206)	-	-	(2,692,206)
Effective portion of changes in fair value of cash flow hedges	-	-	(21,992)	(21,992)
Net change in fair value of available-for-sale financial assets	-	1,535,179	-	1,535,179
Equity-accounted investees – share of other comprehensive income	(55,460)	(1,076)	-	(56,536)
Related tax	434,737	-	3,738	438,475
Balance at June 30, 2017	\$ (1,776,110)	1,758,402	-	(17,708)
Balance at January 1, 2016	\$ 5,612,885	(539,653)	12,279	5,085,511
Foreign operations – foreign currency translation differences	(2,254,057)	-	-	(2,254,057)
Effective portion of changes in fair value of cash flow hedges	-	-	2,293	2,293
Net change in fair value of available-for-sale financial assets	-	80,473	-	80,473
Equity-accounted investees – share of other comprehensive income	(337,492)	(2,142)	-	(339,634)
Realized gain on sales of securities reclassified to profit or loss	(1,553)	-	-	(1,553)
Related tax	541,702	-	(451)	541,251
Balance at June 30, 2016	\$ 3,561,485	(461,322)	14,121	3,114,284

f. Non-controlling interests, net of tax

	Six months ended June 30,	
	2017	2016
	(in thousands)	
Balance at beginning of the period	\$ 18,390,483	22,651,183
Equity attributable to non-controlling interests:		
Loss for the period	(927,855)	(334,265)
Adjustment of changes in ownership of investees	4,639	(75,920)
Foreign currency translation differences	(634,678)	(1,072,286)
Remeasurement of defined benefit plans	-	(53)
Cash dividends from subsidiaries	(106,135)	(87,749)
Proceeds from subsidiaries capital increase	11,350	4,146
Proceeds from capital return upon dissolution of subsidiary	-	(89,397)
Redemption of subsidiary treasury shares	-	(459,199)
Balance at end of the period	\$ 16,737,804	20,536,460

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

(18) Share-based Payments

There was no significant change in the Company's share-based payments for the six months ended June 30, 2017 and 2016. Refer to note 6(19) of the consolidated financial statements for the year ended December 31, 2016 for the related information.

(19) Revenue

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Sale of goods	\$ 81,663,454	77,708,216	167,867,476	146,418,053
Other operating revenue	<u>2,748,946</u>	<u>2,382,687</u>	<u>5,101,740</u>	<u>4,808,082</u>
	<u>\$ 84,412,400</u>	<u>80,090,903</u>	<u>172,969,216</u>	<u>151,226,135</u>

Refer to note 13 for further revenue information by operating segment.

(20) Remuneration to Employees and Directors

According to AUO's Articles of Incorporation, AUO should distribute remuneration to employees and directors not less than 5% and not more than 1% of annual profits, respectively, after offsetting accumulated deficits, if any. Only employees, including employees of affiliate companies that meet certain conditions are subject to the abovementioned remuneration which to be distributed in stock or cash. The said conditions and distribution method are decided by board of directors or the personnel authorized by board of directors.

AUO accrued remuneration to employees based on the profit before income tax excluding the remuneration to employees and directors for each period, multiplied by the percentage resolved by board of directors. For the three months and six months ended June 30, 2017, AUO accrued the remuneration to employees amounting to \$1,235,820 thousand and \$2,425,364 thousand, respectively. Remuneration to directors was estimated based on the amount expected to pay and recognized together with the remuneration to employees as cost of sales or operating expenses. Additionally, AUO did not accrue any remuneration to employees and directors due to net loss for the six months ended June 30, 2016. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing price of the shares (ignoring ex-dividend effect) on the day preceding the board of directors' meeting. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss.

Remuneration to employees and directors for 2016 in the amounts of \$1,107,486 thousand and \$24,226 thousand, respectively, in cash for payment had been approved in the meeting of board of directors held on March 22, 2017. The aforementioned approved amounts are the same as the amounts charged against earnings of 2016.

AU OPTRONICS CORP. AND SUBSIDIARIES

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Remuneration to employees and directors for 2015 in the amounts of \$665,815 thousand and \$13,316 thousand, respectively, in cash for payment had been approved in the meeting of board of directors held on March 10, 2016. The aforementioned approved amounts are the same as the amounts charged against earnings of 2015.

The information about AUO's remuneration to employees and directors is available at the Market Observation Post System website.

(21) Additional Information of Expenses by Nature

Three months ended June 30,						
2017			2016			
Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total	
(in thousands)						
Employee benefits expenses:						
Salaries and wages	\$ 6,526,143	2,227,573	8,753,716	5,850,137	1,926,438	7,776,575
Labor and health insurances	365,268	120,203	485,471	332,719	120,170	452,889
Retirement benefits	378,043	85,907	463,950	408,725	91,251	499,976
Other employee benefits	378,351	81,748	460,099	651,154	176,830	827,984
Depreciation	7,788,755	1,044,276	8,833,031	8,582,364	1,031,944	9,614,308
Amortization	173,191	-	173,191	248,096	-	248,096
Six months ended June 30,						
2017			2016			
Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total	
(in thousands)						
Employee benefits expenses:						
Salaries and wages	\$ 13,554,084	4,549,166	18,103,250	12,361,903	3,853,240	16,215,143
Labor and health insurances	719,468	241,697	961,165	673,634	239,433	913,067
Retirement benefits	761,300	173,610	934,910	879,098	183,680	1,062,778
Other employee benefits	786,554	174,256	960,810	1,256,363	295,444	1,551,807
Depreciation	16,573,350	2,099,911	18,673,261	17,211,053	2,066,838	19,277,891
Amortization	343,436	-	343,436	495,896	-	495,896

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Notes to Consolidated Interim Financial Statements

(22) Other Income

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Interest income on bank deposits	\$ 147,858	127,115	262,525	254,994
Interest income on government bonds with reverse repurchase agreements and others	4,807	(796)	5,284	1,726
Rental income, net	126,579	118,780	248,308	253,826
Grants	213,517	142,163	1,362,875	169,788
Insurance compensation and others	111,934	112,914	206,908	348,152
	<u>\$ 604,695</u>	<u>500,176</u>	<u>2,085,900</u>	<u>1,028,486</u>

(23) Other Gains and Losses

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Foreign exchange gains (losses), net	\$ 111,123	(276,274)	(1,428,862)	(390,386)
Gains (losses) on valuation of financial instruments measured at fair value through profit or loss, net	(192,438)	303,123	1,458,930	528,630
Gains (losses) on disposals of property, plant and equipment, net	89,048	13,284	(225,396)	18,443
Litigation losses and others	(3,222)	(381,268)	(641,200)	(788,927)
	<u>\$ 4,511</u>	<u>(341,135)</u>	<u>(836,528)</u>	<u>(632,240)</u>

(24) Finance Costs

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Interest expense on bank borrowings	\$ 612,179	496,201	1,250,544	980,874
Interest expense on others	100,092	65,878	186,078	119,325
	<u>\$ 712,271</u>	<u>562,079</u>	<u>1,436,622</u>	<u>1,100,199</u>

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Notes to Consolidated Interim Financial Statements

(25) Income Taxes

The Company cannot file a consolidated tax return under local regulations. Therefore, AUO and its subsidiaries calculate their income taxes liabilities individually on a stand-alone basis using the enacted tax rates in their respective tax jurisdictions.

Income tax expense is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate as forecasted by the management.

The components of income tax expense were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Current income tax expense				
Current year	\$ 2,634,351	490,857	5,149,366	765,966
Adjustment to prior years and others	63,219	72,559	63,313	92,846
	<u>\$ 2,697,570</u>	<u>563,416</u>	<u>5,212,679</u>	<u>858,812</u>

Income taxes expense (benefit) recognized in other comprehensive income were as follows:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Items that are or may be reclassified subsequently to profit or loss:				
Foreign operations – foreign currency translation differences	\$ 161,213	(336,311)	(473,652)	(558,740)
Cash flow hedges	-	358	(3,738)	451
Equity-accounted investees – share of other comprehensive income	-	(2,961)	-	(53,660)
	<u>\$ 161,213</u>	<u>(338,914)</u>	<u>(477,390)</u>	<u>(611,949)</u>

As of June 30, 2017, the tax authorities have completed the examination of income tax returns of AUO through 2014.

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Information on the integrated income tax system was as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
		(in thousands)	
Unappropriated earnings generated after 1998	\$ <u>34,720,778</u>	<u>21,585,361</u>	<u>8,330,573</u>
Balance of the imputation credit account	\$ <u>4,159,250</u>	<u>4,083,362</u>	<u>4,795,800</u>
		2016 (Estimated)	2015 (Actual)
Creditable ratios for distribution of AUO's earnings for ROC resident shareholders		<u>19.27%</u>	<u>26.29%</u>

The abovementioned integrated income tax information is prepared in accordance with Decree No. 10204562810 announced on October 17, 2013 by the ROC Ministry of Finance.

(26) Earnings per Share

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands, except for per share data)			
Basic earnings per share				
Profit (loss) attributable to AUO's shareholders	\$ <u>9,829,784</u>	<u>(572,407)</u>	<u>19,308,977</u>	<u>(6,049,733)</u>
Weighted-average number of common shares outstanding during the period	<u>9,624,245</u>	<u>9,624,245</u>	<u>9,624,245</u>	<u>9,624,245</u>
Basic earnings per share	\$ <u>1.02</u>	<u>(0.06)</u>	<u>2.01</u>	<u>(0.63)</u>
Diluted earnings per share				
Profit (loss) attributable to AUO's shareholders	\$ <u>9,829,784</u>	<u>(572,407)</u>	<u>19,308,977</u>	<u>(6,049,733)</u>
Weighted-average number of common shares outstanding during the period	9,624,245	9,624,245	9,624,245	9,624,245
Effect of employee remuneration in stock	88,908	-	215,449	-
	<u>9,713,153</u>	<u>9,624,245</u>	<u>9,839,694</u>	<u>9,624,245</u>
Diluted earnings per share	\$ <u>1.01</u>	<u>(0.06)</u>	<u>1.96</u>	<u>(0.63)</u>

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

(27) Financial Instruments

a. Fair value and carrying amount

The carrying amount of the Company's non-derivative financial instruments—current, including cash and cash equivalents, receivables or payables (including related parties), other current financial assets, and short-term borrowings, were considered to approximate their fair value due to their short-term nature.

Except for aforementioned financial instruments, the carrying amount and fair value of other financial instruments of the Company as of June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

	June 30, 2017		December 31, 2016		June 30, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in thousands)					
Financial assets:						
Available-for-sale financial assets—noncurrent	\$ 4,371,875	4,371,875	2,836,696	2,836,696	2,157,676	2,157,676
Foreign currency forward contracts	57,094	57,094	65,669	65,669	528,433	528,433
Long-term receivables	1,855,607	1,855,607	1,974,271	1,974,271	-	-
Refundable deposits	517,471	517,471	133,221	133,221	144,460	144,460
Financial liabilities:						
Long-term borrowings (including current installments)	122,547,294	122,547,294	124,262,620	124,262,620	115,763,057	115,763,057
Foreign currency forward contracts	250,713	250,713	896,998	896,998	112,505	112,505
Interest rate swap contracts	-	-	3,540	3,540	8,446	8,446
Guarantee deposits received	811,430	811,430	838,263	838,263	885,678	885,678

b. Valuation techniques and assumptions applied in fair value measurement

The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market prices. The fair values of other financial assets and financial liabilities without quoted market prices are estimated using valuation approach. The estimates and assumptions used are the same as those used by market participants in the pricing of financial instruments.

Fair value of foreign currency forward contract is measured based on the maturity date of each contract with quoted spot rate and quoted swap points from Reuters quote system. Fair value of interest rate swap contract is measured based on reasonable valuation model and assumptions with reference to market valuation information provided by counterparties, i.e. financial institutions.

Fair value of long-term receivable is determined by discounting the expected cash flows at a market interest rate.

The refundable deposits and guarantee deposits received are based on carrying amount as there is no fixed maturity.

AU OPTRONICS CORP. AND SUBSIDIARIES

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The fair value of floating-rate long-term borrowings approximates to their carrying value.

The Company refers to the quoted spot rates from Reuters quote system for US Dollar's closing price and other currencies' buy rates, which has been applied consistently to all periods presented and served as the basis for retranslation of the fair value of abovementioned financial instruments that denominated in foreign currencies.

c. Fair value measurements recognized in the consolidated balance sheets

The Company determines fair value based on assumptions that market participants would use in pricing an asset or a liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- (i) Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in active markets.
- (ii) Level 2 inputs: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (iii) Level 3 inputs: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value measurement level of an asset or a liability within their fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(in thousands)			
June 30, 2017				
Assets:				
Available-for-sale financial assets — noncurrent	\$ 4,371,875	-	-	4,371,875
Foreign currency forward contracts	-	57,094	-	57,094
Long-term receivables	-	1,855,607	-	1,855,607
Liabilities:				
Foreign currency forward contracts	-	250,713	-	250,713

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	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	(in thousands)			
December 31, 2016				
Assets:				
Available-for-sale financial assets — noncurrent	\$ 2,836,696	-	-	2,836,696
Foreign currency forward contracts	-	65,669	-	65,669
Long-term receivables	-	1,974,271	-	1,974,271
Liabilities:				
Foreign currency forward contracts	-	896,998	-	896,998
Interest rate swap contracts	-	3,540	-	3,540
June 30, 2016				
Assets:				
Available-for-sale financial assets — noncurrent	\$ 2,157,676	-	-	2,157,676
Foreign currency forward contracts	-	528,433	-	528,433
Liabilities:				
Foreign currency forward contracts	-	112,505	-	112,505
Interest rate swap contracts	-	8,446	-	8,446

There were no transfers between Level 1 and 2 for the six months ended June 30, 2017 and 2016.

(28) Financial Risk Management

Except as described below, both the goals and policies of the Company's financial risk management and the Company's exposure to credit risk, liquidity risk and market risk were not materially different from those disclosed in note 6(29) of the consolidated financial statements for the year ended December 31, 2016.

Refer to note 6(5) for the information about past-due aging analysis.

a. Exposure of currency risk

The Company's significant exposure to foreign currency risk was as follows:

	June 30, 2017			December 31, 2016			June 30, 2016		
	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD	Foreign currency amounts	Exchange rate	NTD
	(in thousands)		(in thousands)	(in thousands)		(in thousands)	(in thousands)		(in thousands)
Financial assets									
Monetary items									
USD	\$ 2,080,845	30.370	63,195,263	2,287,148	32.312	73,902,326	1,668,744	32.286	53,877,069
JPY	23,624,954	0.2708	6,397,638	20,236,416	0.2773	5,611,558	28,933,362	0.3127	9,047,462
EUR	61,639	34.743	2,141,524	106,660	33.895	3,615,241	127,684	35.850	4,577,471
Non-monetary items									
USD	3,300	30.370	100,221	3,000	32.312	96,936	227,066	32.286	7,331,053
RMB	19,241	4.4716	86,038	20,758	4.6391	96,298	20,901	4.8416	101,194
Financial liabilities									
Monetary items									
USD	1,009,222	30.370	30,650,072	1,099,799	32.312	35,536,705	992,642	32.286	32,048,440
JPY	25,982,869	0.2708	7,036,161	26,820,343	0.2773	7,437,281	27,817,695	0.3127	8,698,593
EUR	2,598	34.743	90,262	987	33.895	33,454	1,641	35.850	58,830

AU OPTRONICS CORP. AND SUBSIDIARIES

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b. Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade receivables, loans and borrowings and trade payables that are denominated in foreign currency. Depreciation or appreciation of the NTD by 1% against the USD, EUR and JPY at June 30, 2017 and 2016, while all other variables were remained constant, would have increased or decreased the net profit before tax for the six months ended June 30, 2017 and 2016 as follows:

	Six months ended June 30,	
	2017	2016
	(in thousands)	
1% of depreciation	\$ 339,579	266,961
1% of appreciation	(339,579)	(266,961)

c. Foreign exchange gain (loss) on monetary items

With varieties of functional currencies within the consolidated entities of the Company, the Company disclosed foreign exchange gain (loss) on monetary items in aggregate. The aggregate of realized and unrealized foreign exchange gains (losses) for the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016 were \$111,123 thousand, \$(276,274) thousand, \$(1,428,862) thousand and \$(390,386) thousand, respectively.

(29) Capital Management

The objectives, policies and procedures of the Company's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2016. Also, there was no significant change in the Company's capital management information as disclosed for the year ended December 31, 2016. Refer to note 6(30) of the consolidated financial statements for the year ended December 31, 2016 for the relevant information.

7. Related-party Transactions

All inter-company transactions and balances between AUO and its subsidiaries are eliminated in the consolidated interim financial statements and are not disclosed in the note. The transactions between the Company and other related parties are set out as follows:

(1) Name and relationship of related parties

The following is a summary of related parties that have had transactions with the Company during the periods presented in the consolidated interim financial statements.

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Name of related party	Relationship with the Company
Lextar Electronics Corporation (“Lextar”)	Associate of the Company
Lextar Electronics (Suzhou) Co., Ltd. (“LESZ”)	Subsidiary of Lextar
Lextar Electronics (Xiamen) Co., Ltd. (“LEXM”)	Subsidiary of Lextar
Wellypower Optronics (Suzhou) Corporation (“AOC”)	Subsidiary of Lextar
Raydium Semiconductor Corporation (“Raydium”)	Associate of the Company
Dazzo Technology Corporation (“Dazzo”)	Subsidiary of Raydium ⁽ⁱ⁾
Star River Energy Corp. (“SREC”)	Associate of the Company
Sungen Power Corporation (“SGPC”)	Subsidiary of SREC
Evergen Power Corporation (“EGPC”)	Subsidiary of SREC ⁽ⁱⁱ⁾
Daxin Materials Corp. (“Daxin”)	Associate of the Company
AUO SunPower Sdn. Bhd. (“AUSP”)	Joint venture of the Company ⁽ⁱⁱⁱ⁾
BVCH Optronics (Sichuan) Corp. (“BVCH”)	Joint venture of the Company
Evonik Forhouse Optical Polymers Corp. (“EFOP”)	Joint venture of the Company
Wibase Industrial Solutions Inc. (“WIS”) (formerly iSAFE Technology Inc.)	DPTW represented as a director of WIS
Qisda Corporation (“Qisda”)	AUO’s director
Qisda Japan Co., Ltd. (“QJTO”)	Subsidiary of Qisda
BenQ Corporation (“BenQ”)	Subsidiary of Qisda
BenQ Materials Corp. (“BMC”)	Subsidiary of Qisda
Qisda (Suzhou) Co., Ltd. (“QCSZ”)	Subsidiary of Qisda
Qisda Electronics (Suzhou) Co., Ltd. (“QCES”)	Subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd. (“QCOS”)	Subsidiary of Qisda
BenQ Europe B.V. (“BQE”)	Subsidiary of Qisda
BenQ Asia Pacific Corp. (“BQP”)	Subsidiary of Qisda
BenQ America Corporation (“BQA”)	Subsidiary of Qisda
Mainteq Europe B.V. (“MQE”)	Subsidiary of Qisda
BenQ Medical Technology Corp. (“TMC”)	Subsidiary of Qisda
BenQ Australia Pty Ltd. (“BQau”)	Subsidiary of Qisda
BenQ Co., Ltd. (“BQC”)	Subsidiary of Qisda
BenQ Logistic (Shanghai) Co., Ltd. (“BQls”)	Subsidiary of Qisda
BenQ Guru Software Co., Ltd. (“GSS”)	Subsidiary of Qisda
BenQ Guru Corporation (“GST”)	Subsidiary of Qisda
BenQ Material (Suzhou) Co., Ltd. (“BMS”)	Subsidiary of Qisda
Daxon Biomedical (Suzhou) Co., Ltd. (“DTB”)	Subsidiary of Qisda
Nanjing BenQ Hospital Co., Ltd. (“QCHN”)	Subsidiary of Qisda
Suzhou BenQ Hospital Co., Ltd. (“QCHS”)	Subsidiary of Qisda
BenQ Foundation	Substantive related party

(i) On October 1, 2016, Raydium, the associate of the Company, issued its new shares in exchange for all outstanding shares of another associate of the Company, Dazzo.

(ii) The Company disposed all its shareholdings in EGPC to SREC in October 2016.

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Notes to Consolidated Interim Financial Statements

(iii) In September 2016, the Company disposed of its entire 50% interest in AUSEP to SPTL. Refer to note 6(7) for the related disclosures.

(2) Compensation to key management personnel

Key management personnel's compensation comprised:

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Short-term employee benefits	\$ 25,680	24,038	52,419	49,371
Post-employment benefits	605	514	1,206	1,072
	<u>\$ 26,285</u>	<u>24,552</u>	<u>53,625</u>	<u>50,443</u>

(3) Except for otherwise disclosed in other notes to the consolidated interim financial statements, the Company's significant related party transactions and balances were as follows:

a. Sales

	Sales			
	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	(in thousands)			
Associates	\$ 3,543	154,508	1,076,714	440,485
Joint ventures	-	1,345,318	-	2,893,288
Others	3,581,283	2,802,836	6,839,964	5,630,037
	<u>\$ 3,584,826</u>	<u>4,302,662</u>	<u>7,916,678</u>	<u>8,963,810</u>

	Accounts receivable from related parties		
	June 30, 2017	December 31, 2016	June 30, 2016
	(in thousands)		
Associates	\$ 4,368	58,755	89,750
Joint ventures	-	-	581,445
Others	2,513,739	2,474,469	2,104,242
	<u>\$ 2,518,107</u>	<u>2,533,224</u>	<u>2,775,437</u>

The collection terms for sales to related parties were month-end 30 to 55 days. The pricing for sales to related parties were not materially different from those with third parties.

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b. Purchases

	Purchases			
	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(in thousands)			
Associates	\$ 2,042,494	2,471,148	4,304,904	4,888,345
Joint ventures	205,822	933,500	485,558	2,233,927
Others	4,241,293	4,430,835	8,760,355	8,804,139
	<u>\$ 6,489,609</u>	<u>7,835,483</u>	<u>13,550,817</u>	<u>15,926,411</u>

	Notes and accounts payable to related parties		
	June 30,	December 31,	June 30,
	2017	2016	2016
	(in thousands)		
Associates	\$ 3,134,975	3,734,927	3,589,250
Joint ventures	-	-	271,272
Others	4,402,200	5,088,138	4,491,048
	<u>\$ 7,537,175</u>	<u>8,823,065</u>	<u>8,351,570</u>

The payment terms for purchases from related parties were 30 to 120 days. The pricing and payment terms with related parties were not materially different from those with third parties.

c. Acquisition of property, plant and equipment

	Acquisition prices			
	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(in thousands)			
Associates	\$ <u>1,549</u>	<u>-</u>	<u>1,549</u>	<u>-</u>

d. Disposal of property, plant and equipment and others

	Proceeds from disposal			
	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	(in thousands)			
Others	\$ <u>(17)</u>	<u>-</u>	<u>1,297</u>	<u>-</u>

AU OPTRONICS CORP. AND SUBSIDIARIES

Notes to Consolidated Interim Financial Statements

Gains on disposal			
Three months ended June 30,		Six months ended June 30,	
2017	2016	2017	2016
(in thousands)			
Others	\$ <u>(2)</u>	<u>-</u>	<u>167</u>

e. Other related party transactions

Other receivables due from related parties (including dividends)			
	June 30, 2017	December 31, 2016	June 30, 2016
	(in thousands)		
Associates	\$ 159,751	10,970	204,141
Joint ventures	-	-	5,559
Others	16,190	23,318	21,652
	<u>\$ 175,941</u>	<u>34,288</u>	<u>231,352</u>

Other payables due to related parties			
	June 30, 2017	December 31, 2016	June 30, 2016
	(in thousands)		
Associates	\$ 5,285	16,218	8,093
Joint ventures	246	406	2,550
Others	8,905	10,717	17,075
	<u>\$ 14,436</u>	<u>27,341</u>	<u>27,718</u>

Rental income			
Three months ended June 30,		Six months ended June 30,	
2017	2016	2017	2016
(in thousands)			
Associates	\$ 12,614	8,437	22,616
Joint ventures	1,653	1,653	3,306
Others:			
BMC	15,622	15,987	31,437
Others	1,531	1,237	2,923
	<u>\$ 31,420</u>	<u>27,314</u>	<u>60,282</u>

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Notes to Consolidated Interim Financial Statements

Administration and other income					
		Three months ended		Six months ended	
		June 30,		June 30,	
		2017	2016	2017	2016
		(in thousands)			
Associates	\$	5,769	2,426	6,921	5,579
Joint ventures		-	2,426	-	5,559
Others		803	372	1,752	998
	\$	<u>6,572</u>	<u>5,224</u>	<u>8,673</u>	<u>12,136</u>

Rental and other expenses					
		Three months ended		Six months ended	
		June 30,		June 30,	
		2017	2016	2017	2016
		(in thousands)			
Associates	\$	7,511	9,983	14,732	20,295
Joint ventures		384	475	704	804
Others		6,448	12,296	15,991	30,301
	\$	<u>14,343</u>	<u>22,754</u>	<u>31,427</u>	<u>51,400</u>

The Company leased portion of its facilities to related parties. The collection term was 15 days from quarter-end, and the pricing was not materially different from that with third parties.

For the six months ended June 30, 2017 and 2016, the Company entitled for cash dividends declared by the associates of \$173,036 thousand and \$198,828 thousand, respectively. As of June 30, 2017 and 2016, total outstanding dividend receivables classified under other receivables due from related parties, amounted to \$143,797 thousand and \$196,221 thousand, respectively.

8. Pledged Assets

The carrying amounts of the assets which the Company pledged as collateral were as follows:

Pledged assets	Pledged to secure	June 30, 2017	December 31, 2016	June 30, 2016
(in thousands)				
Restricted cash in banks ⁽ⁱ⁾	R&D projects, oil purchases and guarantees for foreign labors and customs duties	\$ 71,681	93,379	84,953
Land and building (including investment property)	Long-term borrowings	42,507,460	52,076,840	67,859,829
Machinery, equipment and prepayments for equipment	Long-term borrowings	21,557,594	27,058,442	27,631,788
		<u>\$ 64,136,735</u>	<u>79,228,661</u>	<u>95,576,570</u>

(i) Classified as other current financial assets and other noncurrent assets by its liquidity.

AU OPTRONICS CORP. AND SUBSIDIARIES

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9. Significant Contingent Liabilities and Unrecognized Commitments

The significant commitments and contingencies of the Company as of June 30, 2017, in addition to those disclosed in other notes to the consolidated interim financial statements, were as follows:

- (1) As of June 30, 2017, the Company had the following outstanding letters of credit for the purpose of purchasing machinery and equipment and materials:

Currency	June 30, 2017
	(in thousands)
USD	12,966
JPY	1,381,341

- (2) Starting 1998, AUO has entered into technical collaboration, patent licensing, and/or patent cross licensing agreements with Fujitsu Display Technologies Corp. (subsequently assumed by Fujitsu Limited), Toppan Printing Co., Ltd. ("Toppan Printing"), Semiconductor Energy Laboratory Co., Ltd., Japan Display Inc. (formerly Japan Display East Inc./Hitachi Displays, Ltd.), Panasonic Liquid Crystal Display Co., Ltd. (formerly IPS Alpha Technology, Ltd.), LG Display Co., Ltd., Sharp Corporation, Samsung Electronics Co., Ltd., Hydis Technologies Co., Ltd. and others. AUO believes that it is in compliance with the terms and conditions of the aforementioned agreements.
- (3) In April 2011, AUO signed a long-term materials supply agreement with Korean OCI Company Ltd. ("OCI"), under which, AUO and OCI agreed on the supply of certain polysilicon. Purchase prices were determined and adjusted through negotiation on each order basis between both parties. AUO paid proportionate prepayments in three installments to OCI in 2011. In May 2015 and December 2016, the supply agreement was amended and the amended effective term is from April 15, 2011 to December 31, 2020.
- (4) Starting from 2006, DPTW has entered into a long-term materials supply agreement with Evonik Forhouse Optical Polymers Corp. ("EFOP"), under which, DPTW and EFOP agreed on the supply of certain optical-grade molding compounds at negotiated prices and quantities.
- (5) As of June 30, 2017, significant outstanding purchase commitments for construction in progress, property, plant and equipment totaled \$36,396,368 thousand.
- (6) Since December 2006, AUO and certain of its subsidiaries, along with various competitors in the TFT-LCD industry, were under investigation for alleged violation of antitrust and competition laws of certain jurisdictions. Set forth below is a list of the material antitrust proceedings against AUO and certain of its subsidiaries.

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United States

In 2012, the Northern California Court rendered judgment against AUO and AUUS regarding the alleged violations of Section 1 of the Sherman Act and imposed a fine of US\$500 million against AUO. Such fine was fully paid by AUO as of December 31, 2015. The Northern California Court also placed AUO and AUUS on probation as well as assigned a monitor and required AUO to adopt an effective antitrust compliance program. The probationary period and monitorship ended in December 2016.

Antitrust Civil Actions Lawsuits

There were over 100 civil lawsuits filed against AUO, AUUS and various manufacturers in the TFT-LCD industry in the United States and Canada alleging, among other things, antitrust violations. As of July 25, 2017, AUO and AUUS have reached settlement agreements with the relevant plaintiffs. In addition to the above cases in the United States and Canada, a lawsuit was filed by certain consumers in Israel against certain LCD manufacturers including AUO in the District Court of the Central District in Israel (“Israeli Court”). The defendants contested various issues including whether the lawsuit was properly served. In December 2016, the Israeli Court overturned the original decision and revoked the permission for this case to serve out of Israeli jurisdiction. The decision of the Israeli Court is appealable but subject to the permission by the Supreme Court. The ultimate outcome of these matters is uncertain and will depend on further court proceedings.

- (7) In July and August of 2014, SunPower Technology, Ltd. (“SPTL”), AUO and AUSG submitted certain disputes for arbitration in the International Court of Arbitration of the International Chamber of Commerce in San Francisco, U.S. in connection with the joint venture agreement among the parties. The arbitration was amicably settled by the parties in September 2016. AUSG sold all of its shares in the joint venture company AUSE to SPTL at the price of US\$170,100 thousand. Please see note 6(7)b. of the consolidated financial statements for the year ended December 31, 2016 for further details. The shares purchase price shall be paid by SPTL in accordance with the agreement and guaranteed by SunPower Corporation, SPTL’s parent company. The parties have reached amicable agreements regarding the relevant issues, including terminations of the joint venture agreement and relevant agreements and agreed to terminate the arbitration.
- (8) At the end of February 2017, one of AUO’s subsidiaries in the PRC, AUSZ received an administrative complaint filed by Shenzhen China Star Optoelectronics Technology Co., Ltd (“CSOT”) alleging that AUSZ infringes two PRC patents, and the complaint requests that AUSZ cease the alleged infringing act. Based on the Company’s initial investigation, it believes that its subsidiary does not infringe the two PRC patents as alleged, and further that the two PRC patents appear to be invalid. In response to such administrative complaint, its subsidiary has filed a request to invalidate the two PRC patents accordingly. This matter is currently suspended pending the outcome of the invalidation proceeding. In April 2017, CSOT filed civil lawsuits in the Intermediate People’s Court of Shenzhen Municipality against the subsidiary claiming infringement of the same two PRC patents. In June 2017, CSOT filed civil lawsuits in the No.1 Intermediate People’s Court of Chongqing Municipality against the subsidiary claiming infringement of three PRC patents (including one of the above mentioned PRC patents). CSOT requested that AUSZ cease the alleged infringing act and claimed RMB49.91 million for economic loss for each of the said respective PRC patents and compensation for reasonable fees and litigation expenses such

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as notarization fees and attorney fees incurred by CSOT. AUSZ has filed objections to jurisdiction. Based on the Company's initial investigation, it believes that its subsidiary does not infringe the said respective PRC patents as alleged. While the subsidiary intends to defend against the matters vigorously, the ultimate outcome will depend on further proceedings, and currently there is no material adverse effect on the Company's business or results of operations. Management is reviewing the merits of this matter on an on-going basis and continuously taking appropriate actions for the interest of the Company and its customers.

As of July 25, 2017, the Company has made certain provisions with respect to certain of the above lawsuits as the management deems appropriate, considering factors such as the nature of the litigation or claims, the materiality of the amount of possible loss, the progress of the cases and the opinions or views of legal counsel and other advisors. Management will reassess all litigation and claims at each reporting date based on the facts and circumstances that exist at that time, and will make additional provisions or adjustments to previous provisions. The ultimate amount cannot be ascertained until the relevant cases are closed. The ultimate resolution of the legal proceedings and/or lawsuits cannot be predicted with certainty. While management intends to defend certain of the lawsuits described above vigorously, there is a possibility that one or more legal proceedings or lawsuits may result in an unfavorable outcome to the Company. In addition to the matters described above, the Company is also a party to other litigations or proceedings that arise during the ordinary course of business. Except as mentioned above, the Company, to its knowledge, is not involved as a defendant in any material litigation or proceeding which could be expected to have a material adverse effect on the Company's business or results of operations.

10. Significant Disaster Losses: None.

11. Subsequent Event

Except for otherwise disclosed in the other notes to the consolidated interim financial statements, there is no significant reportable subsequent event.

12. Others

(1) Seasonality of operations

The Company's operations are not materially influenced by seasonality or cyclicity.

- (2) There have been environmental proceedings relating to the development project of the Central Taiwan Science Park in Houli, Taichung, which AUO's second 8.5-generation fab is located at and which has been established since 2010. The proceedings were initiated by six residents in Houli District, Taichung City (the "Plaintiffs") to object the administrative dispositions of the environmental assessment and development approval issued in 2010 by the Environmental Protection Administration of the Executive Yuan of Taiwan to the third phase development area in the Central Taiwan Science Park (the "Project"). On August 8, 2014, the Plaintiffs reached a settlement with the defendants (i.e. the governmental authorities, including the Environmental Protection Administration of the Executive Yuan of Taiwan, the Ministry of Science and Technology (former National Science Council of the ROC Executive Yuan) and the Central Taiwan Science Park Development Office) in the Taipei High Administrative Court. The second phase environmental impact assessment for

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the Project continues to proceed. Primarily in light of the settlement and based on the principle of protection of reliance under the Administrative law and in light of the relevant approvals issued by the government to the Company, currently management does not believe that this event will have a material adverse effect on the Company's operation and will continue to monitor the development of this event.

13. Segment Information

Operating segment information

The Company has two operating segments: display and solar. The display segment generally is engaged in the research, development, design, manufacturing and sale of flat panel displays and most of our products are TFT-LCD panels. The solar segment primarily is engaged in the design, manufacturing and sale of ingots, solar wafers and solar modules, as well as providing technical engineering services and maintenance services for solar system projects.

Segment results are excluding non-operating income and expenses and income tax expense (benefit). There are no differences between the consolidated financial statements for the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016 with the financial results received by the Company's chief operating decision maker. The accounting policies for the operating segments are the same as those used in preparation of the consolidated financial statements of the Company. The Company uses the net revenue, profit (loss) from operations and segment profit (loss) excluding depreciation and amortization as the basis of segment performance assessment.

	Three months ended June 30, 2017			
	Display	Solar	Adjustment and elimination	Total segments
	(in thousands)			
Net revenue from external customers	\$ <u>79,914,300</u>	<u>4,498,100</u>	<u>-</u>	<u>84,412,400</u>
Segment profit (loss)	\$ <u>11,803,912</u>	<u>(127,883)</u>	<u>-</u>	11,676,029
Net non-operating income and expenses				(31,970)
Consolidated profit before income tax				\$ <u>11,644,059</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>20,389,041</u>	<u>293,210</u>	<u>-</u>	<u>20,682,251</u>
Segment assets				\$ <u>441,143,140</u>

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Three months ended June 30, 2016				
	Display	Solar	Adjustment and elimination	Total segments
	(in thousands)			
Net revenue from external customers	\$ <u>73,956,357</u>	<u>6,134,546</u>	<u>-</u>	<u>80,090,903</u>
Segment profit (loss)	\$ <u>(223,900)</u>	<u>339,591</u>	<u>-</u>	115,691
Net non-operating income and expenses				(355,849)
Consolidated loss before income tax				\$ <u>(240,158)</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>9,172,761</u>	<u>805,334</u>	<u>-</u>	<u>9,978,095</u>
Segment assets				\$ <u>417,385,065</u>
Six months ended June 30, 2017				
	Display	Solar	Adjustment and elimination	Total segments
	(in thousands)			
Net revenue from external customers	\$ <u>163,362,260</u>	<u>9,606,956</u>	<u>-</u>	<u>172,969,216</u>
Segment profit (loss)	\$ <u>24,190,685</u>	<u>(497,249)</u>	<u>-</u>	23,693,436
Net non-operating income and expenses				(99,635)
Consolidated profit before income tax				\$ <u>23,593,801</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>42,363,327</u>	<u>346,806</u>	<u>-</u>	<u>42,710,133</u>
Segment assets				\$ <u>441,143,140</u>
Six months ended June 30, 2016				
	Display	Solar	Adjustment and elimination	Total segments
	(in thousands)			
Net revenue from external customers	\$ <u>137,539,581</u>	<u>13,686,554</u>	<u>-</u>	<u>151,226,135</u>
Segment profit (loss)	\$ <u>(5,468,915)</u>	<u>487,688</u>	<u>-</u>	(4,981,227)
Net non-operating income and expenses				(543,959)
Consolidated loss before income tax				\$ <u>(5,525,186)</u>
Segment profit (loss) excluding depreciation and amortization	\$ <u>13,373,906</u>	<u>1,418,654</u>	<u>-</u>	<u>14,792,560</u>
Segment assets				\$ <u>417,385,065</u>