(English Translation of Financial Report Originally Issued in Chinese)

WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2016

(With Independent Auditors' Report Thereon)

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)
Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Review Report

The Board of Directors
Wistron Corporation:

We have reviewed the accompanying consolidated balance sheets of Wistron Corporation (the "Company") and its subsidiaries as of September 30, 2015 and 2016, and the consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2015 and 2016, as well as the statements of change in equity and cash flows for the nine-month periods ended September 30, 2015 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 reviews.

We conducted our reviews in accordance with Statement on Auditing Standards 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 Standards No. 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commissions, R.O.C ("FSC").

KPMG

Taipei, Taiwan (the Republic of China)

November 11, 2016

Note to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and consolidated cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standards No. 34 Interim Financial Reporting as endorsed by the Financial Supervisory Commissions in the Republic of China and not those of any other jurisdictions. The standards, procedures, and practices to review such financial statements are those generally accepted and applied in the Republic of China.

The independent account's 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' report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2015 and 2016

WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

September 30 and December 31, 2015 and September 30, 2016
(amounts expressed in thousands of New Taiwan Dollars)

	September 30, 2015	December 31, 2015	September 30, 2016
Assets			
Current assets:			
Cash and cash equivalents (note 6(a))	$ 52,951,209	58,559,754	67,612,721
Financial assets at fair value through profit or loss－current (note 6(b))	4,399,402	2,981,560	38,101
Available-for-sale financial assets－current (note 6(b))	797,995	218,601	790,630
Notes and accounts receivable, net (note 6(c))	81,836,271	90,940,666	82,688,948
Accounts receivable－related parties (notes 6(c) and 7)	648,769	520,060	238,823
Other receivables－related parties (notes 6(c) and 7)	15,379	15,715	11,818
Current tax assets	1,270,543	1,287,752	1,795,437
Inventories (note 6(d))	76,039,120	67,610,877	72,688,505
Other financial assets－current	-	-	3,076,132
Other assets－current (notes 6(c)(j) and 8)	10,078,674	9,955,352	9,673,782
Total current assets	228,037,362	232,090,337	238,614,897
Non-current assets:			
Available-for-sale financial assets－noncurrent (note 6(b))	2,043,445	2,748,475	2,989,406
Financial assets carried at cost－noncurrent (note 6(b))	1,204,579	1,325,107	1,487,566
Equity-accounted investees (note 6(e))	5,766,753	5,846,378	6,111,749
Property, plant and equipment (notes 6(h), 7and 8)	38,752,138	37,676,747	35,233,687
Intangible assets (notes 6(f)(i))	2,071,687	2,016,785	1,256,052
Deferred tax assets	4,467,442	5,461,032	5,572,703
Other assets－noncurrent (notes 6(j) and 8)	3,507,306	3,220,183	3,211,787
Total noncurrent assets	57,813,350	58,294,707	55,862,950
Total assets	$ 285,850,712	290,385,044	294,477,847

	September 30, 2015	December 31, 2015	September 30, 2016
Liabilities and Equity			
Current liabilities:			
Short-term borrowings (notes 6(k) and 8)	$ 62,095,672	77,001,897	68,888,885
Financial liabilities at fair value through profit or loss－current (note 6(b))	1,656,605	1,697,837	795,318
Notes and accounts payable	111,096,670	99,209,319	114,306,507
Accounts payable－related parties (note 7)	2,427,478	2,093,958	1,543,010
Other payables－related parties (note 7)	44,308	66,101	30,561
Provisions (note 6(l))	1,928,076	2,084,500	1,960,655
Current portion of long-term borrowings (notes 6(k) and 8)	169,364	165,919	1,861,915
Other liabilities－current	17,076,137	17,524,822	20,365,347
Current liabilities	196,494,310	199,844,353	209,752,198
Noncurrent liabilities:			
Long-term borrowings (notes 6(k) and 8)	13,455,207	14,068,205	12,651,527
Deferred tax liabilities	4,496,967	4,908,200	4,814,220
Other liabilities－noncurrent	2,452,748	2,347,073	1,988,265
Noncurrent liabilities	20,404,922	21,323,478	19,454,012
Total liabilities	216,899,232	221,167,831	229,206,210
Equity (notes 6(o)(p)(q))			
Capital stock	25,554,824	25,554,824	26,521,362
Capital surplus	20,667,625	20,707,328	21,396,065
Retained earnings	22,386,343	22,162,377	20,043,174
Other equity	2,480,580	3,012,160	(498,753)
Treasury stock	(2,702,207)	(2,721,183)	(2,786,965)
Equity attributable to owners of the Company	68,387,165	68,715,506	64,674,883
Non-controlling interests	564,315	501,707	596,754
Total equity	68,951,480	69,217,213	65,271,637
Total liabilities and equity	$ 285,850,712	290,385,044	294,477,847

See accompanying notes to consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards
WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2016
(amounts expressed in thousands of New Taiwan Dollars, except for earnings per common share)

		January to September, 2015	January to September 2016	July to September 2015	July to September, 2016
Net revenues (notes 6(s) and 7)	$	449,194,178	449,860,980	152,416,106	168,538,221
Cost of sales (notes 6(d)(h)(l)(n)(p)(t), 7 and 12)		427,531,359	427,227,590	144,622,806	160,870,035
Gross profit		21,662,819	22,633,390	7,793,300	7,668,186
Operating expenses (notes 6(c)(h)(n)(p)(t), 7 and 12)					
Selling		8,181,296	6,601,232	2,869,275	2,307,523
Administrative		1,920,055	2,183,936	701,883	680,414
Research and development		9,864,486	10,089,352	3,360,215	3,397,108
Total operating expenses		19,965,837	18,874,520	6,931,373	6,385,045
Operating income		1,696,982	3,758,870	861,927	1,283,141
Non operating income and expenses:					
Other income (notes 6(s) and 7)		1,584,633	821,170	434,902	367,106
Other gains and losses (note 6(s))		539,322	(1,031,608)	415,938	(417,816)
Finance costs (note 6(s))		(1,432,299)	(1,435,026)	(456,788)	(528,818)
Recognized share of associates and joint ventures accounted for equity method (note 6(e))		124,751	200,452	60,199	93,708
Total non-operating income and expenses		816,407	(1,445,012)	454,251	(485,820)
Profit before tax		2,513,389	2,313,858	1,316,178	797,321
Income tax expenses (note 6(o))		1,062,249	789,283	652,191	295,508
Net profit		1,451,140	1,524,575	663,987	501,813
Other comprehensive income (notes 6(e)(o)(p)) :					
Items that will be reclassified subsequently to profit or loss					
Exchange differences on translation of financial statements		2,620,769	(3,354,337)	4,200,440	(1,849,255)
Unrealized gains (losses) on available-for-sale financial assets		(376,924)	87,938	(109,091)	88,680
Share of other comprehensive income of associates and joint ventures		(82,718)	(118,865)	(9,224)	(78,631)
Less: Income tax benefit (expense) related to items that will be reclassified subsequently to profit or loss		(18,240)	(6,027)	(3,576)	6,487
Other comprehensive income, net of tax		2,179,367	(3,379,237)	4,085,701	(1,845,693)
Total comprehensive income		3,630,507	(1,854,662)	4,749,688	(1,343,880)
Net profit attributable to:					
Owners of the Company	$	1,456,120	1,510,878	656,557	511,651
Non-controlling interests		(4,980)	13,697	7,430	(9,838)
Net profit	**$**	**1,451,140**	**1,524,575**	**663,987**	**501,813**
Total comprehensive income attributable to:					
Owners of the Company	$	3,632,136	(1,866,057)	4,737,595	(1,332,875)
Non-controlling interests		(1,629)	11,395	12,093	(11,005)
Total comprehensive income	**$**	**3,630,507**	**(1,854,662)**	**4,749,688**	**(1,343,880)**
Earnings per share (in dollars), after tax (note 6(r))					
Basic earnings per share	**$**	**0.57**	**0.61**	**0.26**	**0.21**
Diluted earnings per share	**$**	**0.56**	**0.60**	**0.26**	**0.20**

See accompanying notes to consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)

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

WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2016

(amounts expressed in thousands of New Taiwan Dollars)

	Earnings attributable to owners of the Company													
			Retained earnings				Other equity							
	Capital stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Retained earnings subtotal	Exchange differences on translation of financial statements	Unrealized gain (loss) on available-for-sale financial assets	Other unearned compensation for restricted employee shares of stock	Other equity subtotal	Treasury stock	Total	Non-controlling interests	Total equity
Beginning balance at January 1, 2015	$ 24,682,674	20,441,985	6,803,752	2,788,554	15,059,029	24,651,335	1,181,567	(846,974)	(310,913)	23,680	-	69,799,674	207,422	70,007,096
Net profit (loss)	-	-	-	-	1,456,120	1,456,120	-	-	-	-	-	1,456,120	(4,980)	1,451,140
Other comprehensive income	-	-	-	-	-	-	2,539,598	(363,582)	-	2,176,016	-	2,176,016	3,351	2,179,367
Total comprehensive income	-	-	-	-	1,456,120	1,456,120	2,539,598	(363,582)	-	2,176,016	-	3,632,136	(1,629)	3,630,507
Appropriation of 2014 earnings in 2015														
Legal reserve	-	-	357,854	-	(357,854)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,961,921)	(2,961,921)	-	-	-	-	-	(2,961,921)	-	(2,961,921)
Stock dividends	740,480	-	-	-	(740,480)	(740,480)	-	-	-	-	-	-	-	-
New share issue through employee bonuses	330,680	361,102	-	-	-	-	-	-	-	-	-	691,782	-	691,782
Reversal of special reserve	-	-	-	(1,394,277)	1,394,277	-	-	-	-	-	-	-	-	-
Share-based payment transactions	(199,010)	(170,395)	-	-	-	-	-	-	280,884	280,884	-	(88,521)	-	(88,521)
Changes in ownership interest of subsidiaries	-	(954)	-	-	(17,088)	(17,088)	-	-	-	-	-	(18,042)	-	(18,042)
Increase (decrease) in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	35,887	-	-	(1,623)	(1,623)	-	-	-	-	-	34,264	-	34,264
Repurchase of treasury stock	-	-	-	-	-	-	-	-	-	-	(2,702,207)	(2,702,207)	-	(2,702,207)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	358,522	358,522
Balance at September 30, 2015	**$ 25,554,824**	**20,667,625**	**7,161,606**	**1,394,277**	**13,830,460**	**22,386,343**	**3,721,165**	**(1,210,556)**	**(30,029)**	**2,480,580**	**(2,702,207)**	**68,387,165**	**564,315**	**68,951,480**
Beginning balance at January 1, 2016	$ 25,554,824	20,707,328	7,161,606	1,394,277	13,606,494	22,162,377	3,442,745	(408,196)	(22,389)	3,012,160	(2,721,183)	68,715,506	501,707	69,217,213
Net Profit	-	-	-	-	1,510,878	1,510,878	-	-	-	-	-	1,510,878	13,697	1,524,575
Other comprehensive income	-	-	-	-	-	-	(3,494,310)	117,375	-	(3,376,935)	-	(3,376,935)	(2,302)	(3,379,237)
Total comprehensive income	-	-	-	-	1,510,878	1,510,878	(3,494,310)	117,375	-	(3,376,935)	-	(1,866,057)	11,395	(1,854,662)
Appropriation of 2015 earnings in 2016														
Legal reserve	-	-	133,409	-	(133,409)	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,905,344)	(2,905,344)	-	-	-	-	-	(2,905,344)	-	(2,905,344)
Stock dividends	726,336	-	-	-	(726,336)	(726,336)	-	-	-	-	-	-	-	-
New share issue through employee bonuses	240,202	255,813	-	-	-	-	-	-	-	-	-	496,015	-	496,015
Reversal of special reserve	-	-	-	(1,394,277)	1,394,277	-	-	-	-	-	-	-	-	-
Share-based payment transactions	-	261,914	-	-	1,628	1,628	-	-	(133,978)	(133,978)	-	129,564	-	129,564
Changes in ownership interest of subsidiaries	-	5,825	-	-	-	-	-	-	-	-	-	5,825	-	5,825
Increase (decrease) in capital surplus and unappropriated earnings resulting from equity-accounted investees	-	150,173	-	-	(29)	(29)	-	-	-	-	-	150,144	-	150,144
Repurchases of treasury stock	-	-	-	-	-	-	-	-	-	-	(533,236)	(533,236)	-	(533,236)
Treasury stock transferred to employees	-	15,012	-	-	-	-	-	-	-	-	467,454	482,466	-	482,466
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	83,652	83,652
Balance at September 30, 2016	**$ 26,521,362**	**21,396,065**	**7,295,015**	**-**	**12,748,159**	**20,043,174**	**(51,565)**	**(290,821)**	**(156,367)**	**(498,753)**	**(2,786,965)**	**64,674,883**	**596,754**	**65,271,637**

See accompanying notes to consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards
WISTRON CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2015 AND 2016
(amounts expressed in thousands of New Taiwan Dollars)

	January to September, 2015	January to September, 2016
Cash flows from operating activities:		
Profit before tax	$ 2,513,389	2,313,858
Adjustments to reconcile net income to net cash generated from operating activities:		
Depreciation	5,920,350	5,773,029
Amortization	318,154	331,312
Net loss (profit) of financial assets and liabilities at fair value through profit or loss	(2,379,218)	2,028,760
Interest expense	1,432,299	1,435,026
Interest income	(1,411,430)	(621,066)
Dividend income	(118,030)	(106,028)
Compensation cost arising from share-based payment	(86,141)	130,534
Recognized share of associates and joint ventures accounted for equity method	(124,751)	(200,452)
Loss on disposal of property, plant and equipment, net	17,987	203,172
Property, plant and equipment reclassified as expense	4,019	294
Other asset transferred to expense	40,161	42,583
Gain on disposal of Intangible assets	-	(72,753)
Gain on disposal of investments	(3,990)	(9,919)
Loss on repurchase of convertible bonds	6,827	-
Exchange difference of bonds payable	(5,134)	-
Other investments loss	427,035	41,103
Impairment loss on assets	99,262	214,530
	4,137,400	9,190,125
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease in notes and accounts receivable	19,626,011	6,280,825
Decrease (increase) in accounts receivable－related parties	3,852,540	(5,767,967)
Decrease in other receivables－related parties	4,120	130
Decrease (increase) in inventories	237,633	(8,598,402)
Decrease (increase) in other assets－current	(10,326)	99,173
Total changes in operating assets	23,709,978	(7,986,241)
Changes in operating liabilities:		
Increase (decrease) in notes and accounts payable	(669,861)	18,750,195
Increase (decrease) in accounts payable－related parties	(4,902,089)	5,986,574
Increase (decrease) in other payables－related parties	(347,128)	368,691
Increase (decrease) in provisions	182,043	(127,004)
Increase in other liabilities－current	1,213,277	3,890,391
Increase (decrease) in other liabilities－noncurrent	280,038	(325,438)
Total changes in operating liabilities	(4,243,720)	28,543,409
Net changes in operating assets and liabilities	19,466,258	20,557,168
Total changes in operating assets and liabilities	23,603,658	29,747,293
Cash generated from operating activities	26,117,047	32,061,151
Interest received	1,340,434	610,623
Dividend received	380,745	396,075
Interest paid	(1,531,782)	(1,480,516)
Income tax paid	(2,370,736)	(1,784,322)
Net cash generated from operating activities	23,935,708	29,803,011
Cash flows used in investing activities:		
Decrease in other receivables－related parties	9,829	3,766
Increase in available-for-sale financial assets	(2,565,725)	(3,843,686)
Proceeds from disposal of available-for-sale financial assets	1,703,068	2,930,388
Increase in financial assets carried at cost－noncurrent	(329,754)	(301,299)
Proceeds from return of financial assets carried at cost	43,573	60,779
Increase in equity-accounted investees	(79,672)	(119,971)
Proceeds from disposal of equity-accounted investees	-	98,641
Additions to property, plant and equipment	(2,505,084)	(4,257,228)
Proceeds from disposal of property, plant and equipment	61,819	349,527
Additions to intangible assets	(315,692)	(358,786)
Proceeds from disposal of intangible assets	-	306,728
Increase in refundable deposits	-	(796)
Increase in financial assets	-	(3,197,015)
Increase in other assets－noncurrent	(1,403,360)	(1,401,875)
Cash received (outflow) through merger	32,669	(128,497)
Others	(1,942)	-
Net cash flows used in investing activities	(5,350,271)	(9,859,324)
Cash flows used in financing activities:		
Increase of short-term borrowings	287,376,779	299,570,178
Repayments on short-term borrowings	(296,873,848)	(306,093,307)
Repurchase of convertible bonds	(605,030)	-
Increase in long-term borrowings	1,113,213	5,460,349
Repayments on long-term borrowings	(8,192,209)	(5,173,864)
Repurchase of treasury stock	(2,702,207)	(533,236)
Decrease in deposits received	(40,203)	(45,192)
Cash dividends to shareholders	(2,961,921)	(2,905,344)
Treasury stock transferred to employees	-	482,466
Changes in non-controlling interests	43,247	325,148
Net cash flows used in financing activities	(22,842,179)	(8,912,802)
Effect of exchange rate changes	1,515,622	(1,977,918)
Net increase (decrease) in cash and cash equivalents	(2,741,120)	9,052,967
Cash and cash equivalents at beginning of the period	55,692,329	58,559,754
Cash and cash equivalents at end of the period	$ 52,951,209	67,612,721

See accompanying notes to consolidated financial statements.

(English Translation of Financial Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with the generally accepted auditing standards as of September 30, 2015 and 2016

WISTRON CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2015 and 2016

(amounts expressed in thousands of New Taiwan dollars and US dollars except for earnings per share information and unless otherwise noted)

1. Reporting Entities of the Consolidated Financial Statements and Its Business Scopes

Wistron Corporation (the "Company") was incorporated on May 30, 2001, as a company limited by shares under the laws of the Republic of China (ROC). In pursuant to a restructuring plan of Acer Inc. (AI) to improve its business performance and competitiveness, the Company was formed to acquire the net assets spun off from AI's DMS (Design, Manufacturing, and Service products) business.

The Company and its subsidiaries (hereinafter, jointly referred to as the "Group"), are currently engaged in the research, development, design, manufacturing, testing and sale of the following products and semi-finished products, and their peripheral equipment, parts and components:

(1) desktop computers, notebook computers, motherboards, servers, system platforms, high-speed and multi-function multiple-CPU computer systems, multi-media computers, network computers, consumer-type computers and special computers, micro-processors, CD-ROMs, PDAs, panel PCs, pocket computers and interface cards;
(2) video and internet telephones, video conferencing equipment and telecommunication equipment;
(3) digital satellite TV receivers, set-top boxes, digital video decoders and multi-media appliance products;
(4) digital cameras, CD-ROM drives and DVD-ROM drives;
(5) wireless receiver products (mobile phones, wireless LAN cards, and Bluetooth communication modules);
(6) LCD TVs and other electronic audio & visual products;
(7) design and merchandising of computer software and programs;
(8) import and export trade relevant to the business of this company;
(9) maintenance and cleaning of electronics products;
(10) recycling of electronic waste;
(11) in vitro diagnostic device, physiological signal diagnostic device and medical date system;
(12) manufacturing, processing and selling of electronic products for automobile.

2. Approval date and procedures of the consolidated financial statements

The consolidated financial statements as of and for the nine-month periods ended September 30, 2015 and 2016 were authorized for issue by the Board of Directors on November 11, 2016.

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Application of new standards, amendments, and interpretations

(a) Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commissions R.O.C. ("FSC") but not yet in effect

According to the Ruling No. 1050026834 issued on July 18, 2016, by the FSC, public entities are required to conform to the IFRSs which were issued by the International Accounting Standards Board (IASB) before January 1, 2016, and were endorsed by the FSC on January 1, 2017 (excluding IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers", and others which have yet to be approved by the FSC in order for them to take effect) in preparing their financial statements. The related new standards, interpretations and amendments are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual improvements cycles 2010-2012 and 2011-2013	July 1, 2014
Annual improvements cycle 2012-2014	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Group assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(b) Newly released or amended standards and interpretations 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 as of the end of reporting date is as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IFRS 2 "Clarifications of classification and measurement of share-based payment transactions"	January 1, 2018
Amendment to IFRS 15 "Clarifications of IFRS 15"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017

The Group is still currently determining the potential impact of the standards listed below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 establishes a five-step model for recognizing revenue that applies to all contracts with customers, and will supersede IAS 18 "Revenue," IAS 11 "Construction Contracts," and a number of revenue-related interpretations. Final amendments issued on April 12, 2016, clarify how to (i) identify performance obligations in a contract; (ii) determine whether a company is a principal or an agent; (iii) account for a license for intellectual property (IP); and (iv) apply transition requirements.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Issuance / Release Dates	Standards or Interpretations	Content of amendment
November 19, 2013 July 24, 2014	IFRS 9 "Financial Instruments"	The standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", and the main amendments are as follows: ・ Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. ・ Impairment: The expected credit loss model is used to evaluate impairment. ・ Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness is measured based on the hedge ratio.
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: ・ For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of use asset during the lease term. ・ A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

(Continued)

The Group is evaluating the impact on its financial position and financial performance of the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

4. Summary of Significant Accounting Policies

(a) Statement of compliance

The consolidated interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to the Regulations) and guidelines of IAS 34 Interim Financial Reporting which are endorsed by FSC. These consolidated interim financial statements do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC(hereinafter referred to IFRS endorsed by the FSC) for full annual financial statements.

Except for the following accounting policies mentioned below, the rest of the accounting policies adopted are the same as those in the consolidated financial statements for year ended December 31, 2015. Please refer to note 4 the consolidated financial statements for the year ended December 31, 2015 and for other related information.

(b) Basis of consolidation

The principle of preparation of the consolidated interim financial statements is the same as the consolidated financial statement for the year ended December 31, 2015. Please refer to the note 4(c) of the consolidated financial statements for other related information.

(1) List of subsidiaries included in the consolidated interim financial statements

i Subsidiaries which are engaged in research, design, testing, manufacturing and sales of personal computers, servers, multi-media appliance products, telecommunication products, network systems, car infotainment systems and medical devices:

Investor	Name of subsidiary	Percentage ownership 2015.9.30	2015.12.31	2016.9.30
the Company	International Standard Labs ("ISL", Taiwan)	100.00	100.00	100.00
the Company	Wistron Mexico, S.A. de C.V. ("WMX", Mexico)	100.00	100.00	100.00
the Company	WisVision Corporation ("WVS", British Virgin Islands)	100.00	100.00	100.00
the Company	Wistron Technology (Malaysia) Sdn. Bhd. ("WMY", Malaysia)	100.00	100.00	100.00
the Company	Wistron Mobile Solutions Corporation ("WCH", U.S.A.)	100.00	100.00	100.00
the Company	Wistron InfoComm (Czech), s.r.o. ("WCZ", Czech Republic)	100.00	100.00	100.00
the Company/WLB/ WCL	Wiwynn Corporation ("WYHQ", Taiwan)	76.75	76.88	66.17

(Continued)

		Percentage ownership		
Investor	**Name of subsidiary**	**2015.9.30**	**2015.12.31**	**2016.9.30**
the Company/WCL	Join-Link International Technology Co., Ltd. (“JLH”, Taiwan)	55.34	55.34	(note 1)
Cowin/AIIH	Wistron InfoComm (Zhongshan) Corporation (“WZS”, China)	100.00	100.00	100.00
AIIH	AII Technology (Zhongshan) Co., Ltd. (“ATZS”, China)	100.00	100.00	100.00
Win Smart	Wistron InfoComm (Kunshan) Co., Ltd.(“WAKS”, China)	100.00	100.00	100.00
Win Smart	Wistron InfoComm Manufacturing (Kunshan) Co., Ltd. (“WEKS”, China)	100.00	100.00	100.00
Win Smart	Wistron InfoComm (Taizhou) Co., Ltd. (“WTZ”, China)	100.00	100.00	100.00
Win Smart	Wistron InfoComm (CHONGQING) Co., Ltd. (“WCQ”, China)	100.00	100.00	100.00
Win Smart	Wiwynn Technology Service (Beijing) Limited(“WYBJ”, China)	100.00	100.00	100.00
Win Smart	Wistron InfoComm Technology Service (Kunshan) Co., Ltd. (“WRKS”, China)	100.00	100.00	100.00
WSC	Wistron InfoComm (Chengdu) Co., Ltd. (“WCD”, China)	100.00	100.00	100.00
WDC	Wistron Optronics (Kunshan) Co., Ltd. (“WOK”, China)	100.00	100.00	100.00
WHHK	Wistron InfoComm (Qingdao) Co., Ltd (“WQD” , China)	100.00	100.00	100.00
WVS	Wistron InfoComm Technology (Zhongshan) Co., Ltd. (“WTZS”, China)	100.00	100.00	100.00
WEH	Polymer Vision B.V. (“WPV”, Holland)	100.00	100.00	100.00
WCL	Creator Technology B.V. (“WCT”, Holland)	100.00	100.00	100.00
WYHQ	AnyCloud Plus Technology Company Limited (“WYACP”, Taiwan)	(note 2)	(note 2)	(note 2)
WYHQ	Wiwynn Technology Service Japan, Inc. (“WYJP”, Japan)	76.75	76.88	66.17
WYHQ	Wiwynn International Corporation. (“WYUDE”, U.S.A.)	76.75	76.88	66.17
WYHQ	Wiwynn Korea Ltd. (“WYKR”, South Korea)	-	-	66.17
WYHK	Wiwynn Technology Service Kunshan, Ltd. (“WYKS”, China)	76.75	76.88	66.17
JLH	Join-Link International Technology Co., Ltd.(JLKS) (“JLKS”, China)	55.34	55.34	(note 1)
WMH	Wistron Medical Technology Corporation (“WMT”, Taiwan)	-	-	100.00

ii Subsidiaries which are engaged in sale and maintenance of computer products and related parts and components, data storage equipment, and digital monitoring systems:

		Percentage ownership		
Investor	**Name of subsidiary**	**2015.9.30**	**2015.12.31**	**2016.9.30**
the Company	Cowin Worldwide Corporation (“Cowin”, British Virgin Islands)	100.00	100.00	100.00
the Company	AII Holding Corporation (“AIIH”, British Virgin Islands)	100.00	100.00	100.00
the Company	SMS InfoComm Corporation (“WTX”, U.S.A.)	100.00	100.00	100.00
the Company	WiAdvance Technology Corporation (“AGI”, Taiwan) (note 3)	99.95	99.95	99.95
the Company	Anwith Technology Corporation (“WCHQ”, Taiwan)	100.00	100.00	100.00
the Company	SMS InfoComm (Singapore) Pte. Ltd. (“WSSG”, Singapore)	100.00	100.00	100.00
the Company	Service Management Solutions Colombia S.A.S. (“WSCO”, Colombia)	100.00	100.00	100.00
the Company	Service Management Solutions Mexico S.A. de C.V. (“WSMX”, Mexico)	100.00	100.00	100.00
the Company	Wistron InfoComm (Philippines) Corporation (“WPH”, Philippines)	100.00	100.00	100.00
the Company	ANWITH SERVICE CO., LTD. (“WSTH”, Thailand)	-	-	100.00
the Company	Anwith Corporation (“ANC”, U.S.A)	-	-	100.00

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Investor	Name of subsidiary	Percentage ownership 2015.9.30	2015.12.31	2016.9.30
the Company/AIIH	SMS InfoComm Technology Services and Management Solutions Ltd. ("WBR", Brazil)	100.00	100.00	100.00
the Company/WCL	SMS InfoComm Technology Services Limited Company ("WTR", Turkey)	100.00	100.00	100.00
WLLC	Wistron InfoComm Technology (America) Corporation ("WITX", U.S.A.)	100.00	100.00	100.00
WLLC	Wistron InfoComm Technology (Texas) Corporation ("WITT", U.S.A.)	-	100.00	100.00
Win Smart	Wistron Service (Kunshan) Corp. ("WSKS", China)	100.00	100.00	100.00
Win Smart	Wistron Hong Kong Limited ("WHK", Hong Kong)	100.00	100.00	100.00
Win Smart	SMS (Kunshan) Co., Ltd. ("WMKS", China)	100.00	100.00	100.00
WDC	Wistron Optronics (Shanghai) Co., Ltd. ("WOSH", China)	100.00	100.00	100.00
AIIH	Wistron K.K. ("WJP", Japan)	100.00	100.00	100.00
WSSG/WHK	ICT Service Management Solutions (India) Private Limited ("WIN", India)	100.00	100.00	100.00
WSSG	SMS INFOCOMM (MALAYSIA) SDN. BHD. ("WSMY", Malaysia)	100.00	100.00	100.00
WEH	SMS InfoComm (Czech) s.r.o. ("WSCZ", Czech Republic)	100.00	100.00	100.00
WHK	ANWITH (Kunshan) Co., LTD. ("WCKS", China)	100.00	100.00	100.00

iii Subsidiary which is engaged in software research, development, design, trading and consultation:

Investor	Name of subsidiary	Percentage ownership 2015.9.30	2015.12.31	2016.9.30
AIIH	Wistron InfoComm (Shanghai) Corporation ("WSH", China)	100.00	100.00	100.00
WEDH	WIEDU SDN. BHD. ("WEMY", Malaysia)	100.00	100.00	100.00

iv Subsidiaries engaged in recycling of electronic products :

Investor	Name of subsidiary	Percentage ownership 2015.9.30	2015.12.31	2016.9.30
the Company	Wistron GreenTech (Texas) Corporation ("WGTX", U.S.A.)	100.00	100.00	100.00
WGHK	Wistron Advanced Materials (Kunshan) Co., Ltd. ("WGKS", China)	100.00	100.00	100.00

v Subsidiaries which engaged in internet platform development, providing and selling application services and consultation.

Investor	Name of subsidiary	Percentage ownership 2015.9.30	2015.12.31	2016.9.30
the Company	WiEdu Hong Kong Limited ("WEHK", Hong Kong)	70.03	70.03	81.27
WEHK	WIEDU CORPORATION ("WETW", Taiwan)	70.03	70.03	81.27
WEHK	Weshtek Information Technology Services Co., Ltd., Shanghai ("WESH", China)	70.03	70.03	81.27

(Continued)

vi Investment and holding companies:

		Percentage ownership		
Investor	**Name of subsidiary**	**2015.9.30**	**2015.12.31**	**2016.9.30**
the Company	Wise Cap Limited Company ("WCL", Taiwan)	100.00	100.00	100.00
the Company	Win Smart Co., Ltd. ("Win Smart", British Virgin Islands)	100.00	100.00	100.00
the Company	Wistron LLC ("WLLC", U.S.A.)	100.00	100.00	100.00
the Company	Wistron Advanced Materials (Hong Kong) Limited ("WGHK", Hong Kong)	100.00	100.00	100.00
the Company	WiEDU Holding Co., Ltd. ("WEDH", Seychelles)	100.00	100.00	100.00
the Company	WiseCap (Hong Kong) Limited ("WCHK", Hong Kong)	100.00	100.00	100.00
the Company/AIIH	Wistron Europe Holding Cooperatie U.A. ("WEH", Holland)	100.00	100.00	100.00
WCL	LE BEN Investment Ltd ("WLB", Taiwan)	100.00	100.00	100.00
AGI	Xserve Technology Incorporated ("XTI", British Virgin Islands)	99.95	(note 4)	(note 4)
AIIH	WinDisplay Corporation ("WDC", British Virgin Islands)	100.00	100.00	100.00
Win Smart	Wistron Hong Kong Holding Limited ("WHHK", Hong Kong)	100.00	100.00	100.00
WHHK	Wistron Investment (Sichuan) Co., Ltd. ("WSC", China)	100.00	100.00	100.00
WYHQ	Wiwynn Technology Service Hong Kong Limited ("WYHK", Hong Kong)	76.75	76.88	66.17
the Company	Wistron Medical Tech Holding Company ("WMH", Taiwan)	-	-	100.00
the Company	Wistron Digital Technology Holding Company ("WDH", Taiwan)	-	-	100.00

(note 1) Beginning March 11, 2016, JLH and its subsidiary, JLKS, are no longer subsidiaries of the Group. Please refer to note 6(g) of the consolidated financial statements for other related information.

(note 2) The liquidation process of WYACP had completed during the fourth quarter of 2015.

(note 3) Anextek Global Incorporation was renamed as WiAdvance Technology Corporation on June 15, 2015, and the related registration procedures was completed on July 2, 2015.

(note 4) The liquidation process of XTI had completed during the fourth quarter of 2015.

(2) Subsidiaries excluded from consolidated: None.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits, and call deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. Time deposits meet aforementioned definitions that are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes, and that are subject to an insignificant risk of changes in their fair value are recognized as cash and cash equivalents.

Bank overdrafts that are repayable on demand and form an integral part of the Group’s cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(Continued)

(d) Defined benefit plans

The pension cost in the condensed consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the beginning to the end of the year.

In the prior fiscal year, there was no material volatility of the market, no material reimbursement and no settlement or other material one-time events.

(e) Income taxes

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 “Interim Financial Reporting”

Income tax expense for the year is best estimated by multiplying pretax the income for the interim reporting period with the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation and they shall be recognized directly in equity or other comprehensive income as tax expense.

5. Major sources of accounting assumptions, judgments and estimation uncertainty

The preparation of the consolidated quarterly financial statements in conformity with IFRSs (in accordance with IAS 34 “Interim financial reporting” and approved by 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.

The preparation of the consolidated interim financial statements, the major sources of accounting assumptions, judgments and estimation uncertainty are consistent with the note 5 of the consolidated financial statement for the year ended December 31, 2015 prepared under IFRSs (approved by FSC).

6. Significant Account Disclosures

Except for the following disclosures, there is no significant difference compared with the consolidated financial statement for the year ended December 31, 2015. Please refer to the note 6 of the consolidated financial statements for the year ended December 31, 2015 and for other related information.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(a) Cash and cash equivalents

	2015.9.30	2015.12.31	2016.9.30
Cash on hand	$ 58,254	25,277	21,891
Demand and checking deposits	21,790,010	29,358,133	47,358,107
Time deposits	31,102,184	29,176,344	21,302,134
Short-term notes	761	-	-
	52,951,209	58,559,754	68,682,132
Bank overdrafts used for cash management purposes	-	-	(1,069,411)
	$ 52,951,209	58,559,754	67,612,721

Please refer to note 6(u) for the fair value sensitivity analysis ad interest rate risk of the financial assets and liabilities of the Group.

(b) Financial assets

1. Financial assets and liabilities at fair value through profit or loss

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

	2015.9.30	2015.12.31	2016.9.30
Foreign currency swap contracts	$ 4,381,631	2,978,211	23,386
Foreign currency forward contracts	17,771	3,349	14,715
	$ 4,399,402	2,981,560	38,101

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

	2015.9.30	2015.12.31	2016.9.30
Foreign currency swap contracts	$ 1,614,042	1,639,628	741,216
Foreign currency forward contracts	42,563	58,209	54,102
	$ 1,656,605	1,697,837	795,318

The Group uses derivative financial instruments to hedge the certain foreign exchange and interest risk the Group is exposed to, arising from its operating, financing and investing activities. As of September 30 and December 31, 2015, and September 30, 2016, derivative financial instruments not qualified for hedge accounting were as follows:

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(i) Foreign currency swap contracts:

September 30, 2015		December 31, 2015	
Amount (in thousands)	**Currency**	**Amount (in thousands)**	**Currency**
USD 172,000	USD Put / TWD Call	USD 131,000	USD Put / TWD Call
USD 4,792,000	USD Put / CNY Call	USD 2,818,000	USD Put / CNY Call
USD 4,687,000	CNY Put / USD Call	USD 2,574,000	CNY Put / USD Call
USD 1,191,000	TWD Put / USD Call	USD 1,040,000	TWD Put / USD Call

September 30, 2016	
Amount (in thousands)	**Currency**
USD 5,000	USD Put / TWD Call
USD 108,000	USD Put / CNY Call
USD 951,000	TWD Put / USD Call

(ii) Foreign currency forward contracts:

September 30, 2015		December 31, 2015	
Amount (in thousands)	**Currency**	**Amount (in thousands)**	**Currency**
USD 574	XAU Put / USD Call	USD 316,000	USD Put / TWD Call
USD 15,000	USD Put / CNY Call	USD 85,000	USD Put / CNY Call
USD 294,000	USD Put / TWD Call		

September 30, 2016	
Amount (in thousands)	**Currency**
USD 603,000	TWD Put / USD Call
USD 79,000	USD Put / TWD Call

(Continued)

2. Available-for-sale financial assets

(1) Available-for-sale financial assets－current:

	2015.9.30	2015.12.31	2016.9.30
Funds	$ 797,995	218,601	790,630

(2) Available-for-sale financial assets－noncurrent:

	2015.9.30	2015.12.31	2016.9.30
Financial assets measured at fair value:			
Publicly traded stocks	$ 1,635,134	2,331,829	2,379,053
Nonpublic stock	388,111	397,166	590,283
Convertible bonds	20,200	19,480	20,070
	$ 2,043,445	2,748,475	2,989,406

3. Financial assets measured at cost－noncurrent:

	2015.9.30	2015.12.31	2016.9.30
Nonpublic stock	$ 803,501	919,196	866,683
Others	401,078	405,911	620,883
	$ 1,204,579	1,325,107	1,487,566

4. Sensitivity analysis-equity price risk

	January to September, 2015	January to September, 2016
Price of securities at reporting date	**Other comprehensive income for the year net of tax**	**Other comprehensive income for the year net of tax**
Increasing 3%	$ 90,196	125,142
Decreasing 3%	$ (90,196)	(125,142)

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Foreign equity investments:

Significant foreign equity investments at the end of each period were as follows:

	September 30, 2015			December 31, 2015		
	Foreign currency	Rate	TWD	Foreign currency	Rate	TWD
USD	$ 42,792	33.128	1,417,629	40,624	33.066	1,343,265

	September 30, 2016		
	Foreign currency	Rate	TWD
USD	$ 55,390	31.366	1,737,358

6. As of September 30 and December 31, 2015 and September 30, 2016, the financial assets were not pledged.

(c) Notes and accounts receivable and other assets－current－other receivables

	2015.9.30	2015.12.31	2016.9.30
Notes receivable	$ 1,451	2,922	313
Accounts receivable	82,343,966	91,692,573	83,412,776
Accounts receivable－related parties	648,769	520,060	238,823
Other assets－current－other receivables	5,601,930	4,923,592	4,765,534
Other receivables－related parties	15,379	15,715	11,818
Less: allowance for doubtful accounts	(509,146)	(754,829)	(724,141)
	$ 88,102,349	**96,400,033**	**87,705,123**

The detail of notes and accounts receivable, accounts receivable－related parties, other assets－current－other receivables and other receivables－related parties that were past due but not impaired were as follows:

	2015.9.30	2015.12.31	2016.9.30
Past due 0~30 days	$ 675,657	840,712	547,088
Past due 31~60 days	337,198	166,636	218,320
Past due 61~90 days	98,589	89,540	19,016
Past due 91~120 days	69,187	20,387	104,852
Past due over 120 days	234,438	403,972	455,911
	$ 1,415,069	**1,521,247**	**1,345,187**

The Group believed that the receivables were recoverable basing on historical default rates and analysis of clients’ credit rating.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month periods ended September 30, 2015 and 2016, the movements of allowance for doubtful accounts with respect to notes and accounts receivable, accounts receivable－related parties, other assets－current－other receivables and other receivables－related parties were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2015	$ 309,401	54,696	364,097
Impairment loss recognized	131,659	19,644	151,303
Reversal of impairment loss	-	(6,254)	(6,254)
Reclassification	47,535	(47,535)	-
Balance at September 30, 2015	**$ 488,595**	**20,551**	**509,146**

	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, 2016	$ 731,378	23,451	754,829
Effect of changes in consolidated entities	(102,715)	(22,364)	(125,079)
Impairment loss recognized	500	93,975	94,475
Reversal of impairment loss	-	(620)	(620)
Reclassification	350	(350)	-
Effect of changes in foreign exchange rates	536	-	536
Balance at September 30, 2016	**$ 630,049**	**94,092**	**724,141**

The Group assesses the impairment losses of the notes receivable, accounts receivable, accounts receivable－related parties, other assets－current－other receivables and other receivables－related parties both individually and collectively. The Group evaluated the historical trends, recovery terms and the losses of the default possibility of the receivables; and the management of the Group accrued the allowance for doubtful accounts according to current economic condition and credit. Impairment loss recognized for individually assessed is the difference between the carrying amount and the present value of estimated future cash flows. The Group does not hold any collateral for the collectible amounts.

(Continued)

As of September 30 and December 31, 2015 and September 30, 2016, the factored accounts receivable that conformed to the derecognition criteria were as follows:

Unit: USD in thousands

September 30, 2015					
Factored amount	Factoring credit limit	Advance amount	Collateral	Important derecognition clause	Derecognized amount
$ 2,100,295	2,726,919	1,742,169	1,666,000	Without recourse	1,808,836

December 31, 2015					
Factored amount	Factoring credit limit	Advance amount	Collateral	Important derecognition clause	Derecognized amount
$ 2,170,886	2,753,846	1,713,393	1,666,000	Without recourse	1,779,845

September 30, 2016					
Factored amount	Factoring credit limit	Advance amount	Collateral	Important derecognition clause	Derecognized amount
$ 2,407,092	3,050,421	2,107,393	1,771,000	Without recourse	2,170,905

The abovementioned factorings of accounts receivable to banks are recognized when the ownership and the significant risks of the factored accounts receivable are transferred. As of September 30 and December 31, 2015 and September 30, 2016, included among the factored accounts receivable were accounts receivable of $2,208,538, $2,197,301 and $1,992,117, respectively, which were yet to be factored by banks since the ownership and the significant risks were not transferred, therefore, they were included in “Other assets－current” in the accompanying balance sheets.

For the nine-month periods ended September 30, 2015 and 2016, the average interest rates on factored accounts receivable were 0.82% to 1.68% and 1.10% to 1.89%, respectively.

As of September 30 and December 31, 2015 and September 30, 2016, the notes and accounts receivable were not pledged.

(d) Inventories

	2015.9.30	2015.12.31	2016.9.30
Raw materials	$ 32,374,475	25,124,456	26,912,692
Work in progress	9,558,307	6,397,856	14,086,454
Finished goods	21,253,933	22,656,630	19,169,047
Inventory in transit	12,852,405	13,431,935	12,520,312
	$ 76,039,120	67,610,877	72,688,505

(Continued)

For the nine-month periods ended September 30, 2015 and 2016, the write-downs of inventories to the net realized value were as follows:

	January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016
Loss on valuation of inventories and obsolescence and scrap loss	$ 1,272,788	1,380,535	683,986	804,297

As of September 30 and December 31, 2015 and September 30, 2016, the inventories were not pledged.

(e) Equity-accounted investees

1. As of September 30, 2015 and 2016, the components of investments accounted for using the equity method were as follows:

	2015.9.30	2015.12.31	2016.9.30
Associates	$ 5,766,753	5,846,378	6,111,749

	January to September, 2015	January to September, 2016
Attributable to the Group:		
Net profit	$ 124,751	200,452
Other comprehensive income	(82,718)	(118,865)
Comprehensive income	$ 42,033	81,587

2. As of September 30 and December 31, 2015 and September 30, 2016,the fair value of investments in associates of the Group for which there are public price quotations were as follows:

	2015.9.30		2015.12.31		2016.9.30	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
WNC	$ 3,085,227	5,848,842	3,187,164	7,488,225	3,239,740	8,697,868
AOI	237,189	368,891	230,867	280,170	181,455	210,439
WITS	338,065	299,122	321,763	269,082	280,657	285,633
Formosa Prosonic Industries Berhad	381,300	354,305	427,890	474,374	376,762	434,368
	$ 4,041,781	6,871,160	4,167,684	8,511,851	4,078,614	9,628,308

(Continued)

3. Collateral

As of September 30 and December 31, 2015 and September 30, 2016 the investments in aforementioned equity-accounted investees were not pledged as collateral.

(f) Acquisition of subsidiary

1. On January 15, 2015, the Group obtains 55.34% shares by taking part in JLH's issuance of common stock for cash amounting to $634,144. The aforementioned amount has already been paid.

2. The fair value of identifiable assets acquired and liabilities assumed at the date of acquisition are as follows:

Cash and cash equivalents (including the cash injection for JLH's issuance of common stock)	$	660,153
Notes and accounts receivable		151,772
Inventories		97,146
Other assets－current		73,608
Long-term investments(the amounts of property, plant and equipment and intangible assets were deducted)		20,026
Property, plant and equipment		27,856
Intangible assets		342,130
Other assets－noncurrent		12,073
Short-term and long-term borrowings		(188,605)
Notes and accounts payable		(264,506)
Other liabilities－current		(136,416)
Other liabilities		(54,366)
	$	**740,871**

The required market evaluation and other calculation on the acquisition of JLH were completed at the reporting date. The Group had already recognized the required adjustment regarding the provisional accounting treatment on the acquisition of JLH during the measurement period in order to reflect the information at the acquisition date.

3. Goodwill arising from the acquisition was as follows:

Fair value of consideration transferred	$	634,144
Non-controlling interest (calculated by the ratio of non-controlling interest from identifiable assets)		330,873
Fair value of identifiable net assets		(740,871)
Goodwill	**$**	**224,146**

(Continued)

The goodwill is mainly attributable to JLH's customer relationships and sales channel deriving from the car electronic market in order to achieve the purpose of integrating the group.

No above transaction occurred during the period from January 1 to September 30, 2016.

(g) Losing control of subsidiary

The Group did not take part in the issuance of common stock for cash of JLH at the first quarter of 2016. Therefore, the Group's ownership percentage was reduced to lower than 50%, and the Group lost its control over JLH. JLH and its subsidiary, JLKS, were not included in the consolidated entities starting from March 11, 2016. There were no differences between the disposal amount and the book value.

(h) Property, plant and equipment

The cost and accumulated depreciation of the property, plant and equipment of the Group for the nine-month periods ended September 30, 2015 and 2016, were as follows:

	Land	Building and improvements	Machinery and equipment	Molding equipment	Research and development equipment	Office equipment	Other equipment	Total
Cost or deemed cost:								
Balance at January 1, 2015	$ 3,375,806	25,889,964	18,819,321	13,944,459	2,610,534	2,282,659	7,308,677	74,231,420
Effect of changes in consolidated entities	-	-	27,963	-	-	9,619	18,987	56,569
Additions	-	39,456	786,258	317,800	166,294	81,346	1,113,930	2,505,084
Reclassification	-	63,956	1,113,185	612,012	31,312	16,055	(56,481)	1,780,039
Reclassified as expense	-	-	-	-	(14)	-	(4,005)	(4,019)
Disposals	-	(49,381)	(677,036)	(40,696)	(38,679)	(52,952)	(216,894)	(1,075,638)
Effect of changes in foreign exchange rates	21,254	891,607	791,172	1,682	41,026	41,668	276,638	2,065,047
Balance at September 30, 2015	$ 3,397,060	26,835,602	20,860,863	14,835,257	2,810,473	2,378,395	8,440,852	79,558,502
Balance at January 1, 2016	$ 3,395,392	27,013,994	19,175,854	15,215,794	2,732,089	2,353,700	8,232,764	78,119,587
Effect of changes in consolidated entities	-	-	(36,865)	-	-	(10,484)	(29,614)	(76,963)
Additions	-	31,565	2,643,532	295,640	103,981	62,750	1,119,760	4,257,228
Reclassification	-	225,115	426,503	637,947	(4,347)	(72)	(115,078)	1,170,068
Reclassified as expense	-	-	-	(118)	-	(89)	(87)	(294)
Disposals	-	(8,685)	(1,659,191)	(823,420)	(199,906)	(43,843)	(437,205)	(3,172,250)
Effect of changes in foreign exchange rates	27,440	(1,208,422)	(1,027,658)	(5,584)	(34,907)	(57,560)	(399,026)	(2,705,717)
Balance at September 30, 2016	$ 3,422,832	26,053,567	19,522,175	15,320,259	2,596,910	2,304,402	8,371,514	77,591,659
Accumulated depreciation								
Balance at January 1, 2015	$ -	6,217,558	8,626,556	13,112,972	1,651,273	1,477,932	3,889,424	34,975,715
Effect of changes in consolidated entities	-	-	12,068	-	-	6,514	10,131	28,713
Depreciation	-	1,164,210	2,313,097	1,057,367	290,912	244,177	850,587	5,920,350
Reclassification	-	(3,870)	-	-	-	4	3,982	116
Impairment loss	-	-	-	-	-	-	2,479	2,479
Disposals	-	(49,381)	(652,887)	(40,696)	(31,824)	(45,075)	(175,969)	(995,832)
Effect of changes in foreign exchange rates	-	276,552	402,048	862	18,286	29,001	148,074	874,823
Balance at September 30, 2015	$ -	7,605,069	10,700,882	14,130,505	1,928,647	1,712,553	4,728,708	40,806,364
Balance at January 1, 2016	$ -	8,018,650	9,627,669	14,424,561	1,984,695	1,750,882	4,636,383	40,442,840
Effect of changes in consolidated entities	-	-	(17,242)	-	-	(7,070)	(17,336)	(41,648)
Depreciation	-	1,239,758	2,332,352	1,015,483	228,739	191,979	764,718	5,773,029
Reclassification	-	-	(17,847)	-	(5,936)	-	23,884	101
Disposals	-	(8,685)	(1,203,341)	(823,358)	(201,522)	(38,275)	(344,370)	(2,619,551)
Effect of changes in foreign exchange rates	-	(408,110)	(501,993)	(1,162)	(19,511)	(43,552)	(222,471)	(1,196,799)
Balance at September 30, 2016	$ -	8,841,613	10,219,598	14,615,524	1,986,465	1,853,964	4,840,808	42,357,972

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	Land	Building and improvements	Machinery and equipment	Molding equipment	Research and development equipment	Office equipment	Other equipment	Total
Carrying value								
Balance at January 1, 2015	$ 3,375,806	19,672,406	10,192,765	831,487	959,261	804,727	3,419,253	39,255,705
Balance at September 30, 2015	$ 3,397,060	19,230,533	10,159,981	704,752	881,826	665,842	3,712,144	38,752,138
Balance at January 1, 2016	$ 3,395,392	18,995,344	9,548,185	791,233	747,394	602,818	3,596,381	37,676,747
Balance at September 30, 2016	$ 3,422,832	17,211,954	9,302,577	704,735	610,445	450,438	3,530,706	35,233,687

Please refer to note 8 for details of the property, plant and equipment pledged as collateral for long-term borrowings and credit line as of September 30 and December 31, 2015 and September 30, 2016.

(i) Intangible assets

	Patent	Goodwill	Software	Customer	Core technology	Other	Total
Carrying value:							
Balance at January 1, 2015	$ 479,043	572,473	429,610	-	65,648	65	1,546,839
Balance at September 30, 2015	$ 398,975	765,312	504,965	266,716	135,697	22	2,071,687
Balance at January 1, 2016	$ 378,478	765,079	470,300	266,716	133,805	2,407	2,016,785
Balance at September 30, 2016	$ 305,346	561,485	331,989	-	57,232	-	1,256,052

There were no significant additions, impairment loss or reversal gain for intangible assets for the nine-month periods ended September 30, 2015 and 2016. Please refer to note 12(a) for the details of amortization. For other related information, please refer to the note 6(h) of the consolidated financial statements for the year ended December 31, 2015.

(j) Other assets－current and noncurrent

	2015.9.30	2015.12.31	2016.9.30
Other assets－current:			
Other receivables	$ 5,601,930	4,923,592	4,765,534
Prepaid royalties	756,245	584,652	503,273
Other prepayments	943,841	1,093,614	1,250,809
Tax refundables	1,739,105	2,428,882	2,298,741
Others	1,037,553	924,612	855,425
	$ 10,078,674	9,955,352	9,673,782

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

		2015.9.30	2015.12.31	2016.9.30
Other assets－noncurrent:				
Advance payment for equipments	$	960,497	732,471	539,546
Prepaid rent		1,851,321	1,842,665	1,717,966
Others		695,488	645,047	954,275
	$	3,507,306	3,220,183	3,211,787

(k) Short-term borrowings and long-term borrowings

1. Short-term borrowings

The details of the Group for short-term borrowings were as follows:

	September 30, 2015				
	Currency	Interest rate collars	Expiration		Amount
Unsecured short-term bank borrowings	USD	0.88%~1.73%	2015/10/1~2016/9/21	$	56,024,211
Unsecured short-term bank borrowings	EUR	0.75%~0.93%	2015/10/23~2015/10/30		579,846
Unsecured short-term bank borrowings	INR	9.65%	2016/2/29		57,914
Unsecured short-term bank borrowings	JPY	0.43%~0.94%	2015/10/23~2015/12/31		1,685,563
Unsecured short-term bank borrowings	TWD	2.90%~3.45%	2015/12/22~2016/7/28		36,356
Unsecured short-term bank borrowings	CNY	4.25%~5.29%	2015/10/15~2016/2/21		3,184,480
Unsecured short-term bank borrowings	SGD	2.31%	2015/10/23~2015/10/27		477,763
Unsecured short-term bank borrowings	HKD	1.41%	2015/11/29		6,411
Secured short-term bank borrowings	TWD	2.90%~3.45%	2015/12/22~2016/7/28		43,128
Total				$	62,095,672
Unused credit line				$	164,528,782

	December 31, 2015				
	Currency	Interest rate collars	Expiration		Amount
Unsecured short-term bank borrowings	USD	0.60%~1.85%	2016/1/4~2016/9/21	$	65,860,166
Unsecured short-term bank borrowings	EUR	0.75%~0.89%	2016/1/22~2016/5/31		534,400
Unsecured short-term bank borrowings	INR	9.25%	2016/5/11~2016/6/20		121,829
Unsecured short-term bank borrowings	JPY	0.41%~0.82%	2016/3/31~2016/8/1		1,604,888
Unsecured short-term bank borrowings	TWD	2.63%~3.45%	2016/6/10~2016/7/28		38,970
Unsecured short-term bank borrowings	CNY	3.92%~5.80%	2016/1/4~2016/3/30		7,702,628
Unsecured short-term bank borrowings	SGD	2.17%~2.28%	2016/1/4~2016/1/21		1,054,330
Unsecured short-term bank borrowings	AUD	3.45%	2016/1/12~2016/1/13		12,332
Secured short-term bank borrowings	TWD	2.63%~3.45%	2016/6/10~2016/7/28		72,354
Total				$	77,001,897
Unused credit line				$	151,379,361

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	September 30, 2016				
	Currency	**Interest rate collars**	**Expiration**		**Amount**
Unsecured short-term bank borrowings	USD	0.88%~2.10%	2016/10/3~2017/9/7	$	59,520,192
Unsecured short-term bank borrowings	EUR	0.70%	2016/10/7		1,193,244
Unsecured short-term bank borrowings	INR	8.73%	2016/12/20~2017/3/15		102,377
Unsecured short-term bank borrowings	JPY	0.32%~0.82%	2016/10/7~2017/8/1		1,085,537
Unsecured short-term bank borrowings	CNY	3.20%~5.47%	2016/10/11~2016/11/27		6,263,851
Unsecured short-term bank borrowings	SGD	1.60%~1.62%	2016/10/19~2016/10/28		721,297
Unsecured short-term bank borrowings	AUD	3.25%	2016/10/11		2,387
Total				$	68,888,885
Unused credit line				$	117,285,565

2. Long-term borrowings

	September 30, 2015				
	Currency	**Interest rate collars**	**Expiration**		**Amount**
Unsecured long-term bank borrowings	USD	1.48%~1.49%	2016/9/27~2018/9/22	$	11,897,144
Unsecured long-term bank borrowings	EUR	0.94%	2017/1/12		1,330,858
Unsecured long-term bank borrowings	TWD	1.38%~3.68%	2015/10/1~2018/3/26		381,774
Secured long-term bank borrowings	JPY	0.82%	2015/12/30~2016/12/30		9,925
Secured long-term bank borrowings	TWD	3.35%~3.68%	2015/10/1~2016/9/8		4,870
Subtotal					13,624,571
Less: current portion					(169,364)
Total				$	13,455,207
Unused credit line				$	967,663

	December 31, 2015				
	Currency	**Interest rate collars**	**Expiration**		**Amount**
Unsecured long-term bank borrowings	USD	1.49~1.60%	2018/9/22	$	12,770,614
Unsecured long-term bank borrowings	EUR	0.94%	2017/1/12		1,072,591
Unsecured long-term bank borrowings	TWD	2.63%~3.67%	2016/2/1~2018/3/26		376,621
Secured long-term bank borrowings	JPY	0.66%	2016/12/30		7,963
Secured long-term bank borrowings	TWD	2.63%~3.67%	2016/2/1~2016/9/8		6,335
Subtotal					14,234,124
Less: current portion					(165,919)
Total				$	14,068,205
Unused credit line				$	1,557,783

(Continued)

	September 30, 2016				
	Currency	Interest rate collars	Expiration		Amount
Unsecured long-term bank borrowings	USD	1.05%~1.97%	2017/1/12~2018/10/30	$	14,285,974
Unsecured long-term bank borrowings	TWD	1.15%	2017/3/26~2018/3/26		225,000
Secured long-term bank borrowings	JPY	0.66%	2016/12/30		2,468
Subtotal					14,513,442
Less: current portion					(1,861,915)
Total				$	12,651,527
Unused credit line				$	627,500

3. Breach of covenant

   According to the Group's credit loan facility agreement with the banks, during the credit term, the Group is committed to maintain the financial ratios. If a breach of covenant occurs, the Group's credit facility is immediately restricted. And without the consent of authorized bank, the credit facility is no longer available for the Group. The Group was in compliance with the above financial covenants as of September 30 and December 31, 2015 and September 30, 2016.

4. Please refer to note 6(s) for details of the interest expense of the long-term and short-term borrowings for the nine-month periods ended September 30, 2015 and 2016.

5. Securities for bank borrowings

   Please refer to note 8 for details of the related assets pledged as collateral.

(l) Provisions

		January to September, 2015	January to September, 2016
Balance at January 1	$	1,745,993	2,084,500
Provision made		1,590,180	1,304,946
Provision used		(1,495,414)	(1,329,541)
Effect of changes in foreign exchange rates		87,317	(99,250)
Balance at September 30	$	**1,928,076**	**1,960,655**

The provisions of warranty mainly relates to the selling of electronic products. The provisions for warranty represent the estimate basing on historical warranty trends of business, the return of damage products and the warranty term. And the warranty costs are accounted for under "Cost of sales". The Group estimates that the warranty usually occurs in three to six months after sales.

(m) Operating leases

There were no significant new lease contracts for the nine-month periods ended September 30, 2015 and 2016. Please refer to the note 6(n) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

(n) Employee benefits

1. Defined benefit plans

In the prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, pension costs in the interim consolidated financial statements were measured and disclosed according to the actuarial report for the years ended December 31, 2014 and 2015.

		January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016
Cost of sales	$	5,729	5,343	1,880	1,785
Selling expenses	$	7,657	8,135	2,557	2,735
Administrative expenses	$	4,790	4,471	1,647	1,485
Research and development expenses	$	15,045	14,407	5,043	4,776

2. Defined contribution plans

		January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016
Cost of sales	$	42,823	48,744	6,777	16,561
Selling expenses	$	63,078	64,612	21,546	22,082
Administrative expenses	$	27,218	20,821	9,117	7,122
Research and development expenses	$	172,122	178,996	59,276	61,229

(o) Income Taxes

1. Income tax expense

The details of income tax expense for the nine-month and three-month periods ended September 30, 2015 and 2016 were as follows:

		January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016
Current tax expense	$	1,062,249	789,283	652,191	295,508

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. The details of income tax recognized in other comprehensive income were as follows:

	January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016
Exchange differences on translation of financial statements	$ 364	(504)	512	(277)
Unrealized loss (gain) on available-for-sale financial assets	(18,604)	(5,523)	(4,088)	6,764
	$ (18,240)	(6,027)	(3,576)	6,487

3. The ROC income tax authorities have examined the Company's income tax returns for all years through 2014.

4. Integrated income tax information

   As of September 30 and December 31, 2015 and September 30, 2016 the Company's integrated income tax information was as follows:

	2015.9.30	2015.12.31	2016.9.30
Unappropriated earnings, before January 1, 1998	$ -	-	-
Unappropriated earnings, from January 1, 1998	13,830,460	13,606,494	12,748,159
	$ 13,830,460	13,606,494	12,748,159
Balance of deductible tax account	$ 2,159,376	3,018,463	2,815,900

	2014 (actual)	2015 (estimated)
Creditable ratio for earnings distribution to domestic stockholders	17.07%	24.52%

   According to the announcement by the Ministry of Finance on October, 17, 2013 under Decree No. 10204562810, the Company's income tax information and imputation tax credit information should be disclosed in compliance with the Decree. The deductible tax amount of an individual shareholder residing in the territory of R.O.C. is calculated by 50% of its original tax deduction ratio. However, in case that the gross dividends or the gross earnings received by the shareholder residing outside the territory of R.O.C. contain any income subject to a 10% surcharge of a profit-seeking income tax which was actually paid under the provisions of Article 66-9 hereof, half of the amount of the surcharged profit-seeking income tax may be offset against the amount of income tax which should be withheld from the payment of the net amount of such dividends or earnings.

(Continued)

5. Appeals for administrative remedies

   (1) For 2008, the tax authorities assessed the Company for an additional income tax of $57,297 as the tax authorities reduced some of the Company's amortization expenses and rejected some of the Company's investment credits. However, the Company disagreed with the authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2008 income tax returns. The tax authorities adjudicated on returning income tax for $2,321 in October, 2015.

   (2) For 2009, the tax authorities assessed the Company for an additional income tax of $41,154, as the tax authorities reduced some of the Company's amortization expenses and rejected some of the Company's investment credits. However, the Company disagreed with the tax authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2009 income tax returns. The Company had filed an administrative litigation and the tax authorities adjudicated to maintain the original assessment.

   (3) For 2010, the tax authorities assessed the Company for an additional income tax of $265,765, as the tax authorities reduced some of the Company's amortization expenses and rejected some of the Company's investment credits. However, the Company disagreed with the authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2010 income tax returns. The tax authorities adjudicated to return income tax totaling for $11,818 in November, 2015 and February, 2016.

   (4) For 2011, the tax authorities assessed the Company for an additional income tax of $409,169, as the tax authorities reduced some of the Company's amortization expenses and rejected some of the Company's investments credits. However, the Company disagreed with the authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2011 income tax returns. The tax authorities adjudicated on returning income tax for $6,650 in March, 2016.

   (5) For 2012, the tax authorities assessed the company for an additional income tax of $307,178 and 10% surtax on undistributed earnings $80,027. The income tax is as the tax authorities reduced some of the Company's amortization expenses and rejected some of the Company's investments credit. However, the Company disagreed with the authorities' assessment and filed an appeal to the tax authorities for administrative remedies of its 2012 income tax returns. The tax authorities adjudicated on returning income tax for $6,892 in March, 2016.

   (6) For 2013, the tax authorities assess the Company for additional income tax of $331,692, as the tax authorities reduced some of the Company's amortization expense and rejected some of the Company's investment credits. However, the Company disagreed with the authorities assessment and filed an appeal to tax authorities for administrative remedies of it 2013 income tax returns. As of September 30, 2016, the appeal of the aforementioned returns was still in progress.

(Continued)

(7) For 2014, the tax authorities assess the Company as the tax authorities reduced some of the Company's amortization expense and rejected some of the Company's investment credits. The Company has assessed the income tax expense in accordance with the amount of the additional income tax.

(p) Capital and Other Equities

Except for the following disclosures for the nine-month periods ended September 30, 2015 and 2016, there were no significant differences in capital and other equities. Please refer to the note 6(q) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

1. Capital

On June 15, 2016, the Company's shareholders approved a resolution to distribute the retained earnings and employee bonuses with the amounts of $726,336 and $496,015, totaling $1,222,351, which consisted of 96,654,000 shares, wherein, 30 shares per thousand shares are to be distributed as stock dividend. However, the Company repurchased its treasury stock and transferred it's treasury stock to employees. The distribution had been changed to 29.91332 shares per thousand shares accordingly. The dividend distribution date was set on August 15, 2016, and all related registration procedures had been completed.

2. Treasury stock

(1) During the year ended December 31, 2015 and 2016, the Company repurchased its own common stock as treasury shares in order to motivate and improve the operating performance of its employees in accordance with the requirements under section 28(2) of the Securities and Exchange Act. The compensation cost recognized by the Company in 2015 amounting to $25,001. As of September 30, 2015 and 2016, the treasury stock repurchased was 138,905,000 shares and 164,362,000 shares, respectively, and the stock transferred to employees was 0 shares and 28,574,000 shares, respectively. Therefore, the shares of treasury stock the Company hold as of September 30, 2015 and 2016 was 138,905,000 shares and 135,788,000 shares, respectively.

(2) Pursuant to the Securities and Exchange Act, the number of treasury shares purchased cannot exceed 10% of the number of shares issued. The total purchase cost cannot exceed the sum of retained earnings, paid-in capital in excess of par value, and realized capital surplus. The shares purchased for the purpose of transferring to employees shall be transferred within three years from the date of share repurchase. Those that were not transferred within the said limit shall be deemed as not issued by the Company and it should be cancelled. Furthermore, treasury stock cannot be pledged for debts, and treasury stock does not carry any shareholder rights until it is transferred.

(Continued)

3. Capital surplus

Balances of capital surplus at the reporting date were as follows:

	2015.9.30	2015.12.31	2016.9.30
A premium issuance of common stock in exchange for the net assets of the DMS business of AI	$ 1,800,000	1,800,000	1,800,000
A premium issuance of common shares for cash	18,881,938	18,881,938	19,137,751
Surplus arising from equity-accounted investees	84,028	98,730	254,728
Employee stock options	65,434	65,434	65,434
Restricted employee shares of stock	(163,775)	(163,775)	98,139
Transaction of treasury stock	-	25,001	40,013
	$ 20,667,625	**20,707,328**	**21,396,065**

4. Unappropriated earnings

The Company's articles of incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the remaining balance shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated according to the proposal presented in the annual stockholders' meeting by the board of directors.

(1) Earnings Distribution

The appropriation of 2014 and 2015 earnings that was approved at the shareholders' meeting on June 26, 2015 and June 15, 2016 were as follows:

	2014	2015
Cash dividends	$ 2,961,921	2,905,344
Stock dividends	740,480	726,336
	$ 3,702,401	**3,631,680**

	2014
Employee bonus－stock	$ 691,782
Directors' compensation－cash	46,150
	$ **737,932**

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The aforementioned distribution of common stock was no difference between the actual amounts and the amounts approved at the shareholders' meeting in 2014. The Company recognized the employee bonus of $354,275 and the directors' remuneration of $32,207 in 2014. The differences amounting to $351,450, between the actual amounts and the amounts recognized in 2014, were recognized under profit and loss in 2015. In addition, the employee bonus appropriated in 2014 is determined based on the closing price (after considering the effect of dividends) on the day before the approval of shareholders' meeting in 2015. For further information, please refer to Market Observation Post System.

5. Other equity(net of tax)

	Exchange differences on translation of foreign financial statements		Unrealized gains (losses) on available-for-sale financial assets		Other equity-deferred compensation
	Group	**Associates**	**Group**	**Associates**	**Group**
Balance at January 1, 2015	$ 1,081,633	99,934	(910,461)	63,487	(310,913)
Foreign currency translation differences (net of tax)	2,616,671	(77,073)	-	-	-
Unrealized losses on available-for-sale financial assets (net of tax)	-	-	(357,937)	(5,645)	-
Other-unearned compensation for restricted employee shares of stock (net of tax)	-	-	-	-	280,884
Balance at September 30, 2015	$ 3,698,304	22,861	(1,268,398)	57,842	(30,029)
Balance at January 1, 2016	$ 3,417,186	25,559	(468,957)	60,761	(22,389)
Foreign currency translation differences (net of tax)	(3,351,528)	(142,782)	-	-	-
Unrealized gains on available-for-sale financial assets (net of tax)	-	-	93,458	23,917	-
Other-unearned compensation for restricted employee shares of stock (net of tax)	-	-	-	-	(133,978)
Balance at September 30, 2016	$ 65,658	(117,223)	(375,499)	84,678	(156,367)

(q) Share-based payment transactions

Except for the following disclosures there were no significant differences in share-based payment transactions for the nine-month periods ended September 30, 2015 and 2016. Please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2015 and for other related information.

As the second vesting period (the third year from the grant date) ended in August 2016, the Company decided to retrieve its restricted employee shares for employees who fail to qualify with the Company's certain requirements, as well as the cash and stock dividend generated from the above mentioned restricted employee shares. Therefore, the Company retrieved the cash dividend amounting to $1,628 in August 2016, and decided to retrieve and retire the employee shares of 1,361,000 and the stock dividend of 41,000 in the fourth quarter of 2016.

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(r) Earnings per share

		January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016
Basic EPS:					
Net profit belonging to common shareholders	$	**1,456,120**	**1,510,878**	**656,557**	**511,651**
Weighted average common stock outstanding (in thousands)		2,537,451	2,461,758	2,508,092	2,476,222
	$	**0.57**	**0.61**	**0.26**	**0.21**
Diluted EPS:					
Net profit belonging to common shareholders	$	1,456,120	1,510,878	656,557	511,651
Weighted average common stock outstanding (in thousands)		2,537,451	2,461,758	2,508,092	2,476,222
Effect of potentially dilutive common stock (in thousands):					
Convertible bonds		1,050	-	-	-
Employee bonus		30,405	28,677	9,086	14,125
Restricted employee shares of stock		40,871	31,002	29,438	24,278
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)		2,609,777	2,521,437	2,546,616	2,514,625
	$	**0.56**	**0.60**	**0.26**	**0.20**

(s) Non-operating income and expenses

1. Revenue

		January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016
Computer, Communication & consumer electronics	$	371,394,137	387,927,709	125,559,963	143,282,072
Others		77,800,041	61,933,271	26,856,143	25,256,149
	$	**449,194,178**	**449,860,980**	**152,416,106**	**168,538,221**

2. Other income

		January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016
Interest income	$	1,411,430	621,066	333,975	243,736
Dividend income		118,030	106,028	82,556	90,467
Rental income		55,173	94,076	18,371	32,903
	$	**1,584,633**	**821,170**	**434,902**	**367,106**

(Continued)

3. Other gain and loss

	January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016
Foreign exchange gains (losses), net	$ (1,737,509)	961,722	(1,554,297)	979,044
Gains on disposal of investments, net	3,990	9,919	84	25,819
Gains (losses) on disposal of property plant and equipment, net	(17,987)	(203,172)	393	(50,996)
Gains on disposal of intangible assets	-	72,753	-	-
Gains (losses) on valuation of financial assets (liabilities) by fair value, net	3,004,450	(1,948,636)	2,648,114	(1,316,678)
Other investment losses, net	(427,035)	(41,103)	(390,575)	(4,282)
Impairment losses	(99,262)	(214,530)	(51,324)	(120,747)
Others	(187,325)	331,439	(236,457)	70,024
	$ 539,322	**(1,031,608)**	**415,938**	**(417,816)**

4. Finance costs

	January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016
Interest expenses				
Bank borrowings	**$ (1,432,299)**	**(1,435,026)**	**(456,788)**	**(528,818)**

(t) Employee’s and directors’ compensation

According to the Company’s Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of employee and directors’ compensation) shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

1. No less than 5% of profit as employee compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employee including the employees of subsidiaries of the Company meeting certain specific requirement shall be determined by the Board of Directors.

(Continued)

2. No more than 1% of profit as the compensation in cash to the Directors.

The Company's estimated of employee and director's compensation were as following:

	January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016
Employee's compensation	$ 155,833	329,104	82,500	109,663
Directors' compensation	14,167	21,940	7,500	7,311
	$ 170,000	351,044	90,000	116,974

The estimated amounts mentioned above are calculated as the net profit before tax excluding employee and directors' compensation, of each period multiplied by the percentage of employee and directors' compensation as specified in the Company's Article of Incorporation. The estimated are recorded under operating expense or cost in 2015. The differences between the estimated amounts in the financial statements and the actual amounts approved by the Board of directors, if any, shall be accounted for as a change in accounting estimate and recognized in 2016.

In 2015, the Company accrued and recognized employee's and directors' compensation amounted to $496,015 and $24,565. There is no difference between the amounts of employee and directors' compensation approved in the shareholders' meeting and those recognized in the financial statements. For further information, please refer to Market Observation Post System.

(u) Financial instruments

Except for the following disclosures, there were no significant differences of fair value and credit risk, liquidity risk and market risk which financial instruments were exposed to. Please refer to the note 6(w) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

1. Credit risk

As of September 30 and December 31, 2015 and September 30, 2016, 72%, 76% and 80% of the Group's accounts receivable were all concentrated on 6 specific customers. Accordingly, concentrations of credit risk exist.

2. Liquidity risk

The followings were the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

		Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
As of September 30, 2015							
Non-derivative financial liabilities							
Short-term borrowings	$	62,095,672	62,180,871	62,180,871	-	-	-
Notes and accounts payable (including related parties)		113,524,148	113,524,148	113,524,148	-	-	-
Other payables (including related parties)		12,712,211	12,712,211	12,712,211	-	-	-
Long-term borrowings (including current portion)		13,624,571	14,082,276	171,126	6,070,571	7,840,579	-
Subtotal		201,956,602	202,499,506	188,588,356	6,070,571	7,840,579	-
Derivative financial liabilities							
Foreign currency swap contacts:							
Outflow		1,614,042	150,389,090	150,389,090	-	-	-
Inflow		-	(148,775,048)	(148,775,048)	-	-	-
Carrying amount		1,614,042	1,614,042	1,614,042	-	-	-
Foreign currency forward contracts:							
Outflow		42,563	42,563	42,563	-	-	-
Carrying amount		42,563	42,563	42,563	-	-	-
Subtotal		1,656,605	1,656,605	1,656,605	-	-	-
Total	**$**	**203,613,207**	**204,156,111**	**190,244,961**	**6,070,571**	**7,840,579**	**-**
As of December 31, 2015							
Non-derivative financial liabilities							
Short-term borrowings	$	77,001,897	77,102,022	77,102,022	-	-	-
Notes and accounts payable (including related parties)		101,303,277	101,303,277	101,303,277	-	-	-
Other payables (including related parties)		13,765,545	13,765,545	13,765,545	-	-	-
Long-term borrowings (including current portion)		14,234,124	14,705,033	1,672,833	4,283,169	8,749,031	-
Subtotal		206,304,843	206,875,877	193,843,677	4,283,169	8,749,031	-
Derivative financial liabilities							
Foreign currency swap contacts:							
Outflow		1,639,628	88,599,148	88,599,148	-	-	-
Inflow		-	(86,959,520)	(86,959,520)	-	-	-
Carrying amount		1,639,628	1,639,628	1,639,628	-	-	-
Foreign currency forward contracts:							
Outflow	$	58,209	2,731,369	2,731,369	-	-	-
Inflow		-	(2,673,160)	(2,673,160)	-	-	-
Carrying amount		58,209	58,209	58,209	-	-	-
Subtotal		1,697,837	1,697,837	1,697,837	-	-	-
Total	**$**	**208,002,680**	**208,573,714**	**195,541,514**	**4,283,169**	**8,749,031**	**-**
As of September 30, 2016							
Non-derivative financial liabilities							
Short-term borrowings	$	68,888,885	68,916,267	68,916,267	-	-	-
Notes and accounts payable (including related parties)		115,849,517	115,849,517	115,849,517	-	-	-
Other payables (including related parties)		16,035,444	16,035,444	16,035,444	-	-	-
Long-term borrowings (including current portion)		14,513,442	15,009,410	1,869,034	11,807,738	1,332,638	-
Subtotal		215,287,288	215,810,638	202,670,262	11,807,738	1,332,638	-
Derivative financial liabilities							
Foreign currency swap contacts:							
Outflow		741,216	26,837,464	26,837,464	-	-	-
Inflow		-	(26,096,248)	(26,096,248)	-	-	-
Carrying amount		741,216	741,216	741,216	-	-	-
Foreign currency forward contracts:							
Outflow	$	54,102	54,102	54,102	-	-	-
Carrying amount		54,102	54,102	54,102	-	-	-
Subtotal		795,318	795,318	795,318	-	-	-
Total	**$**	**216,082,606**	**216,605,956**	**203,465,580**	**11,807,738**	**1,332,638**	**-**

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Currency risk

(1) Exposure to currency risk

The Group's significant exposures to foreign currency risk were as follows:

	2015.9.30			2015.12.31		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets						
Monetary items						
USD	216.98	USD/BRL=4.063	7,188	5,058.80	USD/BRL=3.963	167,274
	39.47	USD/COP=3,111.000	1,308	133.20	USD/COP=3,208.900	4,404
	70,633.07	USD/CZK=24.209	2,339,932	52,673.48	USD/CZK=24.754	1,741,701
	48.00	USD/HKD=7.751	1,590	47.98	USD/HKD=7.750	1,586
	214.23	USD/INR=65.780	7,097	1,057.00	USD/INR=66.220	34,951
	7,043.90	USD/JPY=120.160	233,350	5,597.32	USD/JPY=120.410	185,081
	520.04	USD/MXN=16.969	17,228	1,566.91	USD/MXN=17.380	51,812
	1,930,896.14	USD/TWD=33.128	63,966,727	8.00	USD/MYR=4.297	265
	40,805.40	USD/CNY=6.362	1,351,801	2,338,834.03	USD/TWD=33.066	77,335,886
	36,219.83	USD/SGD=1.423	1,199,891	69,106.55	USD/CNY=6.488	2,285,077
	266.25	USD/TRY=3.026	8,820	28,547.97	USD/SGD=1.407	943,967
				236.02	USD/TRY=2.915	7,804
CNY	90,127.60	CNY/TWD=5.207	469,303	24,690.08	CNY/TWD=5.097	125,843
	2,742,167.90	CNY/USD=0.157	14,278,742	1,924,220.93	CNY/USD=0.154	9,807,562
Financial liabilities						
Monetary items						
USD	4,000.00	USD/BRL=4.063	132,512	5,363.92	USD/BRL=3.963	177,363
	2,000.00	USD/COP=3,111.000	66,256	2,000.00	USD/COP=3,208.900	66,132
	6,745.09	USD/CZK=24.209	223,451	7,182.73	USD/CZK=24.754	237,504
	27.18	USD/HKD=7.751	900	7.40	USD/HKD=7.750	245
	7,909.95	USD/INR=65.780	262,041	9,436.00	USD/INR=66.220	312,011
	102.65	USD/JPY=120.160	3,401	563.98	USD/JPY=120.410	18,648
	7,500.00	USD/MXN=16.969	248,460	7,093.94	USD/MXN=17.380	234,568
	2,500.00	USD/MYR=4.404	82,820	2,500.00	USD/MYR=4.297	82,665
	3,089,352.05	USD/TWD=33.128	102,344,055	2,865,451.79	USD/TWD=33.066	94,749,029
	39,206.75	USD/CNY=6.362	1,298,841	87,205.15	USD/CNY=6.488	2,883,525
	83,153.64	USD/SGD=1.423	2,754,714	57,912.07	USD/SGD=1.407	1,914,921
CNY	548,593.00	CNY/TWD=5.207	2,856,579	1,191,100.00	CNY/TWD=5.097	6,070,918
	1,921,314.11	CNY/USD=0.157	10,004,475	2,008,674.27	CNY/USD=0.154	10,238,012

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	2016.9.30		
	Foreign currency	**Exchange rate**	**TWD**
Financial assets			
Monetary items			
USD	1,662.76	USD/BRL=3.262	52,154
	9.77	USD/COP=2,956.100	307
	59,204.73	USD/CZK=24.177	1,857,015
	3.24	USD/HKD=7.754	102
	158.61	USD/INR=66.630	4,975
	5,861.84	USD/JPY=101.680	183,862
	1,067.38	USD/MXN=19.611	33,479
	160.22	USD/MYR=4.151	5,026
	1,772,625.15	USD/TWD=31.366	55,600,161
	25,380.81	USD/CNY=6.671	796,094
CNY	38,344.75	CNY/TWD=4.702	180,253
	918,483.22	CNY/USD=0.150	4,318,892
Financial liabilities			
Monetary items			
USD	274.10	USD/BRL=3.262	8,597
	14,083.80	USD/CZK=24.177	441,753
	22.64	USD/HKD=7.754	710
	8,777.96	USD/INR=66.630	275,329
	39.31	USD/JPY=101.680	1,233
	6,063.56	USD/MXN=19.611	190,190
	2,950.00	USD/MYR=4.151	92,530
	3,569,991.12	USD/TWD=31.366	111,976,341
	13,168.46	USD/CNY=6.671	413,042
CNY	53,505.50	USD/TWD=4.702	2,515,914
	2,750,841.24	CNY/USD=0.150	12,935,006

(2) Currency risk sensitivity analysis

The Group’s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, borrowings, accounts payable and other payables that are denominated in foreign currency.

A Strengthening (weakening) 5 % of appreciation (depreciation) of the TWD against the USD and the CNY as of September 30 2015 and 2016, would increase (decrease) the net profit after tax by $1,510,414 and $2,731,460 for the nine-month periods ended September 30, 2015 and 2016, respectively. The analysis assumes that all other variables remain constant.

(Continued)

4. Interest analysis

The interest risk for financial liabilities of the Group would be explained in liquidity risk management stated in this note.

The following sensitivity analysis is based on the risk exposed to interest rates on non-derivative financial instruments on the reporting date. For variable rate instruments the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increase / decrease by 25 basis points the Group's net profit after tax would decrease/increase by $96,183 and $82,099 for the nine-month periods ended September 30, 2015 and 2016 with all other variable factors that remain constant. This is mainly due to the Group's borrowings in floating variable rate.

5. Fair value information

(i) Categories and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	2015.9.30				
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 4,399,402	-	4,399,402	-	4,399,402
Available-for-sale financial assets	$ 2,841,440	2,453,329	388,111	-	2,841,440
Financial assets carried at cost	$ 1,204,579	-	-	-	-
Loans and receivables					
Cash and cash equivalents	52,951,209	-	-	-	-
Notes and accounts receivable (including related parties)	82,485,040	-	-	-	-
Other receivables (including related parties)	5,617,309	-	-	-	-
Subtotal	$ 141,053,558	-	-	-	-
Guarantee deposits	$ 394,543	-	364,714	-	364,714
Financial liabilities at fair value through profit or loss					
Financial liabilities at amortized cost	$ 1,656,605	-	1,656,605	-	1,656,605
Short-term borrowings					
Notes and accounts payable (including related parties)	62,095,672	-	-	-	-
Other payables (including related parties)	113,524,148	-	-	-	-
Long-term borrowings (including current potion)	12,712,211	-	-	-	-
Subtotal	13,624,571	-	13,349,266	-	13,349,266
	$ 201,956,602	-	13,349,266	-	13,349,266

(Continued)

	2015.12.31				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 2,981,560	-	2,981,560	-	2,981,560
Available-for-sale financial assets	$ 2,967,076	2,569,910	397,166	-	2,967,076
Financial assets carried at cost	$ 1,325,107	-	-	-	-
Loans and receivables					
Cash and cash equivalents	58,559,754	-	-	-	-
Notes and accounts receivable(including related parties)	91,460,726	-	-	-	-
Other receivables (including related parties)	4,939,307	-	-	-	-
Subtotal	$ 154,959,787	-	-	-	-
Guarantee deposits	$ 371,662	-	347,871	-	347,871
Financial liabilities at fair value through profit or loss	$ 1,697,837	-	1,697,837	-	1,697,837
Financial liabilities at amortized cost					
Short-term borrowings	77,001,897	-	-	-	-
Notes and accounts payable (including related parties)	101,303,277	-	-	-	-
Other payables (including related parties)	13,765,545	-	-	-	-
Long-term borrowings (including current portion)	14,234,124	-	13,870,327	-	13,870,327
Subtotal	$ 206,304,843	-	13,870,327	-	13,870,327

	2016.9.30				
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 38,101	-	38,101	-	38,101
Available-for-sale financial assets	$ 3,780,036	3,189,753	590,283	-	3,780,036
Financial assets carried at cost	$ 1,487,566	-	-	-	-
Other financial asset－current	$ 3,076,132	-	3,076,132	-	3,076,132
Loans and receivables					
Cash and cash equivalents	67,612,721	-	-	-	-
Notes and accounts receivable (including related parties)	82,927,771	-	-	-	-
Other receivables (including related parties)	4,777,352	-	-	-	-
Subtotal	$ 155,317,844	-	-	-	-
Guarantee deposits	$ 346,088	-	328,675	-	328,675
Financial liabilities at fair value through profit or loss	$ 795,318	-	795,318	-	795,318
Financial liabilities at amortized cost					
Short-term borrowings	68,888,885	-	-	-	-
Notes and accounts payable (including related parties)	115,849,517	-	-	-	-
Other payables (including related parties)	16,035,444	-	-	-	-
Long-term borrowings (including current portion)	14,513,442	-	14,359,056	-	14,359,056
Subtotal	$ 215,287,288	-	14,359,056	-	14,359,056

(ii) Valuation techniques and assumptions used in fair value determination

The Group uses the following methods in determining the fair value of its financial assets and liabilities:

A. The fair value of investments in securities of listed companies with standard terms and conditions which are traded in active markets is based on quoted market price.

B. The derivative instruments were measured by models which are widely accepted by users from the market. The forward contracts would usually measured by forward exchange rates.

(Continued)

C. For all other financial assets and financial liabilities the fair value is determined using a discounted cash flow analysis based on expected future cash flows.

(iii) Discount rate to determine the Fair value

The interest rates for discounting estimating cash flows were as follows:

	January to September, 2015	January to September, 2016
Guarantee deposits	1.28%~1.33%	1.04%~1.13%
Long-term borrowings	0.82%~3.68%	0.24%~2.75%

(iv) Transfer from Level 1 to Level 2:

For the nine-month period ended September 30, 2016, the available-for-sale financial assets measured at fair value with a carrying amount of $0 were transferred from Level 1 to Level 2 because the fair value for such equity securities had become unavailable from the active market. Except for the aforementioned transfer, there were no transfers of financial assets from each level for the nine-month periods ended September 30, 2015 and 2016.

(v) Changes between Level 3: none.

The Group's beneficial and adverse change refers to the fluctuation of the fair value and the fair value is calculated by parameters at any unobservable level and valuation technique. The above table only reflects the effect which results from the single parameter changes and does not consider the correlation and variability between parameters even if there is more than one parameter that would affect the fair value.

(v) Concentration of financial risk

The Group's objective of financial risk management and policies are the same as those disclosed in the note 6(x) of the consolidated financial statements for the year ended December 31, 2015.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(w) Capital management

The Group's approaches to the targets, policies and procedures in capital management were the same as those disclosed in the consolidated financial statements for the year ended December 31, 2015. Please refer to the note 6(y) of the consolidated financial statements for the year ended December 31, 2015 and for other related information.

		2015.9.30	2015.12.31	2016.9.30
Total liabilities	$	216,899,232	221,167,831	229,206,210
Less: cash and cash equivalents		(52,951,209)	(58,559,754)	(67,612,721)
Net debt	$	163,948,023	162,608,077	161,593,489
Total equity	$	68,951,480	69,217,213	65,271,637
Total capital	$	232,899,503	231,825,290	226,865,126
Debt to capital ratio		70%	70%	71%

7. Related Party Transactions

(a) Key management personnel compensation:

		January to September, 2015	January to September 2016	July to September 2015	July to September, 2016
Short-term employee benefits	$	40,280	43,864	14,471	14,418
Post-employment benefits		844	901	301	292
Directors' compensation		14,167	21,940	7,500	7,311
Employee bonus		21,029	36,860	11,133	12,283
	$	76,320	103,565	33,405	34,304

(b) Related party transactions

1. Sales

The amounts of significant sales transactions and outstanding balances between the Group and related parties were as follows:

		Sales				Receivables from related parties		
		January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016	September 30, 2015	December 31, 2015	September 30, 2016
Associates	$	4,302,651	1,663,168	1,449,579	482,020	648,769	520,060	238,823

The selling price and payment terms of sales to related parties depend on the economic environment and market competition and are not significantly different from those with third-party customers.

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Purchases

The amounts of significant purchase transactions and outstanding balances between the Group and related parties were as follows:

	Purchases				Payables to related parties		
	January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016	September 30, 2015	December 31, 2015	September 30, 2016
Associates	$ 7,012,954	3,802,098	2,372,994	1,295,951	2,427,478	2,093,958	1,543,010

Trading terms of purchase transactions with related parties are not significantly different from those with third-party vendors.

3. Other income and others

	Amounts				Other receivables from related parties		
	January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016	September 30, 2015	December 31, 2015	September 30, 2016
Associates:							
Rental income	$ 5,312	5,110	1,779	1,583	18	9	-
Property transactions	667	503	667	13	693	144	23
	$ 5,979	5,613	2,446	1,596	711	153	23

4. Operating expense and others

	Amounts				Other payables to related parties		
	January to September, 2015	January to September, 2016	July to September, 2015	July to September, 2016	September 30, 2015	December 31, 2015	September 30, 2016
Associates:							
Property transactions	$ 65,437	16,834	35,874	12,193	28,651	58,631	13,365
Other related parties:							
Contribution	4,050	1,318	1,350	1,350	-	-	-
	$ 69,487	18,152	37,224	13,543	28,651	58,631	13,365

5. Advances to related parties

The Group paid certain expenses on behalf of related parties including purchase warranty expense, repair expense, and other disbursement were as follows:

	Other receivables from related parties		
	September 30, 2015	December 31, 2015	September 30, 2016
Associates	$ 14,668	15,562	11,795

(Continued)

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Advances from related parties

Related parties paid certain expenses on behalf of the Group including warranty expenses, traveling expenses and salaries for overseas employees were as follows:

	Other Payables to related parties		
	September 30, 2015	**December 31, 2015**	**September 30, 2016**
Associates	**$ 15,657**	**7,470**	**17,196**

7. Receivables from related parties resulting from the above transactions were as follows:

	September 30, 2015	**December 31, 2015**	**September 30, 2016**
Receivables from related parties net:			
Notes and accounts receivable	**$ 648,769**	**520,060**	**238,823**
Other receivables－related parties:			
Rental receivables	$ 18	9	-
Receivables from sale of property plant and equipment	693	144	23
Other receivables	14,668	15,562	11,795
	$ 15,379	**15,715**	**11,818**

8. Payables to related parties resulting from the above transactions were as follows:

	September 30, 2015	**December 31, 2015**	**September 30, 2016**
Payables to related parties:			
Notes and accounts payable	**$ 2,427,478**	**2,093,958**	**1,543,010**
Other payables－related parties:			
Payables to purchase of property plant and equipment	$ 28,651	58,631	13,365
Other payables	15,657	7,470	17,196
	$ 44,308	**66,101**	**30,561**

(Continued)

8. Pledged assets

The carrying values of pledged assets were as follow:

Pledged assets	Object	September 30, 2015	December 31, 2015	September 30, 2016
Property plant and equipment-lands and buildings	Bank loan	$ 334,035	332,461	372,805
Other noncurrent assets -restricted bank deposit	Stand by L/C	9,577	9,524	9,493
Other noncurrent assets -restricted bank deposit	Foreign exchange guarantee	-	-	329,154
Other noncurrent assets -restricted bank deposit	Custom guarantee	6,626	6,613	6,273
Other noncurrent assets -restricted bank deposit	Performance guarantee	10,729	10,502	4,514
Other noncurrent assets -restricted bank deposit	Litigation guarantee	405	499	864
Other noncurrent assets -restricted bank deposit	Bank loan	24,679	-	-
Other current assets -restricted bank deposit	Bank loan	-	24,697	-
		$ 386,051	384,296	723,103

9. Significant Commitments and Contingencies:

As of September 30 and December 31, 2015 and September 30, 2016 the unused letters of credit were as follows:

	September 30, 2015	December 31, 2015	September 30, 2016
Unused letters of credit	$ 93,364	43,648	137,698

10. Significant Casualty Loss: None.

11. Significant Subsequent Events: None.

12. Other

(a) Total personnel depreciation and amortization expenses categorized by function for the three-month and nine-month periods ended September 30 2015 and 2016 were as follows:

	January to September, 2015			January to September, 2016		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Personnel expenses						
Salaries	10,876,019	7,146,902	18,022,921	9,906,522	7,307,458	17,213,980
Labor and health insurance	1,319,203	742,715	2,061,918	1,201,876	693,733	1,895,609
Pension	48,552	289,910	338,462	54,087	291,442	345,529
Others	1,010,584	468,236	1,478,820	489,414	423,566	912,980
Depreciation	4,213,005	1,707,345	5,920,350	4,263,295	1,509,734	5,773,029
Amortization	6,922	311,232	318,154	6,209	325,103	331,312

(Continued)

	July to September, 2015			July to September, 2016		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Personnel expenses						
Salaries	3,943,610	2,398,270	6,341,880	3,643,697	2,424,710	6,068,407
Labor and health insurance	457,908	252,738	710,646	406,808	231,261	638,069
Pension	8,657	99,186	107,843	18,346	99,429	117,775
Others	141,119	167,106	308,225	195,965	151,633	347,598
Depreciation	1,418,506	541,869	1,960,375	1,416,838	492,374	1,909,212
Amortization	2,376	113,312	115,688	1,670	107,233	108,903

(b) Operation seasonal factors

The operation of the Group is neither seasonal nor cyclical.

13. Segment Information

	January to September, 2015			
	R&D and Manufacturing	**Others**	**Eliminations**	**Total**
Revenues from external customers	$ 371,394,137	77,800,041	-	449,194,178
Segment revenues	4,524,302	1,764,120	(6,288,422)	-
Total revenues	**$ 375,918,439**	**79,564,161**	**(6,288,422)**	**449,194,178**
Segment profit	**$ 2,197,938**	**(500,956)**	**816,407**	**2,513,389**

	January to September, 2016			
	R&D and Manufacturing	**Others**	**Eliminations**	**Total**
Revenues from external customers	$ 387,927,709	61,933,271	-	449,860,980
Segment revenues	4,350,871	1,109,858	(5,460,729)	-
Total revenues	**$ 392,278,580**	**63,043,129**	**(5,460,729)**	**449,860,980**
Segment profit	**$ 3,299,484**	**459,386**	**(1,445,012)**	**2,313,858**

	July to September, 2015			
	R&D and Manufacturing	**Others**	**Eliminations**	**Total**
Revenues from external customers	$ 125,559,963	26,856,143	-	152,416,106
Segment revenues	1,761,432	673,447	(2,434,879)	-
Total revenues	**$ 127,321,395**	**27,529,590**	**(2,434,879)**	**152,416,106**
Segment profit	**$ 791,667**	**70,260**	**454,251**	**1,316,178**

WISTRON CORPORATION AND SUBSIDARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

	July to September, 2016			
	R&D and Manufacturing	Others	Eliminations	Total
Revenues from external customers	$ 143,282,072	25,256,149	-	168,538,221
Segment revenues	1,345,941	329,635	(1,675,576)	-
Total revenues	**$ 144,628,013**	**25,585,784**	**(1,675,576)**	**168,538,221**
Segment profit	**$ 1,027,709**	**255,432**	**(485,820)**	**797,321**

	September 30, 2015			
	R&D and Manufacturing	Others	Eliminations	Total
Accounts receivable	$ 61,901,009	19,935,262	-	81,836,271
Inventories	56,187,590	19,851,530	-	76,039,120
Segment identifiable assets	**$ 118,088,599**	**39,786,792**	**-**	**157,875,391**
General assets				**127,975,321**
Total assets				**$ 285,850,712**

	September 30, 2016			
	R&D and Manufacturing	Others	Eliminations	Total
Accounts receivable	$ 58,308,013	24,380,935	-	82,688,948
Inventories	58,954,611	13,733,894	-	72,688,505
Segment identifiable assets	**$ 117,262,624**	**38,114,829**	**-**	**155,377,453**
General assets				**139,100,394**
Total assets				**$ 294,477,847**