INNOLUX CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

SEPTEMBER 30, 2016 AND 2015

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of Innolux Corporation:

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

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

Based on our reviews, we are not aware of any material modifications or adjustments that should be made to the consolidated financial statements referred to above for them to be in conformity with the "Regulations Governing the Preparation of the Financial Reports by Securities Issuers" and IAS 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

PricewaterhouseCoopers, Taiwan

October 28, 2016

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2016, DECEMBER 31, 2015 AND SEPTEMBER 30, 2015
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2016 and 2015 are reviewed, not audited)

	Assets	Notes	September 30, 2016	December 31, 2015	September 30, 2015
	Current Assets				
1100	Cash and cash equivalents	6(1)	$ 32,585,966	$ 52,522,790	$ 45,232,082
1110	Financial assets at fair value through profit or loss - current	6(2)	354,487	120,036	221,468
1125	Available-for-sale financial assets - current	6(3)	-	-	220,000
1170	Accounts receivable, net	6(5)(6)	39,100,561	48,189,791	55,543,748
1180	Accounts receivable, net - related parties	7	4,989,639	2,632,853	3,693,608
1200	Other receivables	6(6) and 7	3,573,806	2,024,204	2,274,095
130X	Inventory	6(7)	24,339,134	30,198,432	35,007,811
1410	Prepayments	6(13)	2,002,205	1,107,869	1,332,224
1476	Other financial assets - current	6(1) and 8	11,423	1,979,467	1,067,972
1479	Other current assets		156,398	91,545	117,475
11XX	**Total current assets**		107,113,619	138,866,987	144,710,483
	Non-current assets				
1510	Financial assets at fair value through profit or loss - non-current	6(2)	260,708	281,922	249,543
1523	Available-for-sale financial assets - non-current	6(3)	5,598,029	7,123,034	7,741,927
1550	Investments accounted for under equity method	6(8)	1,528,181	1,610,586	1,527,102
1600	Property, plant and equipment	6(9), 7 and 8	202,438,870	199,482,740	204,010,807
1760	Investment property, net	6(10)	576,106	680,503	683,797
1780	Intangible assets	6(11)	18,642,727	19,342,856	19,507,985
1840	Deferred income tax assets		16,245,019	15,888,467	15,285,893
1980	Other financial assets - non-current	8	752	119,703	199,703
1990	Other non-current assets	6(9)	2,506,532	4,045,538	2,149,271
15XX	**Total non-current assets**		247,796,924	248,575,349	251,356,028
1XXX	**Total assets**		$ 354,910,543	$ 387,442,336	$ 396,066,511

(Continued)

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2016, DECEMBER 31, 2015 AND SEPTEMBER 30, 2015
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2016 and 2015 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2016	December 31, 2015	September 30, 2015
	Current Liabilities				
2100	Short-term borrowings	6(12)	$ 15,985,949	$ -	$ -
2120	Financial liabilities at fair value through profit or loss - current	6(2)	275,457	265,525	115,599
2170	Accounts payable		48,851,691	57,069,951	60,143,256
2180	Accounts payable - related parties	7	2,663,176	3,359,933	2,974,737
2200	Other payables	7 and 9	20,798,253	24,912,360	23,128,829
2230	Current income tax liabilities		1,513,017	1,819,368	1,479,244
2250	Provisions - current	6(16) and 9	2,652,177	5,551,759	3,549,052
2320	Long-term liabilities, current portion	6(13)	16,369,190	16,361,238	16,352,150
2399	Other current liabilities		1,865,566	1,131,329	2,711,812
21XX	**Total current liabilities**		110,974,476	110,471,463	110,454,679
	Non-current liabilities				
2540	Long-term borrowings	6(13)	27,281,983	43,629,968	43,605,733
2570	Deferred income tax liabilities		752,247	514,094	537,053
2600	Other non-current liabilities		556,893	562,088	343,911
25XX	**Total non-current liabilities**		28,591,123	44,706,150	44,486,697
2XXX	**Total liabilities**		139,565,599	155,177,613	154,941,376
	Equity attributable to owners of the parent				
3110	**Share capital - common stock**	6(17)	99,522,104	99,532,372	99,535,828
3200	**Capital surplus**	6(18)	99,647,346	99,643,564	99,629,609
	Retained earnings	6(19)			
3310	Legal reserve		3,758,507	2,676,947	2,676,948
3350	Unappropriated retained earnings		15,591,363	27,661,503	34,547,325
3400	**Other equity interest**	6(20)	(3,174,376)	2,750,337	4,735,425
31XX	**Equity attributable to owners of the parent**		215,344,944	232,264,723	241,125,135
36XX	**Non-controlling interest**		-	-	-
3XXX	**Total equity**		215,344,944	232,264,723	241,125,135
	Significant contingent liabilities and unrecognized contract commitments	9			
	Significant disaster loss	10			
3X2X	**Total liabilities and equity**		$ 354,910,543	$ 387,442,336	$ 396,066,511

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

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except for earnings (loss) per share amounts)
(Reviewed, not audited)

	Items	Notes	Three months ended September 30 2016	Three months ended September 30 2015	Nine months ended September 30 2016	Nine months ended September 30 2015
4000	**Sales revenue**	7	$ 74,484,602	$ 88,756,324	$ 197,706,910	$ 282,669,377
5000	**Operating costs**	6(7)(24) and 7	(65,715,562)	(77,983,670)	(191,420,305)	(238,556,083)
5900	**Net operating margin**		8,769,040	10,772,654	6,286,605	44,113,294
	Operating expenses	6(24)				
6100	Selling expenses		(523,514)	(803,631)	(1,747,965)	(2,457,591)
6200	General and administrative expenses		(1,539,999)	(1,594,730)	(4,626,643)	(5,063,871)
6300	Research and development expenses		(2,847,409)	(3,668,646)	(7,494,096)	(11,263,155)
6000	**Total operating expenses**		(4,910,922)	(6,067,007)	(13,868,704)	(18,784,617)
6900	**Operating profit (loss)**		3,858,118	4,705,647	(7,582,099)	25,328,677
	Non-operating income and expenses					
7010	Other income	6(21)	440,372	524,304	2,639,534	1,605,888
7020	Other gains and losses	6(22)	(676,884)	(789,427)	(2,376,213)	(4,487,333)
7050	Finance costs	6(23)	(166,618)	(373,577)	(765,179)	(1,087,147)
7060	Share of profit/(loss) of associates and joint ventures accounted for under equity method		80,266	14,644	215,524	124,691
7000	**Total non-operating income and expenses**		(322,864)	(624,056)	(286,334)	(3,843,901)
7900	**Profit (loss) before income tax**		3,535,254	4,081,591	(7,868,433)	21,484,776
7950	Income tax expense	6(26)	(476,988)	(599,667)	(1,130,337)	(3,947,442)
8200	**Profit (loss) for the period**		$ 3,058,266	$ 3,481,924	($ 8,998,770)	$ 17,537,334
	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		($ 2,483,243)	$ 1,948,008	($ 4,652,473)	($ 14,760)
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets		96,941	(499,438)	(1,214,400)	2,884,500
8363	Cash flow hedges	6(4)	-	-	-	(297,675)
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method		(28,844)	46,540	(44,984)	9,844
8399	Income tax relating to the components of other comprehensive income	6(26)	14,448	39,098	(30,743)	100,816
8300	**Other comprehensive (loss) income for the period, net of tax**		($ 2,400,698)	$ 1,534,208	($ 5,942,600)	$ 2,682,725
8500	**Total comprehensive income (loss) for the period**		$ 657,568	$ 5,016,132	($ 14,941,370)	$ 20,220,059
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 3,058,266	$ 3,481,886	($ 8,998,770)	$ 17,538,787
8620	Non-controlling interest		-	38	-	(1,453)
	Total		$ 3,058,266	$ 3,481,924	($ 8,998,770)	$ 17,537,334
	Other comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 657,568	$ 5,016,324	($ 14,941,370)	$ 20,251,254
8720	Non-controlling interest		-	(192)	-	(31,195)
	Total		$ 657,568	$ 5,016,132	($ 14,941,370)	$ 20,220,059
	Earnings (loss) per share (in dollars)	6(27)				
9750	**Basic earnings (loss) per share**		$ 0.31	$ 0.35	($ 0.90)	$ 1.77
9850	**Diluted earnings (loss) per share**		$ 0.31	$ 0.35	($ 0.90)	$ 1.73

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

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

		Equity attributable to owners of the parent											
				Retained Earnings			Other equity interest						
	Notes	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Financial statements translation differences of foreign operations	Unrealized gain (loss) on available-for-sale financial assets	Changes in gain (loss) on cash flow hedge	Employee unearned compensation	Total	Non-controlling interest	Total
2015													
Balance at January 1		$ 99,545,364	$ 99,584,369	$ 509,272	$ 1,144,229	$ 24,979,173	$ 3,082,948	($ 1,259,847)	$ 247,070	($ 142,515)	$ 227,690,063	$ 1,481,373	$ 229,171,436
Appropriations of 2014 earnings:	6(19)												
Legal reserve		-	-	2,167,676	-	(2,167,676)	-	-	-	-	-	-	-
Special reserve		-	-	-	(1,144,229)	1,144,229	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(6,947,188)	-	-	-	-	(6,947,188)	-	(6,947,188)
Cancellation of restricted stock to employees		(9,536)	9,536	-	-	-	-	-	-	-	-	-	-
Changes in restricted stock to employees		-	(2,883)	-	-	-	-	-	-	2,411	(472)	-	(472)
Compensation related to share-based payment	6(15)	-	11,364	-	-	-	-	-	-	92,891	104,255	-	104,255
Changes in net equity of long-term equity investments		-	27,185	-	-	-	-	-	-	-	27,185	-	27,185
Changes in non-controlling interests		-	38	-	-	-	-	-	-	-	38	(1,450,178)	(1,450,140)
Profit for the period		-	-	-	-	17,538,787	-	-	-	-	17,538,787	(1,453)	17,537,334
Other comprehensive income for the period	6(20)	-	-	-	-	-	24,826	2,934,711	(247,070)	-	2,712,467	(29,742)	2,682,725
Balance at September 30		$ 99,535,828	$ 99,629,609	$ 2,676,948	$ -	$ 34,547,325	$ 3,107,774	$ 1,674,864	$ -	($ 47,213)	$ 241,125,135	$ -	$ 241,125,135
2016													
Balance at January 1		$ 99,532,372	$ 99,643,564	$ 2,676,947	$ -	$ 27,661,503	$ 1,695,294	$ 1,074,445	$ -	($ 19,402)	$ 232,264,723	$ -	$ 232,264,723
Appropriations of 2015 earnings:	6(19)												
Legal reserve		-	-	1,081,560	-	(1,081,560)	-	-	-	-	-	-	-
Cash dividends		-	-	-	-	(1,989,810)	-	-	-	-	(1,989,810)	-	(1,989,810)
Cancellation of restricted stock to employees		(10,268)	10,268	-	-	-	-	-	-	-	-	-	-
Changes in restricted stock to employees		-	(3,916)	-	-	-	-	-	-	3,977	61	-	61
Compensation related to share-based payment	6(15)	-	-	-	-	-	-	-	-	13,910	13,910	-	13,910
Changes in net equity of long-term equity investments		-	(2,570)	-	-	-	-	-	-	-	(2,570)	-	(2,570)
Loss for the period		-	-	-	-	(8,998,770)	-	-	-	-	(8,998,770)	-	(8,998,770)
Other comprehensive loss for the period	6(20)	-	-	-	-	-	(4,697,457)	(1,245,143)	-	-	(5,942,600)	-	(5,942,600)
Balance at September 30		$ 99,522,104	$ 99,647,346	$ 3,758,507	$ -	$ 15,591,363	($ 3,002,163)	($ 170,698)	$ -	($ 1,515)	$ 215,344,944	$ -	$ 215,344,944

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

INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit before tax		($ 7,868,433)	$ 21,484,776
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation and amortization	6(24)	31,749,232	41,033,995
Compensation related to share-based payment	6(24)	13,910	104,255
Share of loss of associates and joint ventures accounted for under equity method		(215,524)	(124,691)
Loss (gain) from disposal of investments	6(22)	70,990	(91,879)
Loss on disposal of property, plant and equipment	6(22)	80,021	176,565
Impairment loss	6(22)	-	589,634
Interest expense	6(23)	749,794	1,384,817
Interest income	6(21)	(212,458)	(359,230)
Dividend income	6(21)	(177,880)	(223,677)
Unrealized foreign exchange loss (gain)		37,319	(224,625)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets /liabilities at fair value through profit or loss		(203,305)	(302,820)
Accounts receivable		9,089,230	15,432,257
Accounts receivable - related parties		(2,356,786)	2,418,792
Other receivables		102,483	601,050
Inventories		4,926,909	(898,552)
Prepayments		(717,038)	109,379
Other current assets		(64,853)	31,594
Changes in operating liabilities			
Derivative financial liabilities for hedging		-	(299,026)
Accounts payable		(8,218,260)	(14,811,183)
Accounts payable - related parties		(696,757)	(2,278,209)
Other payables		(4,867,898)	(1,111,186)
Provisions - current		(2,899,582)	415,563
Other current liabilities		734,237	718,541
Other non-current liabilities		(5,195)	(15,347)
Cash inflow generated from operations		19,050,156	63,760,793
Cash paid for income tax		(1,585,830)	(397,544)
Net cash flows from operating activities		17,464,326	63,363,249

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INNOLUX CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	2016	2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets		$ 222,372	$ 228,796
Decrease in other financial assets		2,086,995	1,615,157
Acquisition of property, plant and equipment	6(28)	(34,902,350)	(14,648,753)
Proceeds from disposal of property, plant and equipment		18,982	1,796,822
Acquisition of intangible assets		(6,389)	(226,086)
Proceeds from disposal of intangible assets		-	560
Decrease (increase) in other non-current assets		10,550	(6,256)
Interest received		254,348	333,674
Dividends received		404,576	246,848
Proceeds from capital reduction of investments accounted for under equity method		23,680	-
Net cash flows used in investing activities		(31,887,236)	(10,659,238)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in prepayments	6(13)	(177,298)	-
Increase (decrease) in short-term borrowings		15,948,630	(22,449,868)
Increase in long-term borrowings		-	68,100,131
Payment of long-term borrowings		(16,440,000)	(116,527,861)
Repurchase from issuance of restricted stock to employees		(1,248)	(2,382)
Changes in non-controlling interests		-	(50)
Interest paid		(657,044)	(1,364,495)
Cash dividends paid	6(19)	(1,989,810)	(6,947,188)
Net cash flows used in financing activities		(3,316,770)	(79,191,713)
Effect of changes in foreign currency exchange		(2,197,144)	730,043
Net decrease in cash and cash equivalents		(19,936,824)	(25,757,659)
Cash and cash equivalents at beginning of period		52,522,790	70,989,741
Cash and cash equivalents at end of period		$ 32,585,966	$ 45,232,082

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

INNOLUX CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(Reviewed, not audited)

1. HISTORY AND ORGANIZATION

(1)Innolux Corporation (the "Company") was organized on January 14, 2003 under the Act for Establishment and Administration of Science Parks in Republic of China (R.O.C.). The Company was listed on the Taiwan Stock Exchange Corporation (the "TSEC") in October 2006. The Company merged with TPO Displays Corporation and Chi Mei Optoelectronics Corporation on March 18, 2010, with the Company as the surviving entity.

(2)The Company and its subsidiaries (the "Group") engage in the research, development, design, manufacture and sales of TFT-LCD panels, modules and monitors of LCD, color filter, and low temperature poly-silicon TFT-LCD.

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

These consolidated financial statements were authorized for issuance by the Board of Directors on October 28, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

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

New standards, interpretations and amendments endorsed by IFRSs effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and operating results based on the Group's assessment.

Annual improvements to IFRSs 2010-2012 cycle

IFRS 8, 'Operating segments'

The standard is amended to require disclosure of judgments made by management in aggregating operating segments. This amendment also clarifies that a reconciliation of the total of the reportable segments' assets to the entity's assets is required only when segment asset is provided to chief operating decision maker regularly.

Except for the above impact, the Group is assessing the potential impact of amendments to other standards and interpretations on financial position and performance. The impact will be disclosed when the assessment is complete.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and operating results based on the Group’s assessment.

A. IFRS 9, ‘Financial instruments’

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

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

(c) The amended general hedge accounting makes the accounting practices consistent with an entity’s risk management strategy. The components and the grouping of non-financial items can be loosened as hedged items. The 80~125% threshold of highly efficient hedge is removed, and the hedge items and the hedged percentages of the hedge instruments that can be rebalanced under the unchanged business objectives of risk management are increased.

B. IFRS 15, ‘Revenue from contracts with customers’

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

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

Step 1: Identify contracts with customer

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

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract(s)

Step 5: Recognise revenue when the performance obligation is satisfied.

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

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

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

D. Amendments to IAS 7, 'Disclosure initiative'

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

E. IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of less than 12 months and leases of low-value assets). Lessor accounting still uses the dual classification approach: operating leases and finance leases, and only increases the related disclosures.

Except for the above impact, the Group is assessing the potential impact of amendments to other standards and interpretations on financial position and performance. The impact will be disclosed when the assessment is complete.

4. <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

Except for the compliance statement, basis of preparation, basis of consolidation and additional descriptions that are set out below, the rest of the principal accounting policies applied in the preparation of these consolidated financial statements are the same as those disclosed in Note 4 to the consolidated financial statements as of and for the year ended December 31, 2015. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) <u>Compliance statement</u>

A. The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, "Interim financial reporting" as endorsed by the FSC.

B. These financial statements should be read with the consolidated financial statements for the year ended December 31, 2015.

(2) Basis of preparation

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

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

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

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

The basis applied in these consolidated financial statements is consistent with that applied in the consolidated financial statements for the year ended December 31, 2015.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2016	December 31, 2015	September 30, 2015	Description
Innolux Corporation	Bright Information Holding Ltd.	Investment holdings	100	100	100	-
	Gold Union Investments Ltd.	Investment holdings	-	-	100	(a)
	Golden Achiever International Ltd.	Investment holdings	100	100	100	-
	Innolux Holding Ltd.	Investment holdings	100	100	100	-
	Keyway Investment Management Limited	Investment holdings	100	100	100	-
	Landmark International Ltd.	Investment holdings	100	100	100	-
	Toppoly Optoelectronics (B.V.I.) Ltd.	Investment holdings	100	100	100	-
	Innolux Hong Kong Holding Limited	Investment holdings	100	100	100	-
	Leadtek Global Group Limited	Order swapping company	100	100	100	-

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2016	Ownership (%) December 31, 2015	Ownership (%) September 30, 2015	Description
Innolux Corporation	Yuan Chi Investment Co., Ltd.	Investment company	100	100	100	-
	InnoJoy Investment Corporation	Investment company	100	100	100	-
	Innolux Optoelectronics Europe B.V.	Investment and distribution company	100	100	100	
	Innolux Optoelectronics Japan Co., Ltd.	Investment and distribution company	100	100	100	-
Bright Information Holding Ltd.	Kunpal Optoelectronics Ltd.	Processing company	-	100	100	(c)
Golden Achiever International Ltd.	VAP Optoelectronics (Nanjing) Corp.	Processing company	100	100	100	-
Innolux Holding Ltd.	Rockets Holding Ltd.	Investment holdings	100	100	100	-
	Suns Holding Ltd.	Investment holdings	100	100	100	-
	Lakers Trading Ltd.	Order swapping company	100	100	100	-
	Innolux Corporation	Distribution company	100	100	100	-
Keyway Investment Management Limited	Ningbo Innolux Logistics Ltd.	Warehousing company	100	100	100	-
	Foshan Innolux Logistics Ltd.	Warehousing company	100	100	100	-
Landmark International Ltd.	Ningbo Innolux Optoelectronics Ltd.	Processing company	100	100	100	-
	Ningbo Innolux Technology Ltd.	Processing company	100	100	100	-
	Foshan Innolux Optoelectronics Ltd.	Processing company	100	100	100	-
	Ningbo Innolux Display Ltd.	Processing company	100	100	100	-
Toppoly Optoelectronics (B.V.I.) Ltd.	Toppoly Optoelectronics (Cayman) Ltd.	Investment holdings	100	100	100	-
Innolux Hong Kong Holding Limited	Innolux Optoelectronics Hong Kong Holding Ltd.	Investment holdings	100	100	100	-
	Innolux Hong Kong Ltd.	Order swapping company	100	100	100	-
	Innolux Technology Europe B.V.	Investment and R&D company	100	100	100	-
	Innolux Technology Japan Co., Ltd.	R&D company	100	100	100	-
	Innolux Technology USA Inc.	Distribution company	100	100	100	-
Innolux Optoelectronics Europe B.V.	Innolux Optoelectronics Germany GmbH	After sales service company	100	100	100	-

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) September 30, 2016	December 31, 2015	September 30, 2015	Description
Innolux Optoelectronics Japan Co., Ltd.	Innolux Optoelectronics USA, Inc.	Distribution company	100	100	100	-
Rockets Holding Ltd.	Best China Investments Ltd.	Investment holdings	100	100	100	-
	Mega Chance Investments Ltd.	Investment holdings	100	100	100	-
	Magic Sun Ltd.	Investment holdings	100	100	100	-
	Stanford Developments Ltd.	Investment holdings	100	100	100	-
	Nets Trading Ltd.	Investment company	100	100	100	-
Suns Holding Ltd.	Warriors Technology Investments Ltd.	Investment company	100	100	100	-
Toppoly Optoelectronics (Cayman) Ltd.	Nanjing Innolux Technology Ltd.	Distribution company	100	100	100	-
	Nanjing Innolux Optoelectronics Ltd.	Processing company	100	100	100	-
	Kunpal Optoelectronics Ltd.	Processing company	100	-	-	(c)
Innolux Optoelectronics Hong Kong Holding Ltd.	Shanghai Innolux Optoelectronics Ltd.	Processing company	100	100	100	-
Innolux Technology Europe B.V.	Innolux Technology Germany GmbH	Testing and maintenance company	100	100	100	-
Best China Investments Ltd.	Asiaward Investment Ltd.	Investment holdings	100	100	100	-
Mega Chance Investments Ltd.	Main Dynasty Investment Ltd.	Investment holdings	100	100	100	-
Magic Sun Ltd.	Sun Dynasty Development Ltd.	Investment holdings	100	100	100	-
Stanford Developments Ltd.	Innocom Technology (Shenzhen) Co., Ltd.	Processing company	100	100	100	-
Ningbo Innolux Display Ltd.	Ningbo Innolux Electronics Ltd.	Distribution company	100	100	-	(b)

(a) Gold Union Investments Ltd. ceased operations and was liquidated in the fourth quarter of 2015.

(b) Ningbo Innolux Electronics Ltd. was established in November 2015 and was included in the consolidated financial statements since the date of establishment.

(c) Kunpal Optoelectronics Ltd. was previously a wholly-owned subsidiary of Bright Information Holding Ltd.. However, after reorganization in July 2016, Kunpal Optoelectronics Ltd. became a wholly-owned subsidiary of Toppoly Optoelectronics (Cayman) Ltd.

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

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

E. The restrictions on fund remittance from subsidiaries to the parent company: None.

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

(4) Derecognition of financial assets

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

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

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

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

(5) Employee benefits

Except for the following additional accounting policies, the accounting policies on employee benefits are the same as those described in Note 4 of the 2015 consolidated financial statements.

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

(6) Income tax

Except for the following additional accounting policies, the accounting policies on income tax are the same as those described in Note 4 of the 2015 consolidated financial statements.

The interim period income tax expense is calculated according to pretax income times effective income tax rate, and the related information is disclosed accordingly.

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

For more information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2015.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2016	December 31, 2015	September 30, 2015
Cash on hand and revolving funds	$ 1,501	$ 2,255	$ 2,651
Checking accounts and demand deposits	24,038,245	28,526,258	25,374,551
Time deposits	7,881,412	23,331,155	19,192,590
	31,921,158	51,859,668	44,569,792
Cash equivalents - Repurchase bonds	664,808	663,122	662,290
	$ 32,585,966	$ 52,522,790	$ 45,232,082

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

B. The above time deposits and bonds with repurchase agreement expire in 3 months and risks of changes in their values are remote. The remaining unpledged time deposits which did not meet the definition of cash equivalents were $5,048, $1,973,263 and $583,894 at September 30, 2016, December 31, 2015 and September 30, 2015, respectively, and were classfied as ‘other financial assets - current’.

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

	September 30, 2016	December 31, 2015	September 30, 2015
Assets			
Current items			
Financial assets held for trading			
Forward foreign exchange contracts	$ 354,487	$ 120,036	$ 221,468
Non-current items			
Financial assets held for trading			
Stock-Advanced Optoelectronic Technology Inc.	$ 77,019	$ 77,019	$ 77,019
Valuation adjustment	183,689	204,903	172,524
	$ 260,708	$ 281,922	$ 249,543
Liabilities			
Current items			
Financial liabilities held for trading			
Forward foreign exchange contracts	$ 275,457	$ 265,525	$ 115,599

A. The Group recognized net (loss) gain of ($120,870), ($351,215), $1,026,300 and ($529,752) on the financial instruments for the three-month and nine-month periods ended September 30, 2016 and 2015, respectively.

B. The non-hedging derivative financial assets and liabilities transaction information are as follows:

Derivative financial assets and liabilities	September 30, 2016 Contract Amount (Notional Principal) (in thousands)		September 30, 2016 Contract Period	December 31, 2015 Contract Amount (Notional Principal) (in thousands)		December 31, 2015 Contract Period
Current items						
Forward foreign	TWD (sell)	$ 28,458,208	2016/6-2017/3	USD (sell)	$ 150,000	2015/10-2016/2
exchange contracts	USD (buy)	905,000	2016/6-2017/3	TWD (buy)	4,896,705	2015/10-2016/2
Forward foreign	USD (sell)	390,000	2016/7-2016/12	USD (sell)	295,000	2015/10-2016/3
exchange contracts	JPY (buy)	39,812,858	2016/7-2016/12	JPY (buy)	35,649,520	2015/10-2016/3
Forward foreign	EUR (sell)	12,000	2016/8-2016/12	EUR (sell)	5,000	2015/11-2016/1
exchange contracts	USD (buy)	13,568	2016/8-2016/12	TWD (buy)	175,075	2015/11-2016/1
Forward foreign	EUR (sell)	66,000	2016/6-2017/1	EUR (sell)	80,500	2015/10-2016/3
exchange contracts	JPY (buy)	7,561,997	2016/6-2017/1	JPY (buy)	10,668,495	2015/10-2016/3
Forward foreign	HKD (sell)	333,353	2016/7-2016/10	HKD (sell)	321,477	2015/11-2016/1
exchange contracts	EUR (buy)	39,000	2016/7-2016/10	EUR (buy)	39,000	2015/11-2016/1
Forward foreign	USD (sell)	890,000	2016/7-2017/1	USD (sell)	240,000	2015/10-2016/2
exchange contracts	RMB (buy)	5,962,493	2016/7-2017/1	RMB (buy)	1,541,675	2015/10-2016/2
Forward foreign	RMB (sell)	502,737	2016/9-2016/10			
exchange contracts	USD (buy)	75,260	2016/9-2016/10			

Derivative financial assets and liabilities	September 30, 2015 Contract Amount (Notional Principal) (in thousands)		September 30, 2015 Contract Period
Current items			
Forward foreign	USD (sell)	$ 255,000	2015/8-2015/12
exchange contracts	TWD (buy)	8,409,445	2015/8-2015/12
Forward foreign	USD (sell)	334,000	2015/6-2015/12
exchange contracts	JPY (buy)	40,623,872	2015/6-2015/12
Forward foreign	EUR (sell)	2,000	2015/7-2015/10
exchange contracts	USD (buy)	2,180	2015/7-2015/10
Forward foreign	EUR (sell)	35,700	2015/7-2015/12
exchange contracts	TWD (buy)	1,288,201	2015/7-2015/12
Forward foreign	EUR (sell)	43,000	2015/7-2015/12
exchange contracts	JPY (buy)	5,852,689	2015/7-2015/12
Forward foreign	JPY (sell)	2,400,000	2015/9-2015/10
exchange contracts	TWD (buy)	654,000	2015/9-2015/10
Forward foreign	TWD (sell)	654,000	2015/9-2015/10
exchange contracts	JPY (buy)	2,380,779	2015/9-2015/10
Forward foreign	USD (sell)	44,214	2015/8-2015/11
exchange contracts	EUR (buy)	39,000	2015/8-2015/11
Forward foreign	HKD (sell)	342,793	2015/8-2015/11
exchange contracts	USD (buy)	44,214	2015/8-2015/11
Forward foreign	USD (sell)	60,000	2015/7-2015/12
exchange contracts	RMB (buy)	378,646	2015/7-2015/12

The Group entered into forward foreign exchange contracts to hedge exchange rate risk of import and export proceeds in foreign currency. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(3) Available-for-sale financial assets

Items	September 30, 2016	December 31, 2015	September 30, 2015
Current items			
Bond investments	$ -	$ -	$ 220,000
Non-current items			
Listed stocks and bond investments	$ 4,936,453	$ 6,403,449	$ 6,997,931
Emerging and unlisted stocks	661,576	719,585	743,996
	$ 5,598,029	$ 7,123,034	$ 7,741,927

A. The Group recognised net gain (loss) in other comprehensive income for fair value change and reclassified from equity to profit or loss for the three-month and nine-month periods ended September 30, 2016 and 2015. Please refer to Note 6(20).

B. For the nine months ended September 30, 2015, the Company and its subsidiary assessed that investment value of certain investee companies was impaired and recognized impairment loss of $108,000 which was listed as ‘other gains and losses’.

C. The counterparties of the Group’s debt instrument investments have good credit quality.

(4) Hedging derivative financial liabilities

A. The Company was exposed to significant risk of future cash flow changes on principal payments associated with the Company’s floating interest rate bearing borrowings, both current and long-term portion. Therefore, the Company entered into interest rate swap contracts for exchanging floating interest rate for fixed interest rate (TWD90/180CP (Page51328) to hedge such exposures. The contract had matured and was settled in February 2015.

B. Information about gain or loss arising from cash flow hedges recognized in profit or loss and other comprehensive income:

Items	For the three-month period ended September 30, 2015	For the nine-month period ended September 30, 2015
Amount of gain or loss adjusted in other comprehensive income	$ -	$ 5
Amount of gain or loss transferred from other comprehensive income to profit or loss	-	297,670

(5) Accounts receivable

	September 30, 2016	December 31, 2015	September 30, 2015
Accounts receivable	$ 39,945,649	$ 48,944,637	$ 56,175,372
Less: Allowance for sales returns and discounts	(727,444)	(636,330)	(513,106)
Allowance for bad debts	(117,644)	(118,516)	(118,518)
	$ 39,100,561	$ 48,189,791	$ 55,543,748

A. The Group's accounts receivable that were neither past due nor impaired meet the credit ranking rule based on the counterparties' industrial characteristics scale of business and profitability.

B. The aging analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Up to 60 days	$ 760,379	$ 644,656	$ 1,304,314
61 to 180 days	3,082	42,281	36,821
Over 181 days	2,501	15,766	25,354
	$ 765,962	$ 702,703	$ 1,366,489

C. Movement analysis of accounts receivable and notes receivable that were impaired is as follows:

(a) As of September 30, 2016, December 31, 2015 and September 30, 2015, the Group's accounts receivable that were impaired were $117,644, $118,516 and $118,518, respectively.

(b) Movement on allowance for bad debts for impairment loss on individual provision is as follows:

	2016	2015
At January 1	$ 118,516	$ 139,867
Allowance for bad debts - write-offs	(850)	(21,447)
Net exchange difference	(22)	38
Allowance for bad debts - reclassifications	-	60
At September 30	$ 117,644	$ 118,518

(6) Transfer of financial assets

Under the agreement, the Company is not obligated to bear the default risk of the transferred accounts receivable since the Company has no right of recourse to the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Company does not provide any collateral and does not have any continuing involvement in the transferred accounts receivable. Thus, the Company derecognised the transferred accounts receivable. For the nine-month period ended September 30, 2015, the Company has no related transactions. As of September 30, 2016, the related information on accounts receivable that were transferred but not expired is as follows. Partial amounts that were not advanced are recorded in other receivables:

September 30, 2016				
Purchaser of accounts receivable	Accounts receivable transferred but not expired	Amount derecognised	Facilities	Amount advanced
CTBC Bank	$ 2,451,201	$ 2,451,201	$ 20,384,000	$ 2,206,081
Taipei Fubon Commercial Bank	343,243	343,243	6,272,000	308,919
	$ 2,794,444	$ 2,794,444	$ 26,656,000	$ 2,515,000

(7) Inventories

	September 30, 2016	December 31, 2015	September 30, 2015
Raw materials and supplies	$ 3,225,830	$ 3,952,699	$ 4,490,269
Work in process	13,744,949	13,906,846	18,274,505
Finished goods	7,368,355	12,338,887	12,243,037
	$ 24,339,134	$ 30,198,432	$ 35,007,811

Expenses and losses incurred on inventories are as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Cost of inventories sold	$65,748,738	$77,553,041	$ 191,665,466	$ 238,497,561
Loss on (gain on reversal of) decline in market value	23	8	(449,941)	(602,460)
Disposal loss and others	(33,199)	430,621	204,780	660,982
	$65,715,562	$77,983,670	$ 191,420,305	$ 238,556,083

A. The increase in net realisable value was caused by the inventories previously provided with allowance that were subsequently scrapped or sold for the nine month periods ended September 30, 2016 and 2015.

B. The Company’s partial inventories were damaged due to the earthquake which occurred in Kaohsiung, Taiwan on February 6, 2016. Related information is provided in Note 10.

(8) Investments accounted for under the equity method

	September 30, 2016	December 31, 2015	September 30, 2015
Ampower Holding Ltd.	$ 851,080	$ 881,351	$ 858,301
FI Medical Device Manufacturing Co., Ltd.	331,174	321,683	227,125
TOA Optronics Corporation	244,208	310,074	337,109
Others	101,719	97,478	104,567
	$ 1,528,181	$ 1,610,586	$ 1,527,102

The operating results of the Group’s share in all individually immaterial associates are summarized below:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Profit for the period from continuing operations	$ 80,266	$ 14,644	$ 215,524	$ 124,691
Other comprehensive (loss) income - net of tax	(28,844)	46,540	(44,984)	9,844
Total comprehensive income	$ 51,422	$ 61,184	$ 170,540	$ 134,535

(9) Property, plant and equipment

	2016				
	At January 1	Additions	Disposals	Transfer, net exchange differences and others	At September 30
Cost:					
Land	$ 3,852,792	$ -	$ -	$ -	$ 3,852,792
Buildings	185,696,326	60,144	(1,095,110)	7,356,452	192,017,812
Machinery and equipment	432,460,229	208,797	(3,211,841)	6,952,984	436,410,169
Others	33,632,482	33,880	(386,715)	2,622,209	35,901,856
	655,641,829	302,821	(4,693,666)	16,931,645	668,182,629
Accumulated depreciation and impairment:					
Buildings	(95,892,428)	(8,561,012)	620,827	783,437	(103,049,176)
Machinery and equipment	(352,326,878)	(19,097,286)	3,040,275	1,562,473	(366,821,416)
Others	(26,880,493)	(3,183,541)	455,995	169,565	(29,438,474)
	(475,099,799)	(30,841,839)	4,117,097	2,515,475	(499,309,066)
Unfinished construction and equipment under acceptance	18,940,710	35,080,088	(2,260)	(20,453,231)	33,565,307
	$199,482,740				$202,438,870

	2015				
	At January 1	Additions	Disposals	Transfer, net exchange differences and others	At September 30
Cost:					
Land	$ 3,852,792	$ -	$ -	$ -	$ 3,852,792
Buildings	185,352,098	63,189	(283,909)	816,738	185,948,116
Machinery and equipment	432,578,807	698,858	(11,128,253)	8,316,459	430,465,871
Others	30,029,063	289,506	(2,142,217)	5,191,396	33,367,748
	651,812,760	1,051,553	(13,554,379)	14,324,593	653,634,527
Accumulated depreciation and impairment:					
Buildings	(83,503,695)	(9,951,648)	215,352	190,773	(93,049,218)
Machinery and equipment	(325,264,991)	(27,041,922)	10,097,002	(2,749,908)	(344,959,819)
Others	(22,124,028)	(3,093,675)	2,016,335	(3,303,660)	(26,505,028)
	(430,892,714)	(40,087,245)	12,328,689	(5,862,795)	(464,514,065)
Unfinished construction and equipment under acceptance	12,689,797	14,976,365	(758,583)	(12,017,234)	14,890,345
	$233,609,843				$204,010,807

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	For the nine-month period ended September 30, 2016
Amount capitalised	144,629
Range of the interest rates for capitalisation	2.00%~2.26%

B. The Group evaluated the recoverable amount for assets with impairment indicators; the impairment loss for the three-month and nine-month periods ended September 30, 2015 was $512 and $481,634, respectively, and shown under "other gains and losses".

C. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

D. As of September 30, 2016, December 31, 2015, and September 30, 2015, the prepayments for business facilities which have not yet entered the factory (shown as 'other non-current assets') amounted to $1,563,475, $3,110,696 and $1,186,341, respectively.

E. The Company's partial property, plant and equipment was damaged due to the earthquake which occurred in Kaohsiung, Taiwan on February 6, 2016. Related information is provided in Note 10.

(10) Investment property

	2016			
	At January 1	Additions	Transfers	At September 30
Cost:				
Land	$ 188,247	$ -	$ -	$ 188,247
Buildings	564,109	-	(124,881)	439,228
	752,356	-	(124,881)	627,475
Accumulated depreciation and impairment:				
Buildings	(71,853)	(8,451)	28,935	(51,369)
	$ 680,503	($ 8,451)	($ 95,946)	$ 576,106

	2015			
	At January 1	Additions	Disposals	At September 30
Cost:				
Land	$ 188,247	$ -	$ -	$ 188,247
Buildings	568,440	-	(4,331)	564,109
	756,687	-	(4,331)	752,356
Accumulated depreciation and impairment:				
Buildings	(63,010)	(9,880)	4,331	(68,559)
	$ 693,677	($ 9,880)	$ -	$ 683,797

The fair value of the investment property held by the Group as at September 30, 2016, December 31, 2015, and September 30, 2015 was $1,077,466, $1,077,466 and $1,110,523, respectively. The amounts mentioned above represent valuation results of comparative method based on market trading information categorised within Level 3 in the fair value hierarchy.

(11) Intangible assets

A. Intangible assets are goodwill, payments for TFT-LCD related technology and royalty.

	2016				
	At January 1	Additions	Disposals	Transfer, net exchange differences and others	At September 30
Cost:					
Patents and royalty	$ 8,152,685	$ -	$ -	$ 2,000	$ 8,154,685
Goodwill	17,096,628	-	-	-	17,096,628
Others	4,215,500	6,389	(49,932)	176,110	4,348,067
	29,464,813	6,389	(49,932)	178,110	29,599,380
Accumulated amortization and impairment:					
Patents and royalty	(6,668,709)	(652,979)	-	-	(7,321,688)
Others	(3,453,248)	(245,963)	49,932	14,314	(3,634,965)
	(10,121,957)	(898,942)	49,932	14,314	(10,956,653)
	$ 19,342,856	($ 892,553)	$ -	$ 192,424	$ 18,642,727

	2015				
	At January 1	Additions	Disposals	Transfer, net exchange differences and others	At September 30
Cost:					
Patents and royalty	$ 8,137,035	$ -	$ -	$ -	$ 8,137,035
Goodwill	17,096,628	-	-	-	17,096,628
Others	3,993,161	226,086	(95,624)	1,321	4,124,944
	29,226,824	226,086	(95,624)	1,321	29,358,607
Accumulated amortization and impairment:					
Patents and royalty	(5,735,685)	(712,692)	-	-	(6,448,377)
Others	(3,272,002)	(224,178)	95,064	(1,129)	(3,402,245)
	(9,007,687)	(936,870)	95,064	(1,129)	(9,850,622)
	$ 20,219,137	($ 710,784)	($ 560)	$ 192	$ 19,507,985

B. Details of amortization on intangible assets are as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Operating costs	$ 249,536	$ 250,235	$ 752,512	$ 751,950
Operating expenses	47,488	40,090	146,430	184,920
	$ 297,024	$ 290,325	$ 898,942	$ 936,870

C. The Company performed impairment analysis for recoverable amount of the goodwill at each reporting date and used the value in use as the basis for calculation of the recoverable amount. The value in use was calculated based on the estimated present value of future cash flows for five years. Based on the periodic evaluation, the Company did not recognize impairment loss on goodwill.

(12) Short-term borrowings

Type of borrowings	September 30, 2016	Collateral
Bank loans		
Credit loans	$ 15,985,949	None
Range of interest rates	0.8%~1.31%	

As of December 31, 2015 and September 30, 2015, the Group has no short-term borrowings.

(13) Long-term borrowings

Type of loans	Period	September 30, 2016	December 31, 2015	September 30, 2015
Syndicated bank loans	2015/3/12 ~2018/3/12	$ 43,840,000	$ 60,280,000	$ 60,280,000
Less:				
Administrative expenses charged by syndicated banks		(188,827)	(288,794)	(322,117)
Current portion		(16,369,190)	(16,361,238)	(16,352,150)
		$ 27,281,983	$ 43,629,968	$ 43,605,733
Range of interest rates		1.77%~2.06%	1.90%~2.19%	1.9571%

A. Please refer to Note 8 for the information on assets pledged as collateral for long-term borrowings.

B. The syndicated loan agreements specified that the Company shall meet covenants on current ratio, liability ratio, interest coverage, and tangible net equity, which were based on the Company's annual consolidated financial statements audited by independent auditors. The Company's financial ratios on the consolidated financial statements for the year ended December 31, 2015 are in compliance with the covenants on the syndicated loan agreement.

C. In order to repay the unpaid balance of the medium and long-term syndicated loans as specified in the "Agreed-upon Repayment Agreement" which was signed on April 5, 2012, the Board of Directors during its meeting on February 10, 2015 approved the proposal for the Company to apply for a new syndicated credit line of $68.5 billion with certain financial institutions. Subsequently, on March 12, 2015, the Company acquired consent of all financial institution creditors to terminate the ''Agreed-upon Repayment Agreement'', and waive negotiation on the debt issue.

D. For repayment of borrowings from financial institutions and finance mid-term working capital requirements, the Company entered into a contract for a syndicated loan with financial institutions amounting to $35 billion. As of September 30, 2016, the Company has not yet made any drawdown from the said line of credit, but has recognised the syndicated loan arrangement fees as prepayment in the amount of $177,298.

(14) Pensions

A. Defined benefit pension plan

(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005, and service years thereafter of employees who choose to continue to be subject to the pension mechanism under the Law.

(b) The Company suspended its contributions to the pension reserve as agreed by the Science Park Administration in June 2013.

B. Defined contribution pension plan

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan under the Labor Pension Act, covering all regular employees with R.O.C. nationality.

(b) The subsidiaries in Mainland China have defined contribution plans. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentages of employees' monthly salaries and wages.

(c) The pension costs under the defined contribution pension plans of the Group for the three-month and nine-month periods ended September 30, 2016 and 2015 were $499,603, $608,073, $1,525,726 and $1,742,337, respectively.

(15) Share-based payment

A. The information on the Company's share-based payment compensation plan negotiated with employees is provided in Note 6(14) of the consolidated financial statements for the year ended December 31, 2015.

B. The details of the employee stock option plan for the nine-month periods ended September 30, 2016 and 2015 are as follows:

	For the nine-month period ended September 30, 2016				
Stock Options	Quantity (in thousand units)	Weighted average exercise price (in dollars)	Range of exercise price (in dollars)	Weighted average remaining vesting period	Weighted average stock price of stock options at exercise date (in dollars)
Outstanding options at the beginning of the period	50,000	$ 21.87			
Options exercised	-	-			$ 9.99
Options expired	(50,000)	21.87			
Outstanding options at the end of the period	-	-	$ -	-	
Exercisable options at the end of the period	-	-			

	For the nine-month period ended September 30, 2015				
Stock Options	Quantity (in thousand units)	Weighted average exercise price (in dollars)	Range of exercise price (in dollars)	Weighted average remaining vesting period	Weighted average stock price of stock options at exercise date (in dollars)
Outstanding options at the beginning of the period	70,000	$ 25.63			
Options exercised	-	-			$ 14.68
Options expired	(20,000)	32.59			
Outstanding options at the end of the period	50,000	22.85	$ 22.85	0.64 years	
Exercisable options at the end of the period	50,000	22.85			

C. For the three-month and nine-month periods ended September 30, 2016 and 2015, the expenses incurred from share-based payment arrangements were $1,950, $35,526, $13,910 and $104,255, respectively.

(16) Provisions-current

	Warranty	Litigation and others	Total
At January 1, 2016	$ 808,136	$ 4,743,623	$ 5,551,759
Additions during the period	1,220,000	1,018,915	2,238,915
Used during the period	(906,959)	(4,231,538)	(5,138,497)
At September 30, 2016	$ 1,121,177	$ 1,531,000	$ 2,652,177

A. Warranty

The Group provides warranty on TFT-LCD panel products sold. Provision for warranty is estimated based on historical warranty data of TFT-LCD panel products.

B. Litigation and others

Litigation and other provisions for the Group are related to patents of TFT-LCD panel products and anti-trust litigations. For information on estimation of provisions, please refer to Note 9(1).

(17) Share capital

As of September 30, 2016, the Company’s authorized and outstanding capital were $120,000,000 (including $500,000 reserved for employee stock options) and $99,522,104, respectively, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

Movements in the number of the Company’s ordinary shares outstanding are as follows:

	2016	2015
	Number of ordinary shares (in thousands)	Number of ordinary shares (in thousands)
At January 1	9,953,237	9,954,536
Cancellation of restricted stock to employees	(1,027)	(953)
At September 30	9,952,210	9,953,583

A. The Board of Directors of the Company resolved to increase capital for cash by issuing the GDR and had been completed in January 2013. The Company issued 1,125,000 thousand shares of common stock for cash, with a unit of GDR representing 10 shares of common stock at the Luxembourg Stock Exchange which raised a total of $14,519,051, net of issuance cost. As of September 30, 2016, there were 213 thousand units outstanding, representing 2,134 thousand shares of common stocks.

B. The Company adopted a resolution in 2013 to issue restricted shares to employees, consisting of 36,263 thousand shares without consideration and 36,263 thousand shares with consideration (the price for subscription is $5 per share). Until the vesting conditions are met by employees, those shares are restricted with regard to transfer of voting rights, dividend and other rights. As of September 30, 2016 and 2015, the Company bought back 1,027 and 953 thousand shares of unvested restricted stocks to employees, respectively, and decreased capital in accordance with related regulation.

C. The common stock issued by the Company in 2006 through private placement was 570,929 thousand shares. The rights and obligations of the private common shares were the same as other issued common shares, except for the transfer restriction under R.O.C. Securities and Exchange Act and the listing restriction that no public listing will be allowed within three years since the day of issuance and only if the Company completes the application to publicly issue the shares. The Board of Directors of the Company approved the public issuance of the above private common shares on April 28, 2015. As approved by Financial Supervisory Committee on July 30, 2015, the stocks were officially listed in the Taiwan Stock Exchange starting from August 7, 2015.

(18) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Accumulated deficit shall first be covered by retained earnings before the capital reserve can be used to cover the accumulated deficit.

	2016				
	Share premium	Share of profit (loss) of associates accounted for under equity method	Employee stock options	Restricted stock to employees	Total
At January 1	$ 99,101,649	$ 36,458	$ 393,500	$ 111,957	$ 99,643,564
Cancellation of restricted stock to employees	-	-	-	10,268	10,268
Vested restricted stock to employees	117,457	-	-	(117,457)	-
Changes in restricted stock to employees	-	-	-	(3,916)	(3,916)
Expiration of employee stock options	393,500	-	(393,500)	-	-
Changes in net equity of long-term equity investments	-	(2,570)	-	-	(2,570)
At September 30	$ 99,612,606	$ 33,888	$ -	$ 852	$ 99,647,346

	2015				
	Share premium	Share of profit (loss) of associates accounted for under equity method	Employee stock options	Restricted stock to employees	Total
At January 1	$ 97,972,912	$ 9,273	$ 1,373,859	$ 228,325	$ 99,584,369
Cancellation of restricted stock to employees	-	-	-	9,536	9,536
Vested restricted stock to employees	123,522	-	-	(123,522)	-
Changes in restricted stock to employees	-	-	-	(2,883)	(2,883)
Compensation related to share-based payment	-	-	11,364	-	11,364
Expiration of employee stock options	1,003,099	-	(1,003,099)	-	-
Changes in net equity of long-term equity investments	-	27,185	-	-	27,185
Changes in non-controlling interests	38	-	-	-	38
At September 30	$ 99,099,571	$ 36,458	$ 382,124	$ 111,456	$ 99,629,609

(19) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be offset against prior years' operating losses, then set aside 10% of the remaining amount as legal reserve (until the legal reserve equals the paid-in capital). Preferred dividend shall be distributed after setting aside or reversing a special reserve according to related regulations. The appropriation of the remaining amount along with the unappropriated earnings from previous years shall be proposed by the Board of Directors and resolved by the shareholders. The Company is in an emerging industry which is growing rapidly, and has a capital intensive business. The Company is at the stage of stable growth. In order to cooperate with the Company's long-term financial plan in the future, investment environment and business competition situation, the appropriation of dividends shall be proposed by the Board of Directors and resolved by the shareholders, taking into account the future capital expenditure budget and capital requirement of the Company. However, the stock dividends distributed to shareholders shall not exceed two-thirds of distributable dividends in current period.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

C. The details of the appropriations of 2015 and 2014 earnings which was approved at the stockholders' meeting in June 2016 and 2015 are as follows:

	Years ended December 31,			
	2015		2014	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 1,081,560		$ 2,167,676	
Cash dividends	1,989,810	$ 0.20	6,947,188	$ 0.70
	$ 3,071,370		$ 9,114,864	

D. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(25).

(20) Other equity items

	2016			
	Currency translation	Available-for-sale investments	Employee unearned compensation	Total
At January 1	$ 1,695,294	$ 1,074,445	($ 19,402)	$ 2,750,337
Revaluation of available-for-sale investments - gross	-	(1,285,390)	-	(1,285,390)
Revaluation transfer of available-for-sale investment - gross	-	70,990	-	70,990
Currency translation differences	(4,652,473)	-	-	(4,652,473)
Changes in restricted stocks to employees	-	-	3,977	3,977
Compensation related to share-based payment	-	-	13,910	13,910
Share of subsidiaries and other comprehensive loss of associates	(44,984)	-	-	(44,984)
Effect of income tax	-	(30,743)	-	(30,743)
At September 30	($ 3,002,163)	($ 170,698)	($ 1,515)	($ 3,174,376)

	2015				
	Currency translation	Available-for-sale investments	Hedging reserve	Employee unearned compensation	Total
At January 1	$3,082,948	($1,259,847)	$ 247,070	($ 142,515)	$1,927,656
Fair value losses of cash flow hedges	-	-	(5)	-	(5)
Reclassified as current income of cash flow hedges	-	-	(297,670)	-	(297,670)
Revaluation of available-for-sale investments - gross	-	2,921,774	-	-	2,921,774
Revaluation transfer of available-for-sale investment - gross	-	(37,274)	-	-	(37,274)
Currency translation differences	14,982	-	-	-	14,982
Changes in restricted stocks to employees	-	-	-	2,411	2,411
Compensation related to share-based payment	-	-	-	92,891	92,891
Share of subsidiaries and other comprehensive loss of associates	9,844	-	-	-	9,844
Effect of income tax	-	50,211	50,605	-	100,816
At September 30	$3,107,774	$1,674,864	$ -	($ 47,213)	$4,735,425

(21) Other income

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Rental revenue	$ 40,613	$ 40,218	$ 123,408	$ 126,864
Interest income	40,434	114,613	212,458	359,230
Dividend income	50,157	31,055	177,880	223,677
Payables reclassified to other income	25,014	4,017	859,983	36,603
Other income	284,154	334,401	1,265,805	859,514
	$ 440,372	$ 524,304	$ 2,639,534	$ 1,605,888

(22) Other gains and losses

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Net (loss) gain on financial assets and liabilities at fair value through profit or loss	($ 120,870)	($ 351,215)	$ 1,026,300	($ 529,752)
Net currency exchange gain (loss)	99,182	544,636	(1,101,980)	725,956
Gain (loss) on disposal of investments	-	1,373	(70,990)	91,879
Loss on disposal of property, plant and equipment	(44,084)	(17,597)	(80,021)	(176,565)
Impairment loss	-	(108,512)	-	(589,634)
Litigation loss and others	(611,112)	(858,112)	(2,149,522)	(4,009,217)
	($ 676,884)	($ 789,427)	($ 2,376,213)	($ 4,487,333)

(23) Finance costs

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Interest expense:				
Bank borrowings	$ 154,944	$ 373,577	$ 749,794	$ 1,380,878
Others	-	-	-	3,939
(Gain) loss on fair value change of financial instruments:				
Gain on cash flow hedges, reclassified from equity	-	-	-	(297,670)
Factoring expense of accounts receivable	11,674	-	15,385	-
	$ 166,618	$ 373,577	$ 765,179	$ 1,087,147

(24) Expenses by nature

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Employee benefit expense:				
Salaries and other short-term employee benefits	$ 9,427,225	$ 11,144,752	$ 28,035,492	$ 34,140,876
Share-based payments	1,950	35,526	13,910	104,255
Post-employment benefits	499,603	608,073	1,525,726	1,742,337
Depreciation	9,557,994	12,849,475	30,850,290	40,097,125
Amortization	297,024	290,325	898,942	936,870
	$19,783,796	$ 24,928,151	$61,324,360	$ 77,021,463

(25) Employees' compensation and directors' and supervisors' remuneration

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 0.1% for directors' and supervisors' remuneration.

B. For the nine-month period ended September 30, 2016, the employees' compensation has not been accrued. For the three-month and nine-month periods ended September 30, 2015, employees' compensation was accrued at $110,893 and $1,240,570, respectively. The aforementioned amount was recognized in expenses.

Employees' compensation and directors' and supervisors' remuneration were accrued at $734,524 and $5,000, respectively, based on the earnings of current year distributable for the year ended December 31, 2015. Employees' compensation and directors' and supervisors' remuneration for 2015 as resolved by the Board of Directors were $734,524 and $4,490, respectively. The difference of $510 between employees' compensation (directors' and supervisors' remuneration) as resolved by the Board of Directors and the amount recognized in the 2015 financial statements was caused by a different accrual ratio and had been recorded as expense in 2016.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Current tax:				
Current tax on profit for the period	($ 13,442)	($ 37,082)	$ 698,971	$ 316,955
Tax on undistributed surplus earnings	-	-	590,712	750,816
Adjustments in respect of prior years	(14,646)	(1,061)	(10,205)	(10,318)
Total current tax	(28,088)	(38,143)	1,279,478	1,057,453
Deferred tax:				
Origination and reversal of temporary differences	505,076	637,810	(149,141)	2,889,989
Income tax expense	$ 476,988	$ 599,667	$1,130,337	$ 3,947,442

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Fair value gains/losses on available-for-sale financial assets	($ 14,448)	($ 39,098)	$ 30,743	($ 50,211)
Cash flow hedges	-	-	-	(50,605)
	($ 14,448)	($ 39,098)	$ 30,743	($ 100,816)

B. The Company's income tax returns through 2014 have been assessed and approved by the Tax Authority.

C. Unappropriated retained earnings recorded by the Company pertain to retained earnings after 1998.

D. The details of imputation system are as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
(a) Balance of tax credit account	$ 1,407,490	$ 761,660	$ 740,097
		2016 (Estimated)	2015 (Actual)
(b) Estimated (actual) creditable tax rate		12.82%	5.71%

(27) Earnings per share

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Basic earnings (loss) per share				
Profit (loss) attributable to ordinary shareholders of the parent	$ 3,058,266	$ 3,481,886	($ 8,998,770)	$17,538,787
Weighted average number of ordinary shares outstanding (shares in thousands)	9,949,107	9,924,283	9,946,680	9,921,724
Basic earnings (loss) per share (in dollars)	$ 0.31	$ 0.35	($ 0.90)	$ 1.77
Diluted earnings per share				
Profit attributable to ordinary shareholders of the parent	$ 3,058,266	$ 3,481,886		$17,538,787
Weighted average number of ordinary shares outstanding (shares in thousands)	9,949,107	9,924,283		9,921,724
Assumed conversion of all dilutive potential ordinary shares:				
-Employees' compensation	-	129,903		179,398
-Restricted stocks	2,887	24,439		26,704
	9,951,994	10,078,625		10,127,826
Diluted earnings per share (in dollars)	$ 0.31	$ 0.35		$ 1.73

As employee stock options had anti-dilutive effect for the nine-month period ended September 30, 2015, they were not included in the calculation of diluted earnings per share.

(28) Non-cash transaction

Investing activities with partial cash payments:

	For the nine-month periods ended September 30,	
	2016	2015
Purchase of property, plant and equipment	$ 35,382,909	$ 16,027,918
Add: Opening balance of payable on equipment	3,974,152	2,688,976
Less: Ending balance of payable on equipment	(4,454,711)	(4,068,141)
Cash paid during the period	$ 34,902,350	$ 14,648,753

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

A. Operating revenue

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Sales of goods:				
Others	$4,102,121	$ 3,062,112	$7,852,627	$ 10,965,066
Associates	4,469	52,366	88,379	162,258
	$4,106,590	$ 3,114,478	$7,941,006	$ 11,127,324

The collection period was 30~120 days upon delivery or on a monthly-closing basis to related parties, and 30~90 days to non-related parties. The sales prices and the trading terms to related parties above were not significantly different from those of sales to third parties.

B. Purchases of goods

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Purchases of goods:				
Others	$1,681,227	$ 2,104,259	$5,041,768	$ 6,449,885
Associates	360,283	155,978	976,272	232,754
	$2,041,510	$ 2,260,237	$6,018,040	$ 6,682,639

The payment term was 30~120 days to related parties after delivery, and 30~180 days to non-related parties after delivery or on a monthly-closing basis. The purchase prices and the payment terms from related parties above were not materially different from those of purchases from third parties.

C. Consigned processing

(a) Consigned processing

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Processing costs:				
Others	$ 26,410	$ 27,825	$ 93,137	$ 64,010

(b) Balance of consigned processing at the end of period (shown as “Other payables”)

	September 30, 2016	December 31, 2015	September 30, 2015
Payables to related parties:			
Others	$ -	$ 70,229	$ 33,985

The Group subcontracted the processing of products of associates in Mainland China. The processing fees were mainly charged based on cost plus method.

D. Accounts receivable

	September 30, 2016	December 31, 2015	September 30, 2015
Receivables from related parties:			
Others	$ 4,959,577	$ 2,551,425	$ 3,636,400
Associates	30,062	81,428	57,208
	$ 4,989,639	$ 2,632,853	$ 3,693,608

The receivables from related parties arise mainly from sales transactions. The receivables are due 30~120 days after the date of sale. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

E. Accounts payable

	September 30, 2016	December 31, 2015	September 30, 2015
Payables to related parties:			
Others	$ 2,465,257	$ 3,284,529	$ 2,909,905
Associates	197,919	75,404	64,832
	$ 2,663,176	$ 3,359,933	$ 2,974,737

The payables to related parties arise mainly from purchase transactions and are due 30~120 days after the date of purchase. The payables bear no interest.

F. Property transactions

Purchase of property

(a) Acquisition of property, plant and equipment:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Others	$ 66,352	$ 15,583	$ 69,745	$ 31,339

(b) Period-end balances arising from purchases of property (shown as “Other payables”):

	September 30, 2016	December 31, 2015	September 30, 2015
Others	$ 13,541	$ 7,365	$ 2,467

Sale of property

(a) Proceeds from sale of property and gain on disposal:

	For the three-month period ended September 30, 2015		For the nine-month period ended September 30, 2015	
	Disposal proceeds	Gain on disposal	Disposal proceeds	Gain on disposal
Others	$ 17	$ 8	$ 1,808	$ 45

(b) Period-end balances arising from sale of property (shown as "Other receivables"):

	December 31, 2015	September 30, 2015
Others	$ 794	$ 50,429

For the nine-month period ended September 30, 2016, there was no significant sales of property between related parties.

(2) Key management compensation

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Salaries and other short-term employee benefits	$ 48,821	$ 68,117	$ 127,682	$ 127,181
Share-based payments	-	1,636	665	4,772
Post-employment benefits	108	54	350	162
	$ 48,929	$ 69,807	$ 128,697	$ 132,115

8. PLEDGED ASSETS

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

	Book value			
Pledged asset	September 30, 2016	December 31, 2015	September 30, 2015	Purpose
Other financial assets-current				
Demand deposits	$ -	$ -	$ 17,881	Guarantee for letter of credit
Time deposits	4,696	6,204	1,149	Tariff guarantee and land lease
Time deposits	1,679	-	-	Credit card guarantee
Property, plant and equipment	84,786,280	59,669,639	63,735,398	Long-term loans and performance guarantee for lease payable
Intangible assets	17,817	-	-	Long-term loans and performance guarantee for lease payable
Other financial assets-non-current				
Time deposits	752	119,703	199,703	Tariff guarantee, land lease and guarantee for contract
	$ 84,811,224	$ 59,795,546	$ 63,954,131	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies－Significant Litigations

A. Chi Mei Optoelectronics Corporation (the “CMO”), Chi Mei Optoelectronics Japan Co., Ltd., Chi Mei Optoelectronics UK Ltd., Chi Mei Optoelectronics Europe B.V., and Chi Mei Optoelectronics USA Inc. were investigated by the United States (the “U.S.”) Department of Justice in December 2006 for alleged violation of the anti-trust laws. Moreover, authorities of some U.S state governments, as well as the governments of the European Union, China, Brazil and Korea also started to investigate this case. In addition, certain downstream customers and consumers brought class-actions and/or individual civil lawsuits in the U.S. and Canada against the TFT-LCD companies; and in certain lawsuits, CMO and Chi Mei Optoelectronics USA Inc. were listed as defendants. Details of the investigations on significant cases related to the alleged violation of the anti-trust laws are as follows:

(a) The Company had reached a plea agreement with the U.S. Department of Justice in December 2009, agreeing to pay a fine of US$220 million through installment over five years. The fine had been fully paid as of February 2015.

The Company had also reached out-of-court settlement agreements with the plaintiffs on separate civil lawsuits in the U.S. since 2012 and recognized related losses.

Further, the Company had reached out-of-court settlement agreements with fourteen State Governments since November 2011, agreeing to pay civil statutory damages in order to settle these civil lawsuits. All civil lawsuits between the Company and the U.S state governments have been settled.

(b) In December 2010, the Company had been ordered by the European Commission to pay a fine of EUR 300 million. After the Company appealed the case, the General Court of the European Union rendered a judgment in February 2014 lowering the fine from EUR 300 million to EUR 288 million. The Company further filed an appeal against a part of the judgment and the Court of Justice of the European Union has adjudicated to maintain the aforementioned amount of fine in July 2015.

(c) Except for those anti-trust litigations for which the ultimate results cannot be reliably estimated, the Company has recognized actual or estimated losses or liabilities in “other payables” and “other non-current liabilities”.

B. Eidos Displays, LLC and Eidos III, LLC (“Eidos”) filed a lawsuit with the United States District Court for the District of East Texas on April 25, 2011, alleging infringement of its patent. The administrative law judge has ruled a summary judgment for the lawsuit in December 2013 rendering Eidos’ patent as invalid, and the presiding judge has confirmed the summary judgment in January 2014. Eidos has filed a complaint in February 2014. The United States Court of Appeals for the Federal Circuit has rejected the judgement and sent back to the United States District Court in March 2015. The Company submitted an application to ask the United States Court of Appeals for the Federal Circuit to rehear en banc in April 2015. Though the United States Court of Appeals rejected the request in June 2015, the Company appealed to the Supreme Court in September 2015 and petitioned for writ of certiorari. The Supreme Court of the United States has denied the appeal of the Company in November 2015. The case remains at the ruling by the United States Court of Appeals for the Federal Circuit in March 2015. However, the results of the litigation are uncertain and are dependent on the future litigation progress. The Company does not expect that the lawsuit would have a material adverse effect on the Company’s financial position or results of operations in the short-term.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Property, plant and equipment	$ 27,275,234	$ 37,625,398	$ 8,680,043

B. Operating lease commitments

The Group leases plant, land and warehouses under non-cancellable operating lease agreements. The majority of lease agreements are renewable at the end of the lease period at market rate. The Group has no significant additional operating lease agreement for the period. Please refer to Note 9(2) of the consolidated financial statements for the year ended December 31, 2015 for the related information.

C. Outstanding letters of credit

The outstanding letters of credit for the purchase of property, plant and equipment are as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Outstanding letters of credit	$ 1,888,358	$ 474,222	$ 373,657

10. SIGNIFICANT DISASTER LOSS

The Company’s partial inventories and buildings were damaged due to the earthquake which occurred in Kaohsiung, Taiwan on February 6, 2016. The Company has conducted a preliminary disaster assessment and a conservative estimation on insurance claim to assess possible disaster loss. However, the Company has full earthquake insurance and business interruption insurance to cover the operating costs of inventories and building during the repair period. The Company is actively processing the insurance claims. According to the initial assessment, the Company has no other material loss on property after taking the insurance claims into account.

11. SUBSEQUENT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

No significant changes during the period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2015.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, accounts receivable, other receivables, other financial assets-current, short-term loans, accounts payable, other payables and long-term loans) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

No significant changes during the period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2015.

C. Significant financial risks and degrees of financial risks

Except for the following description, there is no significant change during the period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2015.

(a) Market risk

Foreign exchange risk

a) The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

b) The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). Based on the simulations performed, the impact on post-tax profit of a 1% exchange rate fluctuation would be an increase of $418,641 and $123,343 for the nine-month periods ended September 30, 2016 and 2015, respectively. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	September 30, 2016			December 31, 2015		
	Foreign Currency Amount (In Thousands)	Exchange Rate (Note)	Book Value (NTD)	Foreign Currency Amount (In Thousands)	Exchange Rate (Note)	Book Value (NTD)
Financial assets						
Monetary items						
USD	$ 6,424,313	31.36	$201,466,456	$ 4,589,186	32.83	$150,662,976
JPY	8,008,600	0.31	2,482,666	9,363,752	0.27	2,528,213
EUR	80,299	35.08	2,816,889	75,963	35.88	2,725,552
Non-monetary items						
USD	$ 2,388,718	31.36	$ 74,910,196	$ 2,342,530	32.83	$ 76,905,260
HKD	232,569	4.04	939,579	178,232	4.24	755,704
JPY	5,286,173	0.31	1,638,714	5,527,619	0.27	1,492,457
EUR	3,646	35.08	127,902	3,697	35.88	132,648
Financial liabilities						
Monetary items						
USD	$ 4,909,977	31.36	$153,976,879	$ 4,009,239	32.83	$131,623,316
JPY	30,225,250	0.31	9,369,828	29,629,471	0.27	7,999,957
EUR	44,333	35.08	1,555,202	3,440	35.88	123,427

	September 30, 2015		
	Foreign Currency Amount (In Thousands)	Exchange Rate (Note)	Book Value (NTD)
Financial assets			
Monetary items			
USD	$ 4,406,103	32.87	$144,828,606
JPY	1,300,279	0.27	351,075
EUR	70,654	36.92	2,608,546
Non-monetary items			
USD	$ 2,349,674	32.87	$ 77,233,784
HKD	200,145	4.24	848,615
JPY	5,495,501	0.27	1,483,785
EUR	3,821	36.92	141,071
Financial liabilities			
Monetary items			
USD	$ 3,871,457	32.87	$127,254,792
JPY	29,840,243	0.27	8,056,866
EUR	3,853	36.92	142,253

Note: Exchange rate represents the amount of NT dollars for which one foreign currency could be exchanged.

c) Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and nine-month periods ended September 30, 2016 and 2015 amounted to $99,182, $544,636, ($1,101,980) and $725,956, respectively.

Price risk

The Group's investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 20% with all other variables held constant, post-tax profit for the nine-month periods ended September 30, 2016 and 2015 would have increased/decreased by $52,142 and $49,909, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss; other components of equity would have increased/decreased by $1,119,606 and $1,548,385, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

Interest rate risk

a) The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. During the nine-month periods ended September 30, 2016 and 2015, the Group's borrowings at variable rate were denominated in the NTD, USD and RMB.

b) Based on the simulations performed, the impact on post-tax profit of a 0.25% shift would be a maximum increase of $109,600 or decrease of $150,700 for the twelve-month periods ended September 30, 2016 and 2015, respectively. The simulation is done on a quarterly basis to verify that the maximum loss potential is within the limit given by the management.

(b) Credit risk

No significant changes during the period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2015.

(c) Liquidity risk

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

Non-derivative financial liabilities

September 30, 2016	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Short-term borrowings	$ 15,985,949	$ -	$ -	$ -	$ 15,985,949
Accounts payable	51,514,867	-	-	-	51,514,867
Other payables	20,798,253	-	-	-	20,798,253
Long-term borrowings (including current portion)	16,440,000	27,400,000	-	-	43,840,000

December 31, 2015	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Accounts payable	$ 60,429,884	$ -	$ -	$ -	$ 60,429,884
Other payables	24,912,360	-	-	-	24,912,360
Long-term borrowings (including current portion)	16,440,000	43,840,000	-	-	60,280,000

September 30, 2015	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years	Total
Accounts payable	63,117,993	-	-	-	63,117,993
Other payables	23,128,829	-	-	-	23,128,829
Long-term borrowings (including current portion)	16,440,000	43,840,000	-	-	60,280,000

Derivative financial liabilities

September 30, 2016	Less than 1 year	Between 1 and 3 years	Total
Forward exchange contracts	$ 275,457	$ -	$ 275,457

December 31, 2015	Less than 1 year	Between 1 and 3 years	Total
Forward exchange contracts	$ 265,525	$ -	$ 265,525

September 30, 2015	Less than 1 year	Between 1 and 3 years	Total
Forward exchange contracts	$ 115,599	$ -	$ 115,599

b) The related information on the repayment of the medium and long-term syndicated loans from the ‘‘Agreed-upon Agreement’’ is described in Note 6(13).

(3) Fair value estimation

A.Details of the fair value of the Group’s financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A. Details of the fair value of the Group’s investment property measured at cost are provided in Note 6(10).

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

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

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

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

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

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 260,708	$ -	$ -	$ 260,708
Forward exchange contracts	-	354,487	-	354,487
Available-for-sale financial assets				
Equity securities	4,936,453	-	661,576	5,598,029
	$5,197,161	$354,487	$ 661,576	$6,213,224
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$275,457	$ -	$ 275,457

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 281,922	$ -	$ -	$ 281,922
Forward exchange contracts	-	120,036	-	120,036
Available-for-sale financial assets				
Equity securities	6,403,449	-	719,585	7,123,034
	$6,685,371	$120,036	$ 719,585	$7,524,992
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$265,525	$ -	$ 265,525

September 30, 2015	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 249,543	$ -	$ -	$ 249,543
Forward exchange contracts	-	221,468	-	221,468
Available-for-sale financial assets				
Equity securities	6,997,931	-	743,996	7,741,927
Debt securities	220,000	-	-	220,000
	$7,467,474	$ 221,468	$ 743,996	$8,432,938
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 115,599	$ -	$ 115,599

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

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

	Listed shares	Emerging stocks	Corporate bond
Market quoted price	Closing price	Last transaction price	Weighted average quoted price

(b)Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

(c)When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

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

(e)The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group’s financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the

Group’s management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

(f)The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group’s credit quality.

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

F.The following table presents the changes in level 3 instruments as at September 30, 2016 and 2015:

	Equity securities	
	2016	2015
At January 1	$ 719,585	$ 1,841,097
Transfers out from level 3	-	(903,073)
Gains and losses recognized in other comprehensive income	(58,009)	(194,028)
At September 30	$ 661,576	$ 743,996

G.For the nine-month periods ended September 30, 2016 and 2015, there was no transfer into or out from Level 3. As the shares of General Interface Solution (GIS) Holding Limited had been listed in June 2015, the Group transferred the fair value from Level 3 into Level 1 at the end of the month when the event occurred.

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

Investment management segment set up valuation policies, valuation processes and rules for measuring fair value of financial instruments and ensure compliance with the related requirements in IFRS.

I.The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at September 30, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 383,029	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, control premium	0.68~1.47 (0.59)	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	30%~70% (31%)	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares Private equity fund investment	27,107	Net asset value	Not applicable	301 (301)	Not applicable
Private placement shares (emerging companies)	251,440	Market price method	Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value

	Fair value at December 31, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 388,799	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, control premium	0.56~1.41 (0.70)	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%~70% (22%)	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares Private equity fund investment	28,596	Net asset value	Not applicable	318 (318)	Not applicable
Private placement shares (emerging companies)	302,190	Market price method	Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value

	Fair value at September 30, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 461,542	Market comparable companies	Price to earnings ratio multiple, price to book ratio multiple, control premium	0.66~1.12 (0.81)	The higher the multiple and control premium, the higher the fair value
			Discount for lack of marketability	20%~70% (22%)	The higher the discount for lack of marketability, the lower the fair value
Venture capital shares	28,634	Net asset value	Not applicable	318 (318)	Not applicable
Private equity fund investment					
Private placement shares (emerging companies)	253,820	Market price method	Discount for lack of marketability	30% (30%)	The higher the discount for lack of marketability, the lower the fair value

J.The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

				Recognised in other comprehensive income	
Financial assets	Period	Input	Change	Favourable change	Unfavourable change
Equity instrument	2016/9/30	$ 661,576	± 1%	$ 6,616	($ 6,616)
Equity instrument	2015/12/31	719,585	± 1%	7,196	(7,196)
Equity instrument	2015/9/30	743,996	± 1%	7,440	(7,740)

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

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

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

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

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 6(4).

Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 1, 3, 4 and 5.

14. SEGMENT INFORMATION

(1) General information

The Group is primarily engaged in research, development, manufacture and sale of TFT LCD. The chief operating decision-maker considered the business from a perspective of product size of TFT LCD. TFT LCD products are currently classified into big size and small-medium size. Because the Company met the criteria for combining the segment information of big-size and small-medium-size TFT LCD departments, the Company disclosed only one reportable operating segment for all TFT LCD products.

The Company’s operating segment information was prepared in accordance with the Company’s accounting policies. The chief operating decision-maker allocated resources and assesses performance of the operating segments primarily based on the operating revenue and profit (loss) before tax and discontinued operations of individual operating segment.

(2) Segment information

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

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
	TFT LCD	TFT LCD	TFT LCD	TFT LCD
Segment revenue	$ 74,484,602	$ 88,756,324	$ 197,706,910	$ 282,669,377
Segment income (loss)	$ 3,535,254	$ 4,081,335	($ 7,868,433)	$ 21,488,053
Depreciation and amortization	$ 9,855,018	$ 13,139,800	$ 31,749,232	$ 41,020,067
Capital expenditure-property, plant and equipment	$ 20,584,961	$ 4,256,541	$ 34,902,350	$ 14,648,753
			September 30, 2016	September 30, 2015
Segment assets			$ 354,910,543	$ 396,066,511

(3) Reconciliation for segment income (loss)

A reconciliation of reported segment income (loss) and income from continuing operations before tax is provided as follows:

A. Reconciliation of segment revenue with operating revenue:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Segment revenue	$ 74,484,602	$ 88,756,324	$197,706,910	$282,669,377
Other revenue	-	-	-	-
Operating revenue	$ 74,484,602	$ 88,756,324	$197,706,910	$282,669,377

B. Reconciliation of segment income with income (loss) from continuing operations before income tax:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Reportable segments	$ 3,535,254	$ 4,081,335	($ 7,868,433)	$ 21,488,053
Others	-	256	-	(3,277)
Income/(loss) before tax from continuing operations	$ 3,535,254	$ 4,081,591	($ 7,868,433)	$ 21,484,776

C. Reconciliation of segment assets with total assets:

	September 30, 2016	September 30, 2015
Segment assets	$ 354,910,543	$ 396,066,511
Others	-	-
	$ 354,910,543	$ 396,066,511

D. Other significant reconciliation:

	For the three-month periods ended September 30,		For the nine-month periods ended September 30,	
	2016	2015	2016	2015
Depreciation and amortization	$ 9,855,018	$ 13,139,800	$ 31,749,232	$ 41,020,067
Others	-	-	-	13,928
	$ 9,855,018	$ 13,139,800	$ 31,749,232	$ 41,033,995
Capital expenditure - property, plant and equipment	$ 20,584,961	$ 4,256,541	$ 34,902,350	$ 14,648,753
Others	-	-	-	-
	$ 20,584,961	$ 4,256,541	$ 34,902,350	$ 14,648,753

Innolux Corporation and Subsidiaries

Loans to others

For the nine months ended September 30, 2016

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2016	Balance at September 30, 2016	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
1	Innocom Technology (Shenzhen) Co., Ltd	Foshan Innolux Optoelectronics Ltd.	Other receivables	Related parties	$ 5,014,480	$5,014,480	$4,987,826	1.1%~ 1.500%	Short-term financing	-	Operating support	-	-	-	$215,344,944	$215,344,944	A
1	Innocom Technology (Shenzhen) Co., Ltd	Ningbo Innolux Optoelectronics Ltd.	Other receivables	Related parties	1,174,050	1,174,050	1,174,050	1.5%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
1	Innocom Technology (Shenzhen) Co., Ltd	Ningbo Innolux Technology Ltd.	Other receivables	Related parties	657,468	-	-	0%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
1	Innocom Technology (Shenzhen) Co., Ltd	Ningbo Innolux Display Ltd.	Other receivables	Related parties	1,737,594	1,737,594	1,737,594	1.500%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
1	Innocom Technology (Shenzhen) Co., Ltd	Nanjing Innolux Optoelectronics Ltd.	Other receivables	Related parties	3,616,074	2,864,682	2,864,682	1.500%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
2	Nanjng Innolux Technology Ltd.	Nanjing Innolux Optoelectronics Ltd.	Other receivables	Related parties	375,696	375,696	375,696	1.5%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
3	Innolux Technology USA Inc.	Innolux Hong Kong Ltd.	Other receivables	Related parties	188,160	188,160	188,160	0.56%~ 0.81%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
4	Innolux Technology Europe B.V.	Innolux Hong Kong Ltd.	Other receivables	Related parties	1,360,257	1,360,257	1,332,402	0%~0.269%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
5	Innolux Technology Japan Co., Ltd.	Leadtek Global Group Limited	Other receivables	Related parties	1,616,680	1,616,680	1,616,680	0.5%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
6	Innolux Optoelectronics Japan Co., Ltd.	Leadtek Global Group Limited	Other receivables	Related parties	777,250	777,250	777,250	0.5%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the nine months ended September 30, 2016	Balance at September 30, 2016	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
													Item	Value			
7	Asiaward Investment Ltd.	Best China Investment Ltd.	Other receivables	Related parties	$ 254,464	$ 254,464	$ 254,464	0%	Short-term financing	-	Operating support	-	-	-	$215,344,944	$215,344,944	A
8	Best China Investments Ltd.	Lakers Trading Ltd.	Other receivables	Related parties	254,464	254,464	254,464	0%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
9	Main Dynasty Investment Ltd.	Mega Chance Investments Ltd.	Other receivables	Related parties	419,058	419,058	419,058	0%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
10	Mega Chance Investments Ltd.	Lakers Trading Ltd.	Other receivables	Related parties	419,058	419,058	419,058	0%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
11	Sun Dynasty Development Limited	Magic Sun Limited	Other receivables	Related parties	1,044,469	1,044,469	1,044,469	0%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
12	Magic Sun Limited	Lakers Trading Ltd.	Other receivables	Related parties	1,044,469	1,044,469	1,044,469	0%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A
13	Warriors Technology Investments Ltd.	Lakers Trading Ltd.	Other receivables	Related parties	344,960	344,960	344,960	0%	Short-term financing	-	Operating support	-	-	-	215,344,944	215,344,944	A

Note A: The Company - Innolux Corporation

1.For loans obtained for short-term financing, financial limit on loans granted to a single party shall not exceed 10% of the company’s net equity, based on the most recent audited financial statements of the company.

2.The financial limit on loans granted shall not exceed 40% of the company’s net equity. If it is for short-term capital needs, the limit shall not exceed 30% of the company’s net equity.

3.The policy for loans granted to direct or indirect wholly-owned overseas subsidiaries is as follows: for short-term capital needs, financial limit shall not be below the 40% requirement, but should not exceed 100% of the company’s net equity.

Innolux Corporation and Subsidiaries

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

September 30, 2016

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2016 Number of shares	Book value	Ownership (%)	Fair value	Footnote
	Common stock							
Innolux Corporation	AvanStrate Inc.	None	Available-for-sale financial assets - non-current	900,000	$ 53,146	1	$ 53,146	
Innolux Corporation	TPV Technology Ltd.	None	Available-for-sale financial assets - non-current	150,500,000	839,898	6	839,898	
Innolux Corporation	Chi Lin Optoelectronics Co., Ltd.	None	Available-for-sale financial assets - non-current	48,283,725	322,025	19	322,025	
Innolux Corporation	Epistar Corporation	None	Available-for-sale financial assets - non-current	89,072	2,111	-	2,111	
Innolux Corporation	Chimei Materials Technology Corp.	None	Available-for-sale financial assets - non-current	44,741,305	610,719	9	610,719	
Yuan Chi Investment Co., Ltd.	Trillion Science Inc.	None	Available-for-sale financial assets - non-current	1,439,180	919	3	919	
Yuan Chi Investment Co., Ltd.	China Electric Mfg. Corp.	None	Available-for-sale financial assets - non-current	9,282,000	74,256	2	74,256	
InnoJoy Investment Corporation	Advanced Optoelectronic Technology, Inc.	None	Financial asset at fair value through profit or loss	11,165,222	260,708	8	260,708	
InnoJoy Investment Corporation	Fitipower Integrated Technology Inc.	None	Available-for-sale financial assets - non-current	10,000,000	251,440	7	251,440	
InnoJoy Investment Corporation	G-TECH Optoelectronics Corporation	None	Available-for-sale financial assets - non-current	3,993,565	72,269	2	72,269	
Warriors Technology Investments Ltd.	OED Holding Ltd.	None	Available-for-sale financial assets - non-current	16,000,000	6,939	6	6,939	
Warriors Technology Investments Ltd.	General Interface Solution (GIS) Holding Limited	None	Available-for-sale financial assets - non-current	40,500,000	3,337,200	13	3,337,200	
Nets trading Ltd.	PilotTech Global Fund	None	Available-for-sale financial assets - non-current	90	27,107	-	27,107	

Innolux Corporation and Subsidiaries

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

For the nine months ended September 30, 2016

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Innolux Corporation	Lakers Trading Ltd.	An indirect wholly-owned subsidiary	Sales	$ 4,068,072	2	60 days	Similar with general sales	No material difference	$ -	-	
Innolux Corporation	Hon Hai Precision Industry Co., Ltd.	Same major stockholder	Sales	3,245,874	2	45~90 days	Similar with general sales	No material difference	2,916,546	7	
Innolux Corporation	Innolux Optoelectronics Japan Co., Ltd.	A subsidiary of the Company	Sales	1,461,778	1	45 days	Single sales target, no basis for comparison	No material difference	164,313	-	
Innolux Corporation	Honfujin Precision Electronics (Chongqing) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	1,280,552	1	45 days	Similar with general sales	No material difference	408,780	1	
Innolux Corporation	Innolux Technology USA Inc.	An indirect wholly-owned subsidiary	Sales	886,302	-	60 days	Similar with general sales	No material difference	38,001	-	
Innolux Corporation	Innolux Hong Kong Ltd.	An indirect wholly-owned subsidiary	Sales	876,985	-	60 days	Similar with general sales	No material difference	-	-	
Innolux Corporation	Hongfujin Precision Electronics (Yantai) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	532,243	-	45~90 days	Similar with general sales	No material difference	154,486	-	
Innolux Corporation	Competition Team Technology (India) Private Limited	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	699,793	-	90 days	Similar with general sales	No material difference	439,708	1	
Innolux Corporation	Hongfujin Precision Electronics (Zhengzhou) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	372,736	-	60 days	Similar with general sales	No material difference	-	-	
Innolux Corporation	Innolux Optoelectronics USA, Inc.	An indirect wholly-owned subsidiary	Sales	402,035	-	45 days	Similar with general sales	No material difference	70,245	-	
Innolux Corporation	eCMMS Precision Singapore Pte. Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	432,381	-	90 days	Similar with general sales	No material difference	177,250	-	
Innolux Corporation	Hongfutai Precision Electronics (Yantai) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Sales	360,878	-	90 days	Similar with general sales	No material difference	352,400	1	
Innolux Corporation	Chi Lin Optoelectronics Co., Ltd.	The company is a corporate director of Chi Lin Optoelectronics	Sales	326,332	-	45 days	Similar with general sales	No material difference	102,959	-	
Innolux Corporation	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	Sales	242,518	-	90 days	Similar with general sales	No material difference	3,323	-	

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Innolux Corporation	Honfujin Precision Electronics (Wuhan) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd	Sales	$ 109,576	-	90 days	Similar with general transactions	No material difference	$ 35,633	-	
Innolux Corporation	Hon Hai Precision Industry Co., Ltd.	Same major stockholder	Purchases	1,724,664	1	60~90 days after acceptance	Single purchases target, no basis for comparison	No material difference	(909,509)	1	
Innolux Corporation	FI Medical Device Manufacturing Co., Ltd.	The company's investments accounted for under the equity method	Purchases	794,946	-	30 days after acceptance	Single purchases target, no basis for comparison	No material difference	(147,831)	-	
Innolux Corporation	Chi Lin Optoelectronics Co., Ltd.	The company is a corporate director of Chi Lin Optoelectronics	Purchases	225,801	-	120 days after acceptance	Single purchases target, no basis for comparison	No material difference	(131,438)	-	
Innolux Corporation	GIO Optoelectronics Corp.	The company's investments accounted for under the equity method	Purchases	165,573	-	60 days after cceptance	Single purchases target, no basis for comparison	No material difference	(44,547)	-	
Innolux Corporation	Lakers Trading Ltd.	An indirect wholly-owned subsidiary	Processing expense	41,366,627	21	60~90 days	Cost plus	No material difference	(27,197,196)	30	
Innolux Corporation	Innolux Hong Kong Ltd.	An indirect wholly-owned subsidiary	Processing expense	12,492,897	6	60~90 days	Cost plus	No material difference	(9,126,606)	10	
Innolux Corporation	Leadtek Global Group Limited	A subsidiary of the Company	Processing expense	14,344,612	7	60~90 days	Cost plus	No material difference	(23,882,481)	27	
Foshan Innolux Optoelectronics Ltd.	Foxconn Precision Electronics (Yantai) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd	Sales	262,828	1	60 days	Similar with general transactions	No material difference	292,777	1	
Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	Sales	3,576,824	10	60 days	Similar with general transactions	No material difference	835,852	3	
Shanghai Innolux Optoelectronics Ltd.	Nanjing Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Sales	527,646	4	60 days	Similar with general transactions	No material difference	39,440	1	
Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Sales	358,066	2	60 days	Similar with general transactions	No material difference	83,579	2	
Ningbo Innolux Technology Ltd.	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	Sales	134,732	33	60 days	Similar with general transactions	No material difference	104,930	100	

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction: Purchases (sales)	Transaction: Amount	Transaction: Percentage of total purchases (sales)	Transaction: Credit term	Differences in transaction terms compared to third party transactions: Unit price	Differences in transaction terms compared to third party transactions: Credit term	Notes/accounts receivable (payable): Balance	Notes/accounts receivable (payable): Percentage of total notes/accounts receivable (payable)	Footnote
Innocom Technology (Shenzhen) Co., Ltd.	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	Sales	$ 384,690	53	60 days	Similar with general transactions	No material difference	$ 320,081	25	
Innocom Technology (Shenzhen) Co., Ltd.	Nanjing Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	Sales	105,405	15	60 days	Similar with general transactions	No material difference	117,416	9	
Innolux Hong Kong Ltd.	Nanjng Innolux Technology Ltd.	An indirect wholly-owned subsidiary	Sales	373,276	2	60 days	Similar with general transactions	No material difference	324,391	3	
Foshan Innolux Optoelectronics Ltd.	Lakers Trading Ltd.	An indirect wholly-owned subsidiary	Processing revenue	20,921,360	82	60 days	Similar with general transactions	No material difference	18,732,058	98	
Ningbo Innolux Optoelectronics Ltd.	Leadtek Global Group Limited	A subsidiary of the Company	Processing revenue	13,205,861	79	60 days	Similar with general transactions	No material difference	19,365,309	92	
Ningbo Innolux Display Ltd.	Lakers Trading Ltd.	An indirect wholly-owned subsidiary	Processing revenue	12,837,853	97	60 days	Similar with general transactions	No material difference	3,813,135	98	
Shanghai Innolux Optoelectronics Ltd.	Innolux Hong Kong Ltd.	An indirect wholly-owned subsidiary	Processing revenue	1,859,691	15	60 days	Similar with general transactions	No material difference	1,777,216	65	
Shanghai Innolux Optoelectronics Ltd.	Lakers Trading Ltd.	An indirect wholly-owned subsidiary	Processing revenue	7,455,911	71	60 days	Similar with general transactions	No material difference	614,275	20	
Nanjing Innolux Optoelectronics Ltd.	Innolux Hong Kong Ltd.	An indirect wholly-owned subsidiary	Processing revenue	9,774,616	94	60 days	Similar with general transactions	No material difference	7,076,392	99	
Ningbo Innolux Technology Ltd.	Leadtek Global Group Limited	A subsidiary of the Company	Processing revenue	271,623	66	60 days	Similar with general transactions	No material difference	-	-	
Innolux Technology Japan Co., Ltd.	Innolux Hong Kong Ltd.	An indirect wholly-owned subsidiary	Service revenue	241,895	91	60 days	Similar with general transactions	No material difference	53,187	94	
Ningbo Innolux Display Ltd.	Hon Hai Precision Industry Co., Ltd.	Same major stockholder	Purchases	678,947	4	90 days after goods are shipped	Similar with general transactions	No material difference	(274,573)	5	
Foshan Innolux Optoelectronics Ltd.	Hon Hai Precision Industry Co., Ltd.	Same major stockholder	Purchases	571,590	1	90 days after goods are shipped	Similar with general transactions	No material difference	(272,367)	1	
Ningbo Innolux Optoelectronics Ltd.	Ningbo Lin Moug Optronics Co., Ltd.	An indirect wholly-owned subsidiary of Chi Lin Optoelectronics Co., Ltd.	Purchases	523,517	2	120 days after goods are shipped	Similar with general transactions	No material difference	(280,844)	2	

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Ningbo Innolux Display Ltd.	Ningbo Lin Moug Optronics Co., Ltd.	An indirect wholly-owned subsidiary of Chi Lin Optoelectronics Co., Ltd.	Purchases	$ 456,580	3	120 days after goods are shipped	Similar with general transactions	No material difference	($ 266,784)	5	
Ningbo Innolux Optoelectronics Ltd.	Hon Hai Precision Industry Co., Ltd.	Same major stockholder	Purchases	400,935	1	60 days after goods are shipped	Similar with general transactions	No material difference	(139,584)	1	
Ningbo Innolux Optoelectronics Ltd.	Honfujin Precision Electronics (Shenzhen) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	Purchases	327,504	1	90 days after goods are shipped	Similar with general transactions	No material difference	(158,837)	1	

Innolux Corporation and Subsidiaries

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

September 30, 2016

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2016	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Innolux Corporation	Hon Hai Precision Industry Co., Ltd.	Same major stockholder	$ 2,916,546	1.64	$ 88,100	Subsequent collection	$ 193,399	-
Innolux Corporation	Honfujin Precision Electronics (Chongqing) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	408,780	3.15	118,646	Subsequent collection	127,126	-
Innolux Corporation	Competition Team Technology (India) Private Limited	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	439,708	2.40	107,095	Subsequent collection	110,783	-
Innolux Corporation	Honfutai Precision Electronics (Yantai) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	352,400	1.96	425	Subsequent collection	-	-
Innolux Corporation	eCMMS Precision Singapore Pte. Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	177,250	4.88	-	-	-	-
Innolux Corporation	Innolux Optoelectronics Japan Co., Ltd.	A subsidiary of the Company	164,313	9.64	-	-	-	-
Innolux Corporation	Hongfujin Precision Electronics (Yantai) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	154,486	5.05	-	-	3,960	-
Innolux Corporation	Chi Lin Optoelectronics Co., Ltd	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	102,959	4.55	114	Subsequent collection	53,930	-
Ningbo Innolux Optoelectronics Ltd.	Leadtek Global Group Limited	A subsidiary of the Company	19,365,309	1.04	11,307,358	Subsequent collection	3,622,331	-
Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Technology Ltd.	An indirect wholly-owned subsidiary	838,858	-	835,850	Subsequent collection	-	-
Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	835,852	9.56	2,666	Subsequent collection	397,851	-
Ningbo Innolux Technology Ltd.	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	104,930	2.95	-	-	-	-
Ningbo Innolux Display Ltd.	Lakers Trading Ltd.	An indirect wholly-owned subsidiary	3,813,135	7.07	-	-	1,714,140	-
Shanghai Innolux Optoelectronics Ltd.	Lakers Trading Ltd.	An indirect wholly-owned subsidiary	614,275	7.19	614,267	Subsequent collection	927,452	-
Shanghai Innolux Optoelectronics Ltd.	Innolux Hong Kong Ltd.	An indirect wholly-owned subsidiary	1,777,216	1.99	-	-	-	-
Foshan Innolux Optoelectronics Ltd.	Lakers Trading Ltd.	An indirect wholly-owned subsidiary	18,732,058	2.09	7,101,406	Subsequent collection	5,459,317	-
Foshan Innolux Optoelectronics Ltd.	Foxconn Precision Electronics (Yantai) Co., Ltd.	An indirect wholly-owned subsidiary of Hon Hai Precision Industry Co., Ltd.	292,777	0.10	-	-	-	-
Nanjing Innolux Optoelectronics Ltd.	Innolux Hong Kong Ltd.	An indirect wholly-owned subsidiary	7,076,392	1.75	4,843,938	Subsequent collection	499,386	-
Innocom Technology (Shenzhen) Co., Ltd.	Lakers Trading Ltd.	An indirect wholly-owned subsidiary	753,737	0.05	626,493	Subsequent collection	-	-
Innocom Technology (Shenzhen) Co., Ltd.	Nanjing Innolux Optoelectronics Ltd.	An indirect wholly-owned subsidiary	117,416	0.72	-	-	-	-
Innocom Technology (Shenzhen) Co., Ltd.	Ningbo Innolux Display Ltd.	An indirect wholly-owned subsidiary	320,081	1.60	-	-	185	-
Innolux Hong Kong Ltd.	Nanjing Innolux Technology Ltd.	An indirect wholly-owned subsidiary	324,391	1.39	4,199	Subsequent collection	103,096	-

Innolux Corporation and Subsidiaries
Significant inter-company transactions during the reporting period
For the nine months ended September 30, 2016

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction (Note C)			
Number	Company name	Counterparty	Relationship (Note A)	General ledger account	Amount	Transaction terms (Note B)	Percentage of consolidated total operating revenues or total assets
0	Innolux Corporation	Innolux Hong Kong Ltd.	1	Sales	$ 876,985	-	-
0	Innolux Corporation	Innolux Hong Kong Ltd.	1	Processing expense	12,492,897	-	6
0	Innolux Corporation	Innolux Hong Kong Ltd.	1	Accrued expenses	(9,126,606)	-	3
0	Innolux Corporation	Innolux Optoelectronics Japan Co., Ltd.	1	Sales	1,461,778	-	1
0	Innolux Corporation	Innolux Optoelectronics Japan Co., Ltd.	1	Accounts receivable	164,313	-	-
0	Innolux Corporation	Innolux Optoelectronics USA, Inc.	1	Sales	402,035	-	-
0	Innolux Corporation	Innolux Technology USA Inc.	1	Sales	886,302	-	-
0	Innolux Corporation	Lakers Trading Ltd.	1	Sales	4,068,072	-	2
0	Innolux Corporation	Lakers Trading Ltd.	1	Processing expense	41,366,627	-	21
0	Innolux Corporation	Lakers Trading Ltd.	1	Accrued expenses	(27,197,196)	-	8
0	Innolux Corporation	Leadtek Global Group Limited	1	Processing expense	14,344,612	-	7
0	Innolux Corporation	Leadtek Global Group Limited	1	Accrued expenses	(23,882,481)	-	7
0	Innolux Corporation	Ningbo Innolux Display Ltd.	1	Sales	242,518	-	-
1	Shanghai Innolux Optoelectronics Ltd.	Lakers Trading Ltd.	3	Processing revenue	7,455,911	-	4
1	Shanghai Innolux Optoelectronics Ltd.	Lakers Trading Ltd.	3	Accounts receivable	614,275	-	-
1	Shanghai Innolux Optoelectronics Ltd.	Nanjing Innolux Optoelectronics Ltd.	3	Sales	527,646	-	-
1	Shanghai Innolux Optoelectronics Ltd.	Innolux Hong Kong Ltd.	3	Processing revenue	1,859,691	-	1
1	Shanghai Innolux Optoelectronics Ltd.	Innolux Hong Kong Ltd.	3	Accounts receivable	1,777,216	-	1
2	Foshan Innolux Optoelectronics Ltd.	Lakers Trading Ltd.	3	Processing revenue	20,921,360	-	11
2	Foshan Innolux Optoelectronics Ltd.	Lakers Trading Ltd.	3	Accounts receivable	18,732,058	-	5
3	Nanjing Innolux Optoelectronics Ltd.	Innolux Hong Kong Ltd.	3	Processing revenue	9,774,616	-	5
3	Nanjing Innolux Optoelectronics Ltd.	Innolux Hong Kong Ltd.	3	Accounts receivable	7,076,392	-	2
4	Innocom Technology (Shenzhen) Co., Ltd.	Lakers Trading Ltd.	3	Accounts receivable	753,737	-	-
4	Innocom Technology (Shenzhen) Co., Ltd.	Ningbo Innolux Display Ltd.	3	Sales	384,690	-	-
4	Innocom Technology (Shenzhen) Co., Ltd.	Ningbo Innolux Display Ltd.	3	Accounts receivable	320,081	-	-
4	Innocom Technology (Shenzhen) Co., Ltd.	Nanjing Innolux Optoelectronics Ltd.	3	Sales	105,405	-	-
4	Innocom Technology (Shenzhen) Co., Ltd.	Nanjing Innolux Optoelectronics Ltd.	3	Accounts receivable	117,416	-	-

Number	Company name	Counterparty	Relationship (Note A)	Transaction (Note C) General ledger account	Amount	Transaction terms (Note B)	Percentage of consolidated total operating revenues or total assets
5	Ningbo Innolux Technology Ltd.	Leadtek Global Group Limited	3	Processing revenue	$ 271,623	-	-
5	Ningbo Innolux Technology Ltd.	Ningbo Innolux Display Ltd.	3	Sales	134,732	-	-
5	Ningbo Innolux Technology Ltd.	Ningbo Innolux Display Ltd.	3	Accounts receivable	104,930	-	-
6	Ningbo Innolux Optoelectronics Ltd.	Leadtek Global Group Limited	3	Processing revenue	13,205,861	-	7
6	Ningbo Innolux Optoelectronics Ltd.	Leadtek Global Group Limited	3	Accounts receivable	19,365,309	-	5
6	Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Technology Ltd.	3	Accounts receivable	838,858	-	-
6	Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	3	Sales	3,576,824	-	2
6	Ningbo Innolux Optoelectronics Ltd.	Ningbo Innolux Display Ltd.	3	Accounts receivable	835,852	-	-
7	Ningbo Innolux Display Ltd.	Lakers Trading Ltd.	3	Processing revenue	12,837,853	-	6
7	Ningbo Innolux Display Ltd.	Lakers Trading Ltd.	3	Accounts receivable	3,813,135	-	1
7	Ningbo Innolux Display Ltd.	Ningbo Innolux Optoelectronics Ltd.	3	Sales	358,066	-	-
8	Innolux Technology Japan Co., Ltd.	Innolux Hong Kong Ltd.	3	Service revenue	241,895	-	-
9	Innolux Hong Kong Ltd.	Nanjing Innolux Technology Ltd.	3	Sales	373,276	-	-
9	Innolux Hong Kong Ltd.	Nanjing Innolux Technology Ltd.	3	Accounts receivable	324,391	-	-

Note A: 1. The parent company to the subsidiary.
3. The subsidiary to the subsidiary.

Note B: Except for no comparable transactions from related parties, sales prices were similar to non-related parties transactions and the collection period was 30~120 days; the purchases from related parties were at market prices and payment term was 30~120 days upon receipt of goods.

Note C: Amount disclosure standard: purchases, sales and receivables from related parties in excess of $100 million or 20% of capital.

Innolux Corporation and Subsidiaries
Information on investees
For the nine months ended September 30, 2016

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2016	Initial investment amount: Balance as at December 31, 2015	Shares held as at September 30, 2016: Number of shares	Shares held as at September 30, 2016: Ownership (%)	Shares held as at September 30, 2016: Book value	Net profit (loss) of the investee for the nine months ended September 30, 2016	Investment income (loss) recognised by the Company for the nine months ended September 30, 2016	Footnote
Innolux Corporation	Bright Information Holding Ltd.	Hong Kong	Investment holdings	$ 119,724	$ 119,724	4,910,000	100	$ 100,612	($ 6,672)	($ 6,672)	
Innolux Corporation	Golden Achiever International Ltd.	BVI	Investment holdings	119,106	119,106	40,250	100	61,910	24	641	
Innolux Corporation	Innolux Holding Ltd.	Samoa	Investment holdings	7,858,300	7,858,300	246,768,185	100	18,279,462	211,226	231,800	
Innolux Corporation	Keyway Investment Management Limited	Samoa	Investment holdings	197,554	197,554	5,656,410	100	256,274	43,608	43,608	
Innolux Corporation	Landmark International Ltd.	Samoa	Investment holdings	33,438,542	33,438,542	709,450,000	100	45,372,582	2,811,338	2,868,279	
Innolux Corporation	Toppoly Optoelectronics (B.V.I.) Ltd.	BVI	Investment holdings	3,674,115	3,596,307	146,847,000	100	6,696,507	339,076	338,778	
Innolux Corporation	Innolux Hong Kong Holding Ltd.	Hong Kong	Investment holdings	2,107,291	2,107,291	1,158,844,000	100	3,301,875	213,789	210,072	
Innolux Corporation	Leadtek Global Group Limited	BVI	Order swap company	-	-	50,000,000	100	83,571	316,453	316,453	
Innolux Corporation	Yuan Chi Investment Co., Ltd.	Taiwan	Investment company	1,217,235	1,217,235	-	100	1,082,062	(60,907)	(60,907)	
Innolux Corporation	InnoJoy Investment Corporation	Taiwan	Investment company	1,674,054	1,674,054	167,405,392	100	1,196,139	(65,932)	(65,932)	
Innolux Corporation	Innolux Optoelectronics Europe B.V.	Netherlands	Importing, exporting, buying, selling and logistics services of electronic equipment and TFT-LCD monitors	121,941	121,941	180	100	127,901	(1,838)	(1,838)	
Innolux Corporation	Innolux Optoelectronics Japan Co., Ltd.	Japan	Researching, manufacturing and selling of the film transistor liquid crystal display	1,335,486	1,335,486	80	100	1,643,471	(22,472)	(22,472)	
Innolux Corporation	Ampower Holding Ltd.	Cayman	Investment holdings	1,717,714	1,717,714	14,062,500	50	851,080	19,994	9,998	
Innolux Corporation	Jetronics International Corp.	Samoa	Investment holdings	-	86,149	-	-	-	8,152	66,624	
Innolux Corporation	FI Medical Device Manufacturing Co., Ltd.	Taiwan	Production and selling of the absorption for medical element	73,500	73,500	7,350,000	49	331,174	405,409	198,650	
Innolux Corporation	iZ3D, Inc.	USA	Research and development and sale of 3D flat monitor	-	-	4,333	35	-	-	-	
Innolux Corporation	Chi Mei Lighting Technology Corporation	Taiwan	Manufacturing of electronic equipment and lighting equipment	819,312	819,312	78,195,856	33	-	-	-	

				Initial investment amount		Shares held as at September 30, 2016					
Investor	Investee	Location	Main business activities	Balance as at September 30, 2016	Balance as at December 31, 2015	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2016	Investment income (loss) recognised by the Company for the nine months ended September 30, 2016	Footnote
Innolux Corporation	GIO Optoelectronics Corp.	Taiwan	Manufacturing and selling of components of TFT-LCD	$ 800,892	$ 800,892	14,812,705	24	$ 100,955	$ 26,772	$ 6,366	
Innolux Holding Ltd.	Rockets Holding Ltd.	Samoa	Investment holdings	7,296,530	7,296,530	226,504,550	100	14,134,055	91,141	91,141	
Innolux Holding Ltd.	Suns Holding Ltd.	Samoa	Investment holdings	555,422	555,422	18,177,052	100	3,996,312	121,235	121,235	
Innolux Holding Ltd.	Lakers Trading Ltd.	Samoa	Order swap company	-	-	1	100	238,919	-	-	
Innolux Holding Ltd.	Innolux Corporation	USA	Distributor company	6,348	6,348	2,000	100	(89,833)	(1,150)	(1,150)	
Toppoly Optoelectronics (B.V.I.) Ltd.	Toppoly Optoelectronics (Cayman) Ltd.	Cayman	Investment holdings	3,650,192	3,572,384	146,817,000	100	6,696,440	339,076	339,076	
Innolux Hong Kong Holding Ltd.	Innolux Optoelectronics Hong Kong Holding Ltd.	Hong Kong	Investment holdings	-	-	162,897,802	100	1,123,378	149,298	149,298	
Innolux Hong Kong Holding Ltd.	Innolux Hong Kong Ltd.	Hong Kong	Order swap company	-	-	35,000,000	100	(1,731,572)	32,164	32,164	
Innolux Hong Kong Holding Ltd.	Innolux Technology Europe B.V.	Netherlands	Holding company and R&D testing company	3,073,072	3,073,072	375,810	100	2,251,639	22,187	22,187	
Innolux Hong Kong Holding Ltd.	Innolux Technology Japan Co., Ltd.	Japan	R&D testing company	1,815,603	1,815,603	201	100	1,944,573	(547)	(547)	
Innolux Hong Kong Holding Ltd.	Innolux Technology USA Inc.	USA	Distributor company	263,685	263,685	1,000	100	356,651	9,702	9,702	
Innolux Optoelectronics Europe B.V.	Innolux Optoelectronics Germany GmbH	Germany	Importing, exporting, buying, selling and logistics services of electronic equipment and TFT-LCD monitors	10,324	10,324	250	100	12,135	(4,648)	(4,648)	
Innolux Optoelectronics Japan Co., Ltd.	Innolux Optoelectronics USA, Inc.	USA	Selling of electronic equipment and computer monitors	2,400	2,400	1,000	100	270,947	5,829	5,829	
Rockets Holding Ltd.	Best China Investments Ltd.	Samoa	Investment holdings	314,740	314,740	10,000,001	100	254,464	239	239	
Rockets Holding Ltd.	Mega Chance Investments Ltd.	Samoa	Investment holdings	573,940	573,940	18,000,000	100	419,059	393	393	
Rockets Holding Ltd.	Magic Sun Ltd.	Samoa	Investment holdings	1,146,370	1,146,370	38,000,001	100	1,044,469	980	980	
Rockets Holding Ltd.	Stanford Developments Ltd.	Samoa	Investment holdings	5,391,125	5,391,125	164,000,000	100	12,386,611	89,529	89,529	
Rockets Holding Ltd.	Nets Trading Ltd.	Samoa	Investment company	27,477	27,477	900,001	100	29,324	-	-	
Suns Holding Ltd.	Warriors Technology Investments Ltd.	Samoa	Investment company	555,422	555,422	18,177,052	100	3,996,310	121,235	121,235	
Innolux Technology Europe B.V.	Innolux Technology Germany GmbH	Germany	Testing and maintenance company	33,735	33,735	100,000	100	58,714	986	986	

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at September 30, 2016	Initial investment amount: Balance as at December 31, 2015	Shares held as at September 30, 2016: Number of shares	Shares held as at September 30, 2016: Ownership (%)	Shares held as at September 30, 2016: Book value	Net profit (loss) of the investee for the nine months ended September 30, 2016	Investment income (loss) recognised by the Company for the nine months ended September 30, 2016	Footnote
Best China Investments Ltd.	Asiaward Investment Ltd.	Hong Kong	Investment holdings	$ 314,740	$ 314,740	77,830,001	100	$ 254,464	$ 239	$ 239	
Mega Chance Investments Ltd.	Main Dynasty Investment Ltd.	Hong Kong	Investment holdings	573,940	573,940	139,623,801	100	419,058	393	393	
Magic Sun Ltd.	Sun Dynasty Development Ltd.	Hong Kong	Investment holdings	1,146,370	1,146,370	295,969,001	100	1,044,469	980	980	
Yuan Chi Investment Co., Ltd.	Chi Mei Lighting Technology Corporation	Taiwan	Trading business, manufacturing of electronic equipment and lighting equipment	263,812	263,812	19,673,402	8	-	-	-	
Yuan Chi Investment Co., Ltd.	GIO Optoelectronics Corp.	Taiwan	Manufacturing and selling of components of TFT-LCD	6,881	6,881	109,021	-	764	26,772	48	
Yuan Chi Investment Co., Ltd.	TOA Optronics Corporation	Taiwan	Selling electronic materials, trading business, manufacturing of electronic equipments and lighting equipments	423,606	423,606	58,007,000	40	244,208	(165,406)	(66,162)	

Innolux Corporation and Subsidiaries
Information on investments in Mainland China
For the nine months ended September 30, 2016

Table 7

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note A)	Investment method (Note C)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the nine months ended September 30, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2016	Net income of investee for the nine months ended September 30, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2016	Book value of investments in Mainland China as of September 30, 2016	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2016	Footnote
					Remitted to Mainland China	Remitted back to Taiwan							
Innocom Technology (Shenzhen) Co., Ltd.	Manufacturing and selling of LCD backend module and related components	$ 5,143,040	2	$ 3,979,952	$ -	$ -	$ 3,979,952	$ 89,529	100	$ 89,529	$ 12,386,611	$ 1,163,088	2.1
OED Company	Manufacturing and selling of electronic paper	302,006	2	62,720	-	-	62,720	(97,139)	4	-	12,601	-	2.1
Ningbo Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	9,721,600	2	230,968	-	-	230,968	1,188,828	100	1,188,828	21,860,731	5,413,832	2.2
Ningbo Innolux Technology Ltd.	Manufacturing and selling of LCD backend module and related components	4,076,800	2	4,076,800	-	-	4,076,800	(1,863)	100	(1,863)	3,197,187	-	2.2
Foshan Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	12,010,880	2	12,010,880	-	-	12,010,880	1,282,180	100	1,282,180	19,657,825	-	2.2
Ningbo Innolux Display Ltd.	Manufacturing and selling of LCD backend module and related components	940,800	2	940,800	-	-	940,800	340,292	100	340,292	657,924	-	2.2
Nanjing Innolux Technology Ltd.	Purchases and sales of monitor-related components company	65,856	2	65,856	-	-	65,856	7,160	100	7,160	570,097	-	2.3
Kunpal Optoelectronics Ltd.	Glass thinning processing service	125,440	2	118,599	-	-	118,599	(6,851)	100	(6,851)	65,834	-	2.3
VAP Optoelectronics (Nanjing) Corp.	Manufacturing and selling of LCD backend module and related components	316,736	2	119,168	-	-	119,168	24	100	24	61,517	-	2.4
Nanjing Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	4,453,120	2	4,453,120	-	-	4,453,120	322,438	100	322,438	6,060,487	-	2.3
Ningbo Innolux Logistics Ltd.	Warehousing services	125,440	2	125,440	-	-	125,440	36,476	100	36,476	181,266	-	2.6
Shanghai Innolux Optoelectronics Ltd.	Manufacturing and selling of LCD backend module and related components	658,560	2	-	-	-	-	149,298	100	149,298	1,123,378	-	2.5
Foshan Innolux Logistics Ltd.	Warehousing services	47,040	2	47,040	-	-	47,040	7,132	100	7,132	70,234	-	2.6
Amlink (Shanghai) Ltd.	Manufacturing and selling of power supply, modem, ADSL, and other IT equipments	250,880	2	313,600	-	-	313,600	23,327	50	11,664	208,568	-	2.7
Interface Optoelectronics (Shenzhen) Co., Ltd.	Development of new type of flat panel display, monitor and peripherals, production and management, and offer of after-sales service	3,016,832	2	423,360	-	-	423,360	15,751	13	-	3,179,250	-	2.1
Ningbo Innolux Electronics Ltd.	Manufacturing and selling of LCD backend module and related components	140,886	3	-	-	-	-	70,005	100	70,005	207,573	-	3.1

Ceiling on investments in Mainland China:

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2016	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Innolux Corporation	$ 28,431,965	$ 38,667,719	$ 129,206,966

Note A: The relevant figures were listed in NT$. Where foreign currencies were involved, the figures were converted to NT$ using exchange rate.

Note B: Profit or loss recognised for the nine-month period ended September 30, 2016 was reviewed by independent accountants.

Note C: The investment methods are as follows:

1. Directly investing in Mainland China.
2. Through investing in companies in the third area, which then invested in the investee in Mainland China.
   2.1.Through investing in Innolux Holding Ltd. in the third area, which then invested in the investee in Mainland China.
   2.2.Through investing in Landmark International Ltd. in the third area, which then invested in the investee in Mainland China.
   2.3.Through investing in Toppoly Optoelectronics (B.V.I) Ltd. in the third area, which then invested in the investee in Mainland China.
   2.4.Through investing in Golden Achiever International Ltd. in the third area, which then invested in the investee in Mainland China.
   2.5.Through investing in Innolux Hong Kong Holding Ltd. in the third area, which then invested in the investee in Mainland China.
   2.6.Through investing in Keyway Investment Management Limited in the third area, which then invested in the investee in Mainland China.
   2.7.Through investing in Ampower Holding Ltd. in the third area, which then invested in the investee in Mainland China.
3. Others.
   3.1.The company invests in the company via investee companies in Mainland China is Ningbo Innolux Display Ltd. Except for the investment via the holding companies in Mainland China, other investments shall not be approved by Investment Commission of the Ministry of Economic Affairs.