Formosa Sumco Technology Corporation and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2016 and 2015 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Stockholders
Formosa Sumco Technology Corporation

We have reviewed the accompanying consolidated balance sheets of Formosa Sumco Technology Corporation (the "Company") and subsidiaries as of September 30, 2016 and 2015 and the related consolidated statements of comprehensive income, for the three months ended September 30, 2016 and 2015 and for the nine months ended September 30, 2016 and 2015, as well as the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2016 and 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with Statement on Auditing Standards No. 36, "Review of Financial Statements," issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

November 4, 2016

<u>*Notice to Readers*</u>

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

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2016 (Reviewed)		December 31, 2015 (Audited)		September 30, 2015 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 3,205,389	15	$ 2,787,512	13	$ 2,335,635	11
Debt investments with no active market - current (Notes 4 and 7)	-	-	300,000	1	300,000	1
Accounts receivable, net (Notes 4 and 8)	1,458,067	7	1,302,423	6	1,596,094	7
Accounts receivables from related parties, net (Notes 4, 8 and 21)	178,571	1	119,977	1	157,044	1
Other receivables (Notes 4 and 8)	2,682	-	18,896	-	6,942	-
Other receivables from related parties (Notes 4 and 21)	7,367	-	3,713	-	5,632	-
Inventories (Notes 4, 5 and 9)	2,229,891	10	2,286,752	10	2,119,198	10
Prepayments (Notes 4 and 13)	138,936	1	174,338	1	186,329	1
Total current assets	7,220,903	34	6,993,611	32	6,706,874	31
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Note 4)	306	-	256	-	254	-
Property, plant and equipment (Notes 4, 5, 11, 21, 22 and 23)	13,842,749	65	14,797,376	67	14,770,406	68
Intangible assets (Notes 4, 5, 12 and 21)	493	-	-	-	8,435	-
Deferred tax assets (Notes 4, 5 and 18)	203,115	1	251,515	1	225,139	1
Prepayment for equipment (Notes 4 and 23)	64,597	-	57,354	-	28,622	-
Refundable deposits (Note 4)	205	-	217	-	207	-
Other non-current assets (Notes 4 and 13)	26,971	-	57,703	-	59,735	-
Total non-current assets	14,138,436	66	15,164,421	68	15,092,798	69
TOTAL	$ 21,359,339	100	$ 22,158,032	100	$ 21,799,672	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Trade payables (Note 4)	$ 328,085	2	$ 367,918	2	$ 328,670	2
Trade payables to related parties (Notes 4 and 21)	202,429	1	265,886	1	218,619	1
Other payables (Notes 4, 14 and 17)	475,651	2	511,042	2	481,488	2
Other payables to related parties (Notes 4, 14 and 21)	82,032	-	354,100	2	275,415	1
Current tax liabilities (Notes 4 and 18)	96,562	1	189,693	1	172,354	1
Other current liabilities	12,063	-	6,703	-	7,088	-
Total current liabilities	1,196,822	6	1,695,342	8	1,483,634	7
NON-CURRENT LIABILITIES						
Deferred tax liabilities (Notes 4 and 18)	1,032	-	876	-	1,070	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 15)	311,625	1	306,237	1	268,877	1
Guarantee deposits (Note 4)	898	-	534	-	600	-
Other non-current liabilities	25,545	-	25,634	-	18,357	-
Total non-current liabilities	339,100	1	333,281	1	288,904	1
Total liabilities	1,535,922	7	2,028,623	9	1,772,538	8
EQUITY (Notes 4, 16 and 18)						
Share capital						
Ordinary shares	7,756,966	36	7,756,966	35	7,756,966	36
Capital surplus	5,739,080	27	5,739,080	26	5,739,080	26
Retained earnings						
Legal reserve	1,225,298	6	1,097,493	5	1,097,493	5
Unappropriated earnings	5,040,551	24	5,511,113	25	5,406,770	25
Total retained earnings	6,265,849	30	6,608,606	30	6,504,263	30
Other equity	61,522	-	24,757	-	26,825	-
Total equity	19,823,417	93	20,129,409	91	20,027,134	92
TOTAL	$ 21,359,339	100	$ 22,158,032	100	$ 21,799,672	100

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
NET REVENUE (Notes 4, 21 and 25)	$ 2,780,716	100	$ 2,491,295	100	$ 7,985,738	100	$ 8,124,942	100
COST OF REVENUE (Notes 9, 12, 15, 17 and 21)	(2,442,812)	(88)	(1,952,564)	(78)	(7,025,969)	(88)	(6,481,287)	(80)
GROSS PROFIT	337,904	12	538,731	22	959,769	12	1,643,655	20
OPERATING EXPENSES (Notes 15, 17 and 21)								
Marketing	(49,566)	(2)	(50,956)	(2)	(149,643)	(2)	(150,195)	(2)
Administrative	(54,374)	(2)	(50,708)	(2)	(151,928)	(2)	(137,437)	(1)
Total operating expenses	(103,940)	(4)	(101,664)	(4)	(301,571)	(4)	(287,632)	(3)
INCOME FROM OPERATIONS	233,964	8	437,067	18	658,198	8	1,356,023	17
NON-OPERATING INCOME AND EXPENSES (Notes 4, 11, 17 and 21)								
Other income	4,965	-	6,840	-	15,455	-	23,253	-
Other gains and losses	(71,177)	(2)	55,799	2	(14,927)	-	25,528	-
Finance costs	(1,022)	-	(64)	-	(1,978)	-	(5,572)	-
Total non-operating income and expenses	(67,234)	(2)	62,575	2	(1,450)	-	43,209	-
INCOME BEFORE INCOME TAX	166,730	6	499,642	20	656,748	8	1,399,232	17
INCOME TAX EXPENSE (Notes 4, 5 and 18)	(34,429)	(1)	(85,562)	(3)	(146,239)	(2)	(259,341)	(3)
NET INCOME	132,301	5	414,080	17	510,509	6	1,139,891	14
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 16)								
Items that may be reclassified subsequently to profit or loss:								
Exchange difference on translating foreign operations	(2,659)	-	23,603	1	36,715	1	26,609	-
Unrealized gain (loss) on available-for-sale financial assets	22	-	(3)	-	50	-	31	-
Other comprehensive income for the period, net of income tax	(2,637)	-	23,600	1	36,765	1	26,640	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 129,664	5	$ 437,680	18	$ 547,274	7	$ 1,166,531	14
EARNINGS PER SHARE, NEW TAIWAN DOLLARS (Note 19)								
Basic	$ 0.17		$ 0.53		$ 0.66		$ 1.47	
Diluted	$ 0.17		$ 0.53		$ 0.66		$ 1.47	

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

			Retained Earnings			Others			
	Share Capital	Capital Surplus	Legal Reserve	Unappropriated Earnings	Total	Exchange Difference on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Total Equity
BALANCE AT JANUARY 1, 2015	$ 7,756,966	$ 5,739,080	$ 988,813	$ 5,151,256	$ 6,140,069	$ -	$ 185	$ 185	$ 19,636,300
Appropriation of the 2014 earnings									
Legal reserve	-	-	108,680	(108,680)	-	-	-	-	-
Cash dividends to shareholders	-	-	-	(775,697)	(775,697)	-	-	-	(775,697)
	-	-	108,680	(884,377)	(775,697)	-	-	-	(775,697)
Net income for the nine months ended September 30, 2015	-	-	-	1,139,891	1,139,891	-	-	-	1,139,891
Other comprehensive income for the nine months ended September 30, 2015, net of income tax	-	-	-	-	-	26,609	31	26,640	26,640
Total comprehensive income for the nine months ended September 30, 2015	-	-	-	1,139,891	1,139,891	26,609	31	26,640	1,166,531
BALANCE AT SEPTEMBER 30, 2015	$ 7,756,966	$ 5,739,080	$ 1,097,493	$ 5,406,770	$ 6,504,263	$ 26,609	$ 216	$ 26,825	$ 20,027,134
BALANCE AT JANUARY 1, 2016	$ 7,756,966	$ 5,739,080	$ 1,097,493	$ 5,511,113	$ 6,608,606	$ 24,539	$ 218	$ 24,757	$ 20,129,409
Appropriation of the 2015 earnings									
Legal reserve	-	-	127,805	(127,805)	-	-	-	-	-
Cash dividends	-	-	-	(853,266)	(853,266)	-	-	-	(853,266)
	-	-	127,805	(981,071)	(853,266)	-	-	-	(853,266)
Net income for the nine months ended September 30, 2016	-	-	-	510,509	510,509	-	-	-	510,509
Other comprehensive income for the nine months ended September 30, 2016, net of income tax	-	-	-	-	-	36,715	50	36,765	36,765
Total comprehensive income for the nine months ended September 30, 2016	-	-	-	510,509	510,509	36,715	50	36,765	547,274
BALANCE AT SEPTEMBER 30, 2016	$ 7,756,966	$ 5,739,080	$ 1,225,298	$ 5,040,551	$ 6,265,849	$ 61,254	$ 268	$ 61,522	$ 19,823,417

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

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2016	**2015**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 656,748	$ 1,399,232
Adjustments for:		
Depreciation expenses	1,567,542	1,524,754
Amortization expenses	28,591	53,697
Interest expense	1,978	5,572
Interest income	(8,643)	(12,524)
Dividend income	(13)	(3)
Write-down of inventory	26,415	3,574
Gain on foreign exchange, net	(15,512)	(26,472)
Other items	9	7,657
Changes in operating assets and liabilities		
Increase in trade receivables	(224,944)	(89,738)
Decrease (increase) in other receivables	12,560	(2,718)
Decrease (increase) in inventories	30,446	(378,985)
Decrease (increase) in prepayments	45,454	(19,845)
Decrease in trade payables	(109,413)	(159,476)
(Decrease) increase in other payables	(29,165)	83,358
Increase in other current liabilities	5,360	650
Increase in net defined benefit liabilities	5,388	5,824
Cash generated from operations	1,992,801	2,394,557
Interest received	8,643	12,524
Dividend received	13	3
Interest paid	(1,503)	(6,755)
Income tax paid	(189,529)	(156,865)
Net cash generated from operating activities	1,810,425	2,243,464
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for intangible assets	(584)	-
Purchase of debt investment with no active market	-	(300,000)
Proceeds on sale of debt investment with no active market	300,000	-
Acquisitions of property, plant and equipment	(708,023)	(389,394)
Increase in prepayment for equipment	(62,828)	(23,284)
Decrease in refundable deposits	12	59
Increase in other investing activities	(8,922)	-
Net cash used in investing activities	(480,345)	(712,619)

(Continued)

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2016	**2015**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long-term borrowings	$ -	$ (690,916)
Increase (decrease) in guarantee deposits received	364	(1,012)
Decrease in other non-current liabilities	(89)	(401)
Cash dividends	(853,223)	(775,652)
Net cash used in financing activities	(852,948)	(1,467,981)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(59,255)	27,704
NET INCREASE IN CASH AND CASH EQUIVALENTS	417,877	90,568
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,787,512	2,245,067
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 3,205,389	$ 2,335,635

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

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Formosa Komatsu Silicon Corporation (the "Company") was established by Formosa Plastics Corporation, Asia Pacific Investment Corporation and Komatsu Electronic Metals Co., Ltd. in November 1995. The Company mainly manufactures and sells electronic materials made from silicon wafer.

On October 18, 2006, Sumco Corporation acquired 51% equity in Komatsu Electronic Metals Co., Ltd. As the result, the Company's name was changed to Formosa Sumco Technology Corporation in accordance with the resolution passed at the general shareholders' meeting on December 29, 2006, and this name change was registered with the Ministry of Economic Affairs, Republic of China.

The Company went public on September 12, 2006. The Company's shares began to be traded on the Emerging Stock Market of the Taiwan GreTai Securities Market on November 23, 2006 and became listed on the Taiwan Stock Exchange on December 10, 2007.

The Company's parent is Sumco Techxiv Corporation, which held 48.85% of ordinary shares of the Company as of September 30, 2016 and 2015. The Company's ultimate parent is Sumco Corporation.

The consolidated financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on November 4, 2016.

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

a. International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC for application starting from 2017

Rule No. 1050026834 issued by the FSC endorsed the following IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") for application starting January 1, 2017.

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016

(Continued)

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Amendment to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendment to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 36 "Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets"	January 1, 2014
Amendment to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
IFRIC 21 "Levies"	January 1, 2014

(Concluded)

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

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

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

Except for the following, the initial application of the above New or amended IFRSs in 2017 would not have any material impact on the Group's accounting policies:

Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2/Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique. The amendment will be applied retrospectively.

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

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

The FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note)
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IFRS 15 "Clarifications to IFRS 15"	January 1, 2018
IFRS 16 "Leases"	January 1, 2019
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017

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

The Group believes that the adoption of aforementioned standards or interpretations will not have a significant effect on the Group's accounting policies, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of consolidation

The detail information of subsidiaries including the percentage of ownership and main business, please see Note 10 and Table 6.

c. Other significant accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2015.

1) Defined benefit retirement benefits

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

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimates and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the Company's financial statements for the year ended December 31, 2015.

6. CASH AND CASH EQUIVALENTS

	September 30, 2016	December 31, 2015	September 30, 2015
Checking deposits	$ 1,518	$ 738	$ 1,483
Demand deposits	803	803	802
Foreign currency deposits	583,964	221,313	146,115
Cash equivalent (investments with original maturities less than three months)			
Commercial papers	581,753	291,851	296,886
Repurchase agreements collateralized by bonds	1,437,351	1,522,807	1,140,349
Time deposits	600,000	750,000	750,000
	$ 3,205,389	$ 2,787,512	$ 2,335,635

The market rate intervals of cash in bank, commercial papers and repurchase agreement collateralized by bonds at the end of the reporting period were as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Demand deposits	0.08%	0.13%	0.15%
Foreign currency deposits	0.01%	0.01%	0.01%
Commercial papers	0.32%-0.38%	0.45%-0.46%	0.53%-0.55%
Repurchase agreement collateralized by bonds	0.32%-0.35%	0.45%-0.48%	0.53%-0.60%
Time deposits	0.40%-0.60%	0.65%-0.81%	0.85%-0.87%

7. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	September 30, 2016	December 31, 2015	September 30, 2015
Current			
Time deposits with original maturity more than 3 months	$ -	$ 300,000	$ 300,000
Interest rates	-	0.37%-1.02%	0.37%-1.02%

8. TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2016	December 31, 2015	September 30, 2015
Trade receivables			
Trade receivables	$ 1,636,638	$ 1,422,400	$ 1,753,138
Less: Allowance for impairment loss	-	-	-
	$ 1,636,638	$ 1,422,400	$ 1,753,138

Trade Receivables

The average credit period on sales of goods was 30-90 days. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The Group recognized an allowance for impairment loss of 100% against all receivables over 180 days because historical experience had been that receivables that are past due beyond 180 days were not recoverable. Allowance for impairment loss were recognized against trade receivables between 1 days and 180 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The aging of trade receivables was as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
0-30 days	$ 943,495	$ 729,953	$ 835,849
31-60 days	583,607	514,237	600,389
61-90 days	93,580	148,168	277,474
91-120 days	15,956	30,042	39,426
	$ 1,636,638	$ 1,422,400	$ 1,753,138

The above aging schedule was based on the invoice date.

There are no receivables that were past due but not impaired as of September 30, 2016, December 31, 2015 and September 30, 2015.

9. INVENTORIES

	September 30, 2016	December 31, 2015	September 30, 2015
Raw materials	$ 442,963	$ 374,589	$ 301,265
Supplies	735,774	717,575	663,066
Semi-finished goods	415,414	329,069	334,727
Finished goods	667,175	831,308	783,192
Merchandise inventories	25,267	64,498	66,641
Less: Allowance for inventory devaluation	(56,702)	(30,287)	(29,693)
	$ 2,229,891	$ 2,286,752	$ 2,119,198

The cost of inventories recognized as cost of goods sold for the three months and nine months ended September 30, 2016, included inventory write-downs of $13,792 thousand and $26,415 thousand, respectively, and unamortized fixed manufacturing overhead are both of $9,391 thousand and selling silicon waste income of $9,243 thousand and $28,154 thousand, respectively.

The cost of inventories recognized as cost of goods sold for the three months and nine months ended September 30, 2015, included inventory write-downs of $5,775 thousand and $3,574 thousand, respectively, and selling silicon waste income of $11,664 thousand and $39,136 thousand, respectively.

10. SUBSIDIARIES

Subsidiary Included in the Consolidated Financial Statements

			Proportion of Ownership		
Investor	**Investee**	**Nature of Activities**	**September 30, 2016**	**December 31, 2015**	**September 30, 2015**
The Company	Japan Formosa Sumco Technology Corporation	Manufacturing, selling and other related business of high quality ingot	100% (Note)	100% (Note)	100% (Note)

Note: The Company established subsidiary (Japan Formosa Sumco Technology Corporation) in June 2015 and incorporated in the consolidated financial statements from the date of the establishment.

The investment amount of above subsidiary included in the consolidated financial statements, was calculated and disclosed on the basis of reviewed financial statements as of and for the same reporting periods as the Company.

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Equipment Under Installation and Construction in Progress	Total
Cost						
Balance at January 1, 2016	$ 120,906	$ 3,896,948	$ 29,457,950	$ 713,825	$ 432,180	$ 34,621,809
Additions	-	-	95,754	16,739	371,143	483,636
Reclassified	-	4,957	750,435	10,665	(766,141)	(84)
Disposals	-	-	(21)	(1,121)	-	(1,142)
Effect of foreign currency exchange differences	-	-	88,673	1,599	41,943	132,215
Balance at September 30, 2016	$ 120,906	$ 3,901,905	$ 30,392,791	$ 741,707	$ 79,125	$ 35,236,434

(Continued)

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Equipment Under Installation and Construction in Progress	Total
Accumulated depreciation and impairment						
Balance at January 1, 2016	$ -	$ 1,023,022	$ 18,168,069	$ 633,342	$ -	$ 19,824,433
Disposals	-	-	(21)	(1,121)	-	(1,142)
Impairment losses recognized in profit or loss	-	-	-	11	-	11
Depreciation expense	-	82,373	1,469,285	15,884	-	1,567,542
Effect of foreign currency exchange differences	-	-	2,690	151	-	2,841
Balance at September 30, 2016	$ -	$ 1,105,395	$ 19,640,023	$ 648,267	$ -	$ 21,393,685
Carrying amounts at January 1, 2016	$ 120,906	$ 2,873,926	$ 11,289,881	$ 80,483	$ 432,180	$ 14,797,376
Carrying amounts at September 30, 2016	$ 120,906	$ 2,796,510	$ 10,752,768	$ 93,440	$ 79,125	$ 13,842,749
Cost						
Balance at January 1, 2015	$ 120,906	$ 3,876,154	$ 28,602,295	$ 676,873	$ 13,878	$ 33,290,106
Additions	-	989	422,858	31,946	352,411	808,204
Reclassified	-	19,196	-	-	(19,196)	-
Disposals	-	-	(70)	(5,110)	-	(5,180)
Effect of foreign currency exchange differences	-	-	3,123	202	9,423	12,748
Balance at September 30, 2015	$ 120,906	$ 3,896,339	$ 29,028,206	$ 703,911	$ 356,516	$ 34,105,878
Accumulated depreciation and impairment						
Balance at January 1, 2015	$ -	$ 912,914	$ 16,273,114	$ 622,174	$ -	$ 17,808,202
Disposals	-	-	(70)	(5,110)	-	(5,180)
Impairment losses recognized in profit or loss	-	-	7,657	-	-	7,657
Depreciation expense	-	82,687	1,430,377	11,690	-	1,524,754
Effect of foreign currency exchange differences	-	-	38	1	-	39
Balance at September 30, 2015	$ -	$ 995,601	$ 17,711,116	$ 628,755	$ -	$ 19,335,472
Carrying amounts at September 30, 2015	$ 120,906	$ 2,900,738	$ 11,317,090	$ 75,156	$ 356,516	$ 14,770,406

(Concluded)

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life of the asset:

Building	
Real estate, dormitory, warehouse, and readiness room	23-35 years
Wastewater treatment area and strain tank	15-35 years
Machinery and equipment	5-12 years
Other equipment	3-12 years

The accumulated impairment losses due to unusable machineries were $17,997 thousand, $18,000 thousand and $20,442 thousand as of September 30, 2016, December 31, 2015 and September 30, 2015, respectively. The impairment losses recognized for $0 thousand, $7,574 thousand, for the three months and September 30, 2016 and 2015, respectively; and $11 thousand and $7,657 thousand for the nine months ended September 30, 2016 and 2015, respectively, and had been included in profit or loss in the statement of comprehensive income.

12. INTANGIBLE ASSETS

	September 30, 2016	December 31, 2015	September 30, 2015
Technical cooperation fee	$ 493	$ -	$ 8,435

In September 2014 and May 2015, the Group signed a contract with Sumco Corporation and cost JPY2,000 thousand. Under this contract, Sumco Corporation will provide the Group with technology. In May 2016, the Group paid $584 thousand for technology licensing, which was recognized as intangible assets, and amortized in 32 months in total.

In February 2005, the Group signed a contract with Komatsu Electronic Metals Co., Ltd. (KEMC, now known as Sumco Techxiv Corporation) and cost US$10,000 thousand. Under this contract, KEMC will provide the Company with technology and assistance. On March 24, 2005, the Company paid 306,475 thousand for technology licensing, which was recognized as intangible assets, and amortized in 109 months in total. The intangible assets was amortized completely on December 31, 2015.

The amortized amounts recognized as manufacturing expenses were $55 thousand and $8,435 thousand, for the three months ended September 30, 2016 and 2015, respectively, $91 thousand and $25,304 thousand for the nine months ended September 30, 2016 and 2015, respectively.

Except for the above-mentioned, the Group did not recognize any additions, disposals and impairment loss of intangible assets for the nine months ended September 30, 2016 and 2015.

13. OTHER ASSETS

	September 30, 2016	December 31, 2015	September 30, 2015
Prepayments (including current and non-current)	$ 138,936	$ 174,338	$ 186,329
Others (including test fee and electricity subsidies)	26,971	57,703	59,735
	$ 165,907	$ 232,041	$ 246,064
Current	$ 138,936	$ 174,338	$ 186,329
Non-current	26,971	57,703	59,735
	$ 165,907	$ 232,041	$ 246064

14. OTHER LIABILITIES

	September 30, 2016	December 31, 2015	September 30, 2015
Other payables - current			
Payable for purchase of equipment	$ 7,874	$ 40,719	$ 14,332
Payable for salary and bonus	254,845	327,669	287,700
Payable for insurance	21,229	23,076	21,468
Payable for utilities	51,757	50,233	54,188
Payable dividends	161	118	-
Others (Note)	139,785	69,227	103,800
	$ 475,651	$ 511,042	$ 481,488
Other payables to related parties - current			
Payable for purchase of equipment - related parties	$ -	$ 245,967	$ 200,362
Payable for royalties - related parties	29,158	96,623	75,053
Accrued expenses - related parties	52,874	11,510	-
	$ 82,032	$ 354,100	$ 275,415

Note: The others of other payables - current are mainly payable for project fee, pension cost, employee benefits and taxation.

15. RETIREMENT BENEFIT PLANS

Pension costs in respect of defined benefit plans are calculated by the actuarially determined pension cost rate at the end of the prior financial year and are recognized in each period respectively as follow:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Operating cost	$ 2,610	$ 2,811	$ 7,732	$ 8,447
Operating expenses	662	526	1,955	1,564
	$ 3,272	$ 3,337	$ 9,687	$ 10,011

16. EQUITY

Share Capital

Ordinary shares

	September 30, 2016	December 31, 2015	September 30, 2015
Numbers of shares authorized (in thousands)	775,697	775,697	775,697
Shares authorized	$ 7,756,966	$ 7,756,966	$ 7,756,966
Number of shares issued and fully paid (in thousands)	775,697	775,697	775,697
Shares issued	$ 7,756,966	$ 7,756,966	$ 7,756,966

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

Capital Surplus

The capital surplus from shares issued in excess of par may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed in cash or transferred to share capital limited to a certain percentage of the Company's paid-in capital and once a year.

Retained Earnings and Dividend Policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 16, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit as well as special reserve if necessary, plus the unappropriated earnings of prior years, and Board of Directors will distribute the dividends on the shareholders meeting. For the policies on distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, please refer to employee benefits expense in Note 17.

The Company belongs to a high tech capital intensive industry. To ensure the cash needs for the Company's present and future expansion plans, the Company has three different methods to distribute dividends, including cash dividends, capitalization of retained earnings, and capital surplus, and according to distributable surplus less legal and special reserve, the dividends are distributed to 80% at most. In principle, cash dividends are the priority to distribute, and the aggregate proportion of capitalization of retained earnings and capital surplus may not exceed 50% of total dividends.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

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

The appropriations of earnings for 2015 and 2014 had been approved in the shareholders' meetings on June 16, 2016, and June 18, 2015, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2015	2014	2015	2014
Legal reserve	$ 127,805	$ 108,680		
Cash dividends	853,266	775,697	$ 1.10	$ 1.00

Others Equity Items

The exchange differences arising on translation of foreign operation's net assets from its functional currency to the Group's presentation currency (NTD) are recognized directly in other comprehensive income and also accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the exchange differences on translating foreign operations are reclassified to profit or loss on the disposal of the foreign operation.

Unrealized gain/loss on available-for-sale financial assets represents the cumulative gains or losses arising from the fair value measurement on available-for-sale financial assets that are recognized in other comprehensive income, excluding when those available-for-sale financial assets have been disposed of or are determined to be impaired subsequently, the related cumulative gains or losses in other comprehensive income are reclassified to profit or loss.

17. NET INCOME

Other Income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Interest income	$ 2,341	$ 3,808	$ 8,643	$ 12,524
Dividend income	13	3	13	3
Others (including commission income)	2,611	3,029	6,799	10,726
	$ 4,965	$ 6,840	$ 15,455	$ 23,253

Other Gains and Losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Net foreign exchange gains and (losses)	$ (71,100)	$ 63,601	$ (14,526)	$ 33,615
Impairment loss on equipment	-	(7,574)	(11)	(7,657)
Others	(77)	(228)	(390)	(430)
	$ (71,177)	$ 55,799	$ (14,927)	$ 25,528

Finance Costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Interest on bank loans	$ -	$ -	$ -	$ 5,388
Other interest expense	1,022	64	1,978	184
	$ 1,022	$ 64	$ 1,978	$ 5,572

Depreciation and Amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Depreciation of property, plant and equipment	$ 526,974	$ 506,782	$ 1,567,542	$ 1,524,754
Amortization	9,792	17,816	28,591	53,697
	$ 536,766	$ 524,598	$ 1,596,133	$ 1,578,451
An analysis of depreciation by function				
Operating costs	$ 524,422	$ 504,705	$ 1,560,442	$ 1,518,531
Operating expenses	2,552	2,077	7,100	6,223
	$ 526,974	$ 506,782	$ 1,567,542	$ 1,524,754
An analysis of amortization by function				
Operating costs	$ 9,792	$ 17,816	$ 28,591	$ 53,697
Operating expenses	-	-	-	-
	$ 9,792	$ 17,816	$ 28,591	$ 53,697

Employee Benefits Expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Post-employment benefits (see Note 15)				
Defined contribution plans	$ 11,514	$ 12,315	$ 35,153	$ 36,400
Defined benefit plans	3,272	3,337	9,687	10,011
	14,786	15,652	44,840	46,411
Salary and bonus etc.	339,458	327,576	994,552	961,193
	$ 354,244	$ 343,228	$ 1,039,392	$ 1,007,604
An analysis of employee benefits expense by function				
Operating costs	$ 313,542	$ 304,714	$ 921,869	$ 899,061
Operating expenses	40,702	38,514	117,523	108,543
	$ 354,244	$ 343,228	$ 1,039,392	$ 1,007,604

In compliance with the Company Act as amended in May 2015, the shareholders held their meeting and resolved amendments to the Company's Articles in June 2016; the amendments stipulate distribution of employees' compensation at the rates no less than 0.05% and no higher than 0.5% of net profit before income tax, and employees' compensation. For the three months and nine months ended September 30, 2016, the employees' compensation represented 0.05% of the aforementioned net profit before income tax.

The Articles before the amendment stipulated to distribute bonus to employees at the rate 0.1% of distributable earnings deducting dividends and legal reserve. For the three months and nine months ended September 30, 2015, the bonus to employees represented the Articles before the amendment respectively, of the base net income.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Employees' compensation	$ 79	$ 317	$ 323	$ 750
Remuneration to directors and supervisors	$ -	$ -	$ -	$ -

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

The appropriations of employees' compensation and remuneration to directors and supervisors for 2015 were resolved by the board of directors on March 16, 2016, and the appropriations of bonus to employees and remuneration to directors and supervisors for 2014 were approved in the shareholders' meeting on June 18, 2015. The amounts of the employees' compensation/bonus and remuneration to directors and supervisors are disclosed on the table below. After the amendments to the Articles had been resolved in the shareholders' meeting held on June 16, 2016, the appropriations of the employees' compensation and remuneration to directors and supervisors for 2015 were reported in the shareholders' meeting.

	For the Year Ended December 31			
	2015		2014	
	Cash Bonus	Share Bonus	Cash Bonus	Share Bonus
Employees' compensation/bonus to employees	$ 768	$ -	$ 1,580	$ -
Remuneration of directors and supervisors and supervisors	-	-	-	-

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors resolved by the Company's board of directors on March 16, 2016, and approved in the shareholders' meetings on June 18, 2015, respectively, and the amounts recognized in the financial statements for the years ended December 31, 2015 and 2014.

Information on the employee's compensation and remuneration to directors and supervisors resolved by the Company's board of directors in 2016 and bonus to employees, directors and supervisors approved in the shareholders' meetings in 2015 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

Gain or Loss on Foreign Currency Exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Foreign exchange gains	$ 18,918	$ 124,178	$ 190,367	$ 152,257
Foreign exchange losses	(90,017)	(60,577)	(204,893)	(118,642)
Net gain (loss)	$ (71,100)	$ 63,601	$ (14,526)	$ 33,615

18. INCOME TAX

Income Tax Recognized in Profit or Loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Current tax				
In respect of the current period	$ 28,634	$ 61,244	$ 70,472	$ 151,849
Income tax expense of unappropriated earnings	-	-	26,316	20,669
Adjustments for prior periods	-	230	636	409
Deferred tax				
In respect of the current period	5,795	24,088	48,815	86,414
Income tax expense recognized in profit or loss	$ 34,429	$ 85,562	$ 146,239	$ 259,341

Integrated Income Tax

	September 30, 2016	December 31, 2015	September 30, 2015
Unappropriated earnings			
Generated before January 1, 1998	$ -	$ -	$ -
Generated on and after January 1, 1998	5,040,551	5,511,113	5,406,770
	$ 5,040,551	$ 5,511,113	$ 5,406,770
Imputation credits accounts	$ 613,312	$ 640,599	$ 623,256

The creditable ratio for distribution of earnings of 2015 and 2014 was 11.64% and 10.57%, respectively.

Income Tax Assessments

The tax authorities have examined income tax returns of the Company through 2014.

19. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per shares were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Net income	$ 132,301	$ 414,080	$ 510,509	$ 1,139,891

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Weighted average number of ordinary shares in computation of basic earnings per share (in thousands)	775,697	775,697	775,697	775,697
Effect of potentially dilutive ordinary shares				
Bonus issue to employees or employees' compensation (in thousands)	28	55	16	58
Weighted average number of shares outstanding used for the earnings per share computation (in thousands)	775,725	775,752	775,713	775,755

(Concluded)

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

20. FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

a. Fair value of financial instruments not carried at fair value

Management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value measurements recognized in the balance sheets

The available-for-sale financial assets the Group invested on September 30, 2016, December 31, 2015 and September 30, 2015 are mainly stocks of listed company in Taiwan. The stocks are measured by fair value on recurring basis of Level 1. There were no transfers between Levels 1 and 2 for the three months and nine months ended September 30, 2016 and 2015, respectively.

Categories of Financial Instruments

	September 30, 2016	December 31, 2015	September 30, 2015
Financial assets			
Loans and receivables (a)	$ 4,850,525	$ 4,514,629	$ 4,395,263
Available-for-sale financial assets	306	256	254
Financial liabilities			
Measured at amortized cost (b)	816,310	1,158,275	1,003,254

a. The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalent, debt investments with no active market, trade and other receivables (excluding tax receivables), and refundable deposits.

b. The balances included financial liabilities measured at amortized cost, which comprise trade and other payables (excluding payable for salary, bonus, pension cost, and taxation), and guarantee deposits.

Financial Risk Management Objectives and Policies

The Group's major financial instruments include equity investments, trade receivable, trade payables, and bank borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

a. Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

1) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 23.

<u>Sensitivity analysis</u>

The Group was mainly exposed to the Currency USD and Currency JPY.

The following table details the Group's sensitivity to a 10% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with New Taiwan dollars weakening 10% against the relevant currency. For a 10% strengthening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	Currency USD Impact		**Currency JPY Impact**	
	For the Nine Months Ended September 30		**For the Nine Months Ended September 30**	
	2016	**2015**	**2016**	**2015**
Profit or loss	$ 181,479 (a)	$ 151,089 (a)	$ (11,774) (b)	$ (4,830) (c)

a) This was mainly attributable to the exposure outstanding on Currency USD cash, receivables and payables, which were net assets and not hedged at the end of the reporting period.

b) This was mainly attributable to the exposure to outstanding on Currency JPY cash, receivables and payables, which were net assets and not hedged at the end of the reporting period.

c) This was mainly attributable to the exposure outstanding on Currency JPY cash, receivables and payables, which were net liabilities and not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency increased during the current period mainly due to the increased bank deposits of Currency USD and JPY for the nine months ended September 30, 2016.

2) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at floating interest rates.

The Group also borrowed funds at fixed interest rates, and there is no exposure to interest rate risk because those are short-term.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	September 30, 2016	**December 31, 2015**	**September 30, 2015**
Fair value interest rate risk			
Financial assets	$ 2,619,104	$ 2,564,658	$ 2,187,235
Cash flow interest rate risk			
Financial assets	584,767	522,121	446,917

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. An 1% basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2016 would increase/decrease by $4,386 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2015 would increase/decrease by $3,352 thousand, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

The Group's sensitivity to interest rates has no major difference for the nine months ended September 30, 2016 and 2015.

b. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily trade receivables.

In order to minimize credit risk, management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for the clients with trade receivables accounting for 10% of total monetary assets. The Group defines counterparties as having similar characteristics if they are related entities. The receivables from the clients with trade receivables accounting for 10% of total monetary assets were all amounted to $0 thousand as of September 30, 2016, December 31, 2015 and September 30, 2015.

c. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents, highly liquid marketable securities, and sufficient bank borrowings deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

1) Liquidity and interest risk rate table

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

September 30, 2016

	1-6 Months	**6 Months to 1 Year**	**1-3 Years**	**3+ Years**
Non-derivative financial liabilities				
Non-interest bearing	$ 1,088,197	$ -	$ -	$ -
	$ 1,088,197	$ -	$ -	$ -

December 31, 2015

	1-6 Months	6 Months to 1 Year	1-3 Years	3+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 1,498,946	$ -	$ -	$ -

September 30, 2015

	1-6 Months	6 Months to 1 Year	1-3 Years	3+ Years
Non-derivative financial liabilities				
Non-interest bearing	$ 1,304,192	$ -	$ -	$ -

The following table details the Group's expected maturity for some of its non-derivative financial assets. The tables below had been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

September 30, 2016

	1-6 Months	6 Months to 1 Year
Non-derivative financial assets		
Non-interest bearing	$ 1,648,205	$ -
Variable interest rate assets	584,767	-
Fixed interest rate assets	2,619,104	-
	$ 4,852,076	$ -

December 31, 2015

	1-6 Months	6 Months to 1 Year
Non-derivative financial assets		
Non-interest bearing	$ 1,445,747	$ -
Variable interest rate assets	522,116	-
Fixed interest rate assets	2,564,658	-
	$ 4,532,521	$ -

September 30, 2015

	1-6 Months	6 Months to 1 Year
Non-derivative financial assets		
Non-interest bearing	$ 1,765,195	$ -
Variable interest rate assets	446,917	-
Fixed interest rate assets	2,187,235	-
	$ 4,401,347	$ -

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

21. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and its related parties are disclosed below.

Related parties and their relationships with the Group:

Related Party	Related Party Categories and Relationship with the Group
Sumco Corporation	Ultimate parent company
Sumco Techxiv Corporation	Parent company
Formosa Plastic Corporation	Associate (equity-method investor holds 29.06% of the Company
Formosa Technologies Corporation	Others (a director is the chairman of the Company)
Formosa Daikin Advanced Chemicals Co., Ltd.	Others (same chairman)

Operating Transaction

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Sales of goods				
Parent company	$ 277,494	$ 240,548	$ 674,348	$ 602,177

The transaction prices are based on mutual agreement. The credit term is 60 days from the day the related party confirms the sale.

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Purchases of goods				
Ultimate parent company	$ 234,470	$ 274,993	$ 747,468	$ 957,277
Parent company	17,467	5,612	29,257	14,862
Associate	5,510	5,341	15,537	16,191
Others (same chairman or a director is the chairman of the Company)	4,004	3,634	11,206	11,203
	$ 261,451	$ 289,580	$ 803,468	$ 999,533

The transaction prices are based on mutual agreement. Payments are due within the following number of days from the receipt of the Group's goods: (a) 30 to 70 days - parent company; (b) 60 to 120 days - ultimate parent company; (c) immediately upon delivery - others.

Receivables from Related Parties (Excluding Loans to Related Parties)

	September 30, 2016	December 31, 2015	September 30, 2015
Parent company	$ 178,571	$ 119,977	$ 157,044

Payables to Related Parties (Excluding Loans from Related Parties)

	September 30, 2016	December 31, 2015	September 30, 2015
Ultimate parent company	$ 197,453	$ 256,496	$ 215,703
Parent company	2,550	7,326	626
Associate	1,839	1,824	1,922
Others (same chairman or a director is the chairman of the Company)	587	240	368
	$ 202,429	$ 265,886	$ 218,619

The outstanding trade payables to related parties are unsecured and will pay by cash. The outstanding trade receivables from related parties are unsecured. For the nine months ended September 30, 2016 and 2015, no impairment loss was recognized for trade receivables from related parties.

Commission and Other Receivables - Related Parties

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Ultimate parent company (commission, other revenue, deduction of operating cost)	$ 5,829	$ 5,512	$ 16,086	$ 18,703

	September 30, 2016	December 31, 2015	September 30, 2015
Ultimate parent company (other receivables from related parties)	$ 7,367	$ 3,713	$ 5,632

Loans to Related Parties

The Company provided the associate with short-term financing of loans, amounting to $1,160,320 thousand, at rate 1%, which were unsecured on September 30, 2016. The loans was repaid in full on July 1, 2016.

For the three months and nine months ended September 30, 2016, interest income on the loans to the associate were $0 thousand and $32 thousand, respectively.

Loans from Related Parties

The Japan Formosa Sumco Technology obtained loans, amounting to $1,160,320 thousand, at rate 1% from the associate, which were unsecured on September 30, 2016. The loans was paid in full on July 1, 2016.

For the three months and nine months ended September 30, 2016, interest expense on the loans from the associate were $0 thousand and $26 thousand, respectively.

Compensation of Key Management Personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Short-term employee benefits	$ 2,019	$ 1,744	$ 5,811	$ 4,905
Post-employment benefits	35	35	103	103
Other long-term employee benefits	5	4	13	14
	$ 2,059	$ 1,783	$ 5,927	$ 5,022

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

Other Transactions with Related Parties

a. Manufacturing expense and accrued expense - related parties

The repairs and maintenance expenses of Formosa Technologies Corporation were $5,992 thousand, $6,538 thousand, $18,418 thousand and $21,366 thousand for the three months and nine months ended September 30, 2016 and 2015, respectively. The transaction amounts are based on mutual agreement, and will be paid upon completion.

The manufacturing expenses of ultimate parent company were $86,806 thousand and $198,023 thousand for the three months and nine months ended September 30, 2016. The unpaid amount has been recognized as accrued expenses - related parties for $52,874 thousand as of September 30, 2016 and will be paid until November 2016.

The manufacturing expense of ultimate parent company were $11,510 thousand, which has been recognized as accrued expenses - related parties on December 31, 2015, and has been paid in February 2016.

b. Acquisitions of equipment and payable for purchase of equipment - related parties

For the three months and nine months ended September 30, 2016, the Group purchased Pulling Machine from ultimate parent company with a contract price of $0 thousand and $349,260 thousand (before tax) has been paid after check and acceptance until August 31, 2016.

For the year ended December 31, 2015, the Group purchased HG Furance, Pulling Machine and other equipment from ultimate parent company. The unpaid amount has been recognized as payable for purchase of equipment - related parties for $245,967 thousand as of December 31, 2015 has been paid after check and acceptance until March 31, 2016.

For the three months and nine months ended September 30, 2015, the Group purchased HG Furance, Pulling Machine and other equipment from ultimate parent company with a contract price of $462,546 thousand and $466,434 thousand (before tax). After deducting the paid amount, the unpaid amount has been recognized as payable for purchase of equipment for $197,200 thousand as of September 30, 2015 and will be paid after check and acceptance.

For the three months and the nine months ended September 30, 2105, the Group purchased High Pressure Water Cleaner Software Upgrade from associate with both contract price of $2,940 thousand (before tax). After deducting the paid amount, the unpaid amount has been recognized as payable for purchase of equipment for $294 thousand as of September 30, 2015 and will paid after check and acceptance.

For the three months and the nine months ended September 30, 2015, the Group purchased Windows Server Upgrade from others (Formosa Technologies Corporation) with both contract price of $2,868 thousand (before tax). After deducting the paid amount, the unpaid amount has been recognized as payable for purchase of equipment of $2,868 thousand as of September 30, 2015 and will be paid after check and acceptance.

c. Other transactions

In September 2014 and May 2015, the Company signed a contract with ultimate parent company. Under this contract, ultimate parent company will provide the Company with technology in manufacturing silicon wafer semiconductors and with a contract price of JPY2,000 thousand. In May 2016, the Company paid $584 thousand for technology licensing, which recognized as intangible assets (Note 12).

In February 2005, the Company signed a contract with parent company. Under this contract, parent company will provide the Company with technology and assistance in manufacturing silicon wafer semiconductors. On March 24, 2005, the Company paid US$10,000 thousand ($306,475 thousand) for technology licensing, which was recognized as intangible assets (Note 12).

Under another contract, the Company should pay royalty to parent company regularly starting in 2003. The royalty was recognized as selling expenses. The unpaid amount on September 30, 2016 and 2015 was recognized as payable for royalties - related parties (other payables) and will be paid in February 2017 and 2016, respectively.

In August 2010, the Company signed a contract with the ultimate parent company. Under this contract, the ultimate parent company will provide the Company with technology and assistance in manufacturing silicon wafer semiconductors. The Company should pay royalty to the ultimate parent company regularly starting in 2010. The royalty was recognized as selling expenses. The unpaid amount on September 30, 2016 and 2015 was recognized as payable for royalties - related parties (other payables) and will be paid in February 2017 and 2016, respectively.

The above-mentioned selling expenses and payable for royalties - related parties (other payables) resulted from transactions with related parties are summarized as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	**2015**	**2016**	**2015**
Selling expenses				
Parent company	$ 8,343	$ 19,890	$ 23,190	$ 61,481
Ultimate parent company	2,011	3,056	5,968	13,572
	$ 10,354	$ 22,946	$ 29,158	$ 75,053

	September 30, 2016	December 31, 2015	September 30, 2015
Payable for royalties - related parties (other payables)			
Parent company	$ 23,190	$ 76,297	$ 61,481
Ultimate parent company	5,968	20,326	13,572
	$ 29,158	$ 96,623	$ 75,053

22. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of September 30, 2016 were as follows:

The newly purchased machinery and equipment are exempt from tariff. Under the “estimated useful lives of fixed assets” enacted by Executive Yuan, if there’s any capital reduction or other way to transfer the usage of the machinery, equipment or components mentioned above to third party, except those transfer to permitted business, the Company should make a supplementary import duties of the fixed assets.

23. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

September 30, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 69,996	31.366 (USD:NTD)	$ 2,195,500
JPY	78,758	0.3109 (JPY:NTD)	24,486
			$ 2,219,986
Financial liabilities			
Monetary items			
USD	10,793	31.366 (USD:NTD)	$ 338,529
USD	1,345	100.888 (USD:JPY)	42,181
JPY	457,463	0.3109 (JPY:NTD)	142,225
			$ 522,935

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 49,551	33.066 (USD:NTD)	$ 1,638,460
JPY	12,805	0.2736 (JPY:NTD)	3,503
			$ 1,641,963
Financial liabilities			
Monetary items			
USD	12,912	33.066 (USD:NTD)	$ 426,949
USD	799	120.855 (USD:JPY)	26,436
JPY	270,041	0.2736 (JPY:NTD)	73,883
			$ 527,268

September 30, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 57,079	33.128 (USD:NTD)	$ 1,890,915
JPY	30,066	0.2757 (JPY:NTD)	8,289
			$ 1,899,204
Financial liabilities			
Monetary items			
USD	11,177	33.128 (USD:NTD)	$ 370,288
USD	290	121.668 (USD:JPY)	9,741
JPY	205,254	0.2757 (JPY:NTD)	56,589
			$ 436,618

The Group is mainly exposed to USD and JPY. The significant realized and unrealized foreign exchange gains (losses), please see Note 17.

24. DISCLOSED ITEMS

Information about significant transactions and investees:

a. Financing provided to others. (Table 1)

b. Endorsements/guarantees provided. (None)

c. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 2)

d. Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

e. Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

f. Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

g. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

i. Trading in derivative instruments. (None)

j. Intercompany relationships and significant intercompany transactions. (Note 21 and Table 5)

k. Information on investees. (Table 6)

Information on Investments in Mainland China

None.

25. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods. The Group's reportable segment is only the silicon wafer segment because the Group is mainly manufacturing and selling the silicon wafer electronic products. The accounting policy of reportable segment is the same as the Note 4 "summary of significant accounting policies".

Segment Revenues and Results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segment.

	Segment Revenue		Segment Profit	
	For the Nine Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Silicon wafer segment	$ 7,985,738	$ 8,124,942	$ 650,326	$ 1,388,933
Miscellaneous income			6,812	10,729
Miscellaneous expense			(390)	(430)
Profit before tax			$ 656,748	$ 1,399,232

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the nine months ended September 30, 2016 and 2015.

Segment profit represents the profit earned by silicon wafer segment without allocation of miscellaneous income and expense and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment Total Assets and Liabilities

The liabilities information is not reported to chief management decision maker on a regular basis. Therefore, all the assets and liabilities are not allocated to the reportable segment.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Borrowing Amounts	Interest Rate	Nature for Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Bad Debt	Collateral		Financing Limits for Borrower	Total Financing Amount Limits	Note
													Item	Value			
1	Formosa Sumco Technology Corporation	Formosa Plastic Corporation	Receivables from related parties	Yes	$ 1,500,000	$ -	$ -	1%	The need for short-term financing	$ -	Operating capital	$ -	None	$ -	$ 4,955,854 (Note 1)	$ 9,911,709 (Note 1)	
2	Formosa Sumco Technology Corporation	Japan Formosa Samco Technology Corporation	Receivables from related parties	Yes	1,680,000	1,680,000 (Note 4)	1,197,822 (Note 5)	1%	The need for short-term financing	-	Operating capital	-	None	-	1,982,342 (Note 2)	9,911,709 (Note 2)	

Note 1: For short-term financing requirements, the financing limits for each borrowing company should not exceed 25% of Formosa Sumco Technology Corp's net worth. The maximum total financing provided should not exceed 50% of Formosa Sumco Technology Corp's net worth.

Note 2: For short-term financing requirements, the financing limits for each borrowing company should not exceed 10% of Formosa Sumco Technology Corp's net worth. The maximum total financing provided should not exceed 50% of Formosa Sumco Technology Corp's net worth.

Note 3: The maximum balance for the period and ending balance represent the amounts approved by the Board of Directors.

Note 4: Financing was provided from July 1, 2016 to June 30, 2017.

Note 5: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	September 30, 2016				Note
				Shares	Carrying Value	Percentage of Ownership (%)	Fair Value	
Formosa Sumco Technology Corporation	Stock Formosa Petrochemical Corporation	-	Available-for-sale financial asset - non-current	3,247	$ 306 (Note)	-	$ 306	

Note: The carrying value equals the original cost of $38 pluses year-end evaluation of $268.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Formosa Sumco Technology Corporation	Sumco Corporation	Ultimate parent company of Formosa Sumco Technology Corp.	Purchase	$ 712,443	16	60 to 120 days from the receipt of the Company's goods	No significant difference	No significant difference	$ (190,877)	(29)	
	Japan Formosa Sumco Technology Corporation	Subsidiary company of Formosa Sumco Technology Corp.	Purchase	466,010	11	70 days from the receipt of goods	No significant difference	No significant difference	(183,686)	(28)	1
	Sumco Techxiv Corporation	Parent company of Formosa Sumco Technology Corp.	Sale	674,348	8	Net 60 days from the end of the month of when invoice is issued	No significant difference	No significant difference	178,571	11	
Japan Formosa Sumco Technology Corporation	Formosa Sumco Technology Corporation	Parent company of Japan Formosa Sumco Technology Corp.	Sale	466,010	100	70 days from the receipt of goods	No significant difference	No significant difference	183,686	100	1

Note 1: The amount was eliminated upon consolidation.

TABLE 4

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Nature of Relationships	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
Formosa Sumco Technology Corporation	Sumco Techxiv Corporation	Parent company of Formosa Sumco Technology Corp.	$ 178,571	6.02	$ -	-	$ -	$ -
	Japan Formosa Sumco Technology Corporation	Subsidiary company of Formosa Sumco Technology Corp.	1,200,269 (Notes 1 and 2)	Not applicable	-	-	-	-
Japan Formosa Sumco Technology Corporation	Formosa Sumco Technology Corporation	Parent company of Japan Formosa Sumco Technology Corp.	183,686 (Note 2)	5.49	-	-	-	-

Note 1: Including principal $1,197,822 thousand and interest $2,447 thousand.

Note 2: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016
(Amounts in Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Relationship	Transactions Details			
				Financial Statement Accounts	Amount (Note 2)	Payment Terms	% to Total Sales or Assets (Note 1)
0	The Company	Japan Formosa Sumco Technology Corporation	Subsidiary	Purchases of goods	$ 466,010	General terms	5.84
		〃	〃	Interest income	6,136	〃	0.08
		〃	〃	Trade payables	183,686	〃	0.86
		〃	〃	Other receivable (including interest receivable)	1,200,269	〃	5.62

Note 1: For assets and liabilities, amount is shown as a percentage to consolidated total assets as of September 30, 2016, while revenues, costs and expenses are shown as a percentage to consolidated total operating revenues for the nine months ended September 30, 2016.

Note 2: The amount was eliminated upon consolidation.

FORMOSA SUMCO TECHNOLOGY CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2016			Net Income (Loss) of the Investee	Share of Profits (Loss)	Note
				September 30, 2016	December 31, 2015	Shares	%	Carrying Amount			
Formosa Sumco Technology Corporation	Japan Formosa Sumco Technology Corporation	Japan	Manufacture, selling and other related business of high quality ingot	JPY 998,000 (NT$ 248,390)	JPY 998,000 (NT$ 248,390)	9,980	100	JPY 1,016,365 (NT$ 315,713)	JPY 78,281 (NT$ 23,898)	JPY 30,090 (NT$ 9,153)	Notes 1 and 2

Note 1: Carrying amount and share of profits (loss) is calculated from the financial statement reviewed by independent accountant and the percentage of ownership of investor company.

Note 2: The share of profits (losses) of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 3: Intercompany balances and transactions between investor company and investee company have been eliminated upon consolidation.