ADVANCED INTERNATIONAL MULTITECH CO., LTD

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2016 AND 2015

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	SEPTEMBER 30, 2016 AMOUNT	%	DECEMBER 31, 2015 AMOUNT	%	SEPTEMBER 30, 2015 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 912,391	18	$ 485,291	8	$ 780,329	14
1150	Notes receivable, net	6(3)	15,347	-	5,581	-	17,521	-
1170	Accounts receivable, net	6(4)	1,234,883	24	2,098,417	36	1,472,378	26
1200	Other receivable		18,158	-	9,940	-	10,130	-
1220	Current income tax assets		441	-	570	-	5,587	-
130X	Inventories	5and6(5)	1,028,224	20	1,136,618	19	1,163,561	21
1410	Prepayments	6(6)	85,092	2	119,258	2	107,211	2
1470	Other current assets	8	12,429	-	17,806	-	13,927	-
11XX	Total current assets		3,306,965	64	3,873,481	65	3,570,644	63
	Non-current assets							
1543	Financial assets carried at cost - non-current	6(2)	55	-	183	-	183	-
1600	Property, plant and equipment	6(7)(9) and8	1,684,154	33	1,872,421	32	1,866,599	33
1780	Intangible assets	6(8)	11,986	-	23,464	-	29,081	1
1840	Deferred income tax assets		56,131	1	55,866	1	63,115	1
1900	Other non-current assets	6(10) and8	99,184	2	100,612	2	126,551	2
15XX	Total non-current assets		1,851,510	36	2,052,546	35	2,085,529	37
1XXX	Total assets		$ 5,158,475	100	$ 5,926,027	100	$ 5,656,173	100

(Continued)

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
SEPTEMBER 30, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	SEPTEMBER 30, 2016 AMOUNT	%	DECEMBER 31, 2015 AMOUNT	%	SEPTEMBER 30, 2015 AMOUNT	%
	Current liabilities							
2100	Short-term loans	6(11)and8	$ 50,131	1	$ 268,608	4	$ 388,509	7
2110	Short-term notes and bills payable	6(12)	-	-	-	-	49,955	1
2120	Financial liabilities at fair value through profit or loss	6(13)	-	-	-	-	425	-
2150	Notes payable		2,190	-	3,453	-	4,748	-
2170	Accounts payable		757,750	15	1,004,567	17	894,755	16
2200	Other payables	6(14)	679,625	13	815,553	14	693,042	12
2230	Current income tax liabilities		57,324	1	98,453	2	67,231	1
2320	Current portion of long-term liabilities	6(15)and8	-	-	15,076	-	15,234	-
2399	Other current liabilities		38,393	1	49,919	1	30,354	1
21XX	**Total current liabilities**		1,585,413	31	2,255,629	38	2,144,253	38
	Total current liabilities							
2540	Long-term loans	6(15) and8	-	-	30,425	-	30,467	-
2570	Deferred income tax liabilities		43,707	1	41,350	1	35,366	1
2640	Net defined benefit liability- non-current		59,146	1	59,158	1	58,916	1
2670	Other non-current liabilities		900	-	176	-	181	-
25XX	**Total non-current liabilities**		103,753	2	131,109	2	124,930	2
2XXX	**Total liabilities**		1,689,166	33	2,386,738	40	2,269,183	40
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(18)						
3110	Share capital - common stock		1,333,757	26	1,333,757	23	1,343,427	24
	Capital reserve	6(17)(19)						
3200	Capital surplus		733,654	13	731,095	12	730,085	12
	Retained earnings	6(20)(25)						
3310	Legal reserve		664,300	13	663,675	11	663,675	12
3350	Undistributed earnings		399,245	8	403,011	7	239,484	4
	Other equity interest							
3400	Other equity interest		(10,912)	-	65,614	1	94,134	2
3500	**Treasury shares**	6(18)	-	-	-	-	(9,350)	-
31XX	**Equity attributable to owners of the parent**		3,120,044	60	3,197,152	54	3,061,455	54
36XX	**Non-controlling interest**		349,265	7	342,137	6	325,535	6
3XXX	**Total equity**		3,469,309	67	3,539,289	60	3,386,990	60
	Commitments and Contingent Liabilities	9						
3X2X	**Total liabilities and equity**		$ 5,158,475	100	$ 5,926,027	100	$ 5,656,173	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated September 30, 2016.

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS,
EXCEPT FOR EARNING PER SHARE AMOUNTS)

	Items	Notes	July 1- September 30, 2016 AMOUNT	%	July 1- September 30, 2015 AMOUNT	%	January 1- September 30, 2016 AMOUNT	%	January 1- September 30, 2015 AMOUNT	%
4000	**Operating revenue**		$ 1,889,869	100	$ 1,973,225	100	$ 6,167,346	100	$ 6,122,302	100
5000	**Operating costs**	6(5)(8)(24)(25)	(1,627,878)	(86)	(1,828,264)	(93)	(5,402,314)	(88)	(5,621,522)	(92)
5900	**Net operating margin**		261,991	14	144,961	7	765,032	12	500,780	8
	Operating expenses	6(8)(24)(25)								
6100	Selling expenses		(42,545)	(2)	(34,749)	(2)	(137,378)	(2)	(121,010)	(2)
6200	General and administrative expenses		(93,551)	(5)	(100,499)	(5)	(281,893)	(5)	(294,802)	(5)
6300	Research and development expenses		(77,295)	(4)	(87,141)	(4)	(230,434)	(4)	(257,740)	(4)
6000	**Total operating expenses**		(213,391)	(11)	(222,389)	(11)	(649,705)	(11)	(673,552)	(11)
6500	**Net other revenue and expense**	6(21)	20,178	1	13,267	1	45,857	1	33,814	1
6900	**Operating profit (loss)**		68,778	4	(64,161)	(3)	161,184	2	(138,958)	(2)
	Non-operating income and expenses									
7010	Other income	6(22)	741	-	4,625	-	4,616	-	12,350	-
7020	Other gains and losses	6(23)	(26,829)	(2)	91,328	5	(18,027)	-	36,444	-
7050	Finance costs		(730)	-	(1,494)	-	(2,260)	-	(5,247)	-
7000	**Total non-operating income and expenses**		(26,818)	(2)	94,459	5	(15,671)	-	43,547	-
7900	**Profit before income tax**		41,960	2	30,298	2	145,513	2	(95,411)	(2)
7950	Income tax expense	6(26)	471	-	(13,251)	(1)	(21,197)	-	(26,556)	-
8200	**Profit for the year (loss)**		$ 42,431	2	$ 17,047	1	$ 124,316	2	($ 121,967)	(2)
8361	Financial statements translation differences of foreign perations		($ 43,974)	(2)	$ 46,399	2	($ 76,526)	(1)	$ 18,496	-
8300	**Other comprehensive (loss) income for the year**		($ 43,974)	(2)	$ 46,399	2	($ 76,526)	(1)	$ 18,496	-
8500	**Total comprehensive income for the year**		($ 1,543)	-	$ 63,446	3	$ 47,790	1	($ 103,471)	(2)
	Profit attributable to:									
8610	Owners of the parent		$ 37,022	2	$ 3,085	-	$ 90,222	1	($ 161,695)	(3)
8620	Non-controlling interest		5,409	-	13,962	1	34,094	1	39,728	1
	Total		$ 42,431	2	$ 17,047	1	$ 124,316	2	($ 121,967)	(2)
	Comprehensive income attributable to:									
8710	Owners of the parent		($ 6,952)	-	$ 49,484	2	$ 13,696	-	($ 143,199)	(3)
8720	Non-controlling interest		5,409	-	13,962	1	34,094	1	39,728	1
	Total		($ 1,543)	-	$ 63,446	3	$ 47,790	1	($ 103,471)	(2)
	Earnings per share (in dollars)	6(27)								
9750	**Basic earnings per share**		$ 0.28		$ 0.02		$ 0.68		($ 1.20)	
9850	**Diluted earnings per share**		$ 0.28		$ 0.02		$ 0.67		($ 1.20)	

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated September 30, 2016.

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
			Capital Reserve				Retained Earnings						
	Notes	Share capital - common stock	Capital reserve	Movement of the subsidiaries	Unearned employee benefits	Others	Legal reserve	Undistributed earnings	Financial Statements translation differences of foreign operations	Treasury shares	Total	Non-controlling interest	Total Equity
January 1- September 30, 2015													
Balance at January 1, 2015		$ 1,343,427	$675,325	$ 16,480	$ 25,157	$ 6,034	$663,675	$468,350	$ 75,638	$ -	$3,274,086	$ 290,301	$3,564,387
Loss for the year		-	-	-	-	-	-	(161,695)	-	-	(161,695)	39,728	(121,967)
Other comprehensive (loss) income for the year		-	-	-	-	-	-	-	18,496	-	18,496	-	18,496
Appropriations of 2014 earnings:													
Cash dividends	6(20)	-	-	-	-	-	-	(67,171)	-	-	(67,171)	-	(67,171)
Unearned employee Benefits retired		-	-	-	(3,626)	3,626	-	-	-	-	-	-	-
share-based payment transaction	6(17)	-	-	-	7,089	-	-	-	-	-	7,089	-	7,089
Non-controlling interest		-	-	-	-	-	-	-	-	-	-	(4,494)	(4,494)
Treasury shares retired		-	-	-	-	-	-	-	-	(9,350)	(9,350)	-	(9,350)
Balance at September 30, 2015		$ 1,343,427	$675,325	$ 16,480	$ 28,620	$ 9,660	$663,675	$239,484	$ 94,134	($ 9,350)	$3,061,455	$ 325,535	$3,386,990
January 1- September 30, 2016													
Balance at January 1, 2016		$ 1,333,757	$670,464	$ 16,480	$ 32,248	$ 11,903	$663,675	$403,011	$ 65,614	$ -	$3,197,152	$ 342,137	$3,539,289
Profit for the year		-	-	-	-	-	-	90,222	-	-	90,222	34,094	124,316
Other comprehensive (loss) income for the year		-	-	-	-	-	-	-	(76,526)	-	(76,526)	-	(76,526)
Appropriations of 2015 earnings:													
Legal reserve		-	-	-	-	-	625	(625)	-	-	-	-	-
Cash dividends	6(20)	-	-	-	-	-	-	(93,363)	-	-	(93,363)	-	(93,363)
Unearned employee Benefits retired		-	-	-	(5,475)	5,475	-	-	-	-	-	-	-
share-based payment transaction	6(17)	-	-	-	2,559	-	-	-	-	-	2,559	-	2,559
Non-controlling interest		-	-	-	-	-	-	-	-	-	-	(26,966)	(26,966)
Balance at June 30, 2016		$ 1,333,757	$670,464	$ 16,480	$ 29,332	$ 17,378	$664,300	$399,245	($ 10,912)	$ -	$3,120,044	$ 349,265	$3,469,309

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated September 30, 2016.

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THE FIRST QUARTER ENDED SEPTEMBER 30, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS)

	Notes	January 1- September 30 , 2016	January 1- September 30 , 2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit(Loss) before tax		$ 145,513	($ 95,411)
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(24)	283,570	290,915
Amortization	6(24)	20,914	21,221
Amortization of long-term prepaid rent	6(10)(24)	1,380	1,380
Provision for doubtful accounts and sales discount	6(4)	15,833	(188)
Loss (gain) on financial assets at fair value through profit or loss, net	6(23)	-	(31)
Loss (gain) on financial liabilities at fair value through profit or loss, net	6(23)	-	1,591
Interest income	6(22)	(2,274)	(8,873)
Interest expense		1,570	5,771
Cost of stock-based payment transaction	6(17)	2,559	7,089
Loss on disposal of property, plant and equipment, net	6(23)	5,765	19,402
Expense transferred from property, plant and equipment		1,483	-
Loss on impairment of non-financial assets	6(9)(23)	-	28,628
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets held for trading		-	31
Notes receivable		(9,766)	(4,289)
Accounts receivable		796,029	342,776
Other receivables		(8,905)	23,514
Inventories		75,763	162,028
Prepayments		30,621	14,463
Other liquid assets		5,185	(8,083)
Changes in operating liabilities			
Financial liabilities held for trading		-	(1,593)
Notes payable		(1,263)	(14,606)
Accounts payable		(208,899)	(242,421)
Other payables		(75,047)	(149,398)
Other liquid liabilities		(9,200)	(7,811)
Accrued pension liabilities		(12)	(25)
Other operating liabilities		499	(414)
Cash inflow generated from operations		1,071,318	385,666
Income taxes (paid)		(59,404)	(17,576)
Net cash flows from operating activities		1,011,914	368,090

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ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THE FIRST QUARTER ENDED SEPTEMBER 30, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS)

	Notes	January 1- September 30 , 2016	January 1- September 30 , 2015
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial assets carried at cost reduced capital returns		$ 128	$ -
Acquisition of property, plant and equipment	6(29)	(166,325)	(163,801)
Increase in prepayment for equipment		(31,201)	(39,146)
Proceeds from disposal of property, plant and equipment		18,284	33,351
Increase in refundable deposits		(2,570)	(1,976)
Decrease in refundable deposits		1,879	1,380
Acquisition of intangible assets	6(8)	(3,433)	(1,318)
Increase in other non-current assets		(9,031)	(7,518)
Interest received		2,534	10,626
Net cash flows used in investing activities		(189,735)	(168,402)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		2,480,407	4,395,034
Decrease in short-term loans		(2,698,119)	(4,597,744)
Increase in short-term notes and bills payable		-	449,645
Decrease in short-term notes and bills payable		-	(450,000)
Repayment of long-term debt		(44,955)	(64,597)
Increase in guarantee deposits		246	-
Interest paid		(1,631)	(6,426)
Cash dividend	6(20)	(93,363)	(67,171)
Non-controlling interest		(26,966)	(4,494)
Treasury shares retired	6(18)	-	(9,350)
Net cash flows used in financing activities		(384,381)	(355,103)
Effect of exchange rate changes on cash and cash equivalents		(10,698)	3,725
Net Increase in cash and cash equivalents		427,100	(151,690)
Cash and cash equivalents at beginning of year		485,291	932,019
Cash and cash equivalents at end of year		$ 912,391	$ 780,329

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated September 30, 2016.

ADVANED INTERNATIONAL MULTITECH CO., LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPTAS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Advanced International Multitech Co., Ltd. (the "Company"),was founded in 1987.The company specializes in the manufacturing of golf club heads, golf balls, shafts, composite materials, carbon fiber components, and accessories for bicycles, such as forks, frames, and aviation products. The composite materials, as mentioned above, include Prepreg Carbon Fiber and they are applied in Aircraft Interior, Electronic Device Carbon Cover, Carbon Panels, Carbon Tubes, Robot Arms & Frames, Light-weighted Elevator Cage Components, and other Industrial Carbon Fiber Components.

2. THE DATE OF AUTHORIZATION FOR ISSURANCE OF THE CONSOLIDATED FINANCIAL STATEMENT AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on NOVEMBER 10, 2016.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial ReportingStandards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")None.

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 2017 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments January 1, 2016 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
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (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
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 followings, the above standards and interpretations have no significant impact to the Group's financial condition and operating result based on the Group's assessment.

(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 2017 version of IFRSs as endorsed by the FSC:

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
Investment entities: applying the consolidation exception (amendments January 1, 2016 to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
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
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized losses	January 1, 2017

(amendments to IAS 12)

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

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 measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

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

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. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

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

Step1: Identify contracts with customer

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

Step 3: Determine the transaction price

Step 4: Allocate the transaction price.

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

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

C. IFRS 16, 'Leases'

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

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.

4.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The remaining policies are the same as Note.4 of consolidated financial statement in 2015. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1)Compliance statement

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

(2)Basis of preparation

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

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

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

(3)Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The principle for preparation of consolidated financial statements are based on the report in 2015.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%) September 30, 2016	Ownership (%) December 31, 2015
Advanced International Multitech Co., Ltd	Advanced International Multitech (BVI) Co., Ltd.	Equity investment	100	100
"	Advanced Group International (BVI) Co., Ltd.	Equity investment	100	100
"	FOO-GUO International Limited	Equity investment	100	100
"	Advanced International Multitech (VN) Corporation Ltd.	Sale of golf club heads, golf balls, shafts	100	100
"	Launch Technologies Co., LTD	Manufacture of golf ball	55.93	55.93
"	FGI Deportes S DE RL DE CV	Manufacture and sale of sports goods	100	100
Advanced Group International (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (DONGGUAN) CO., LTD.	Manufacture and sale of Prepreg Carbon Fiber	100	100
Advanced International Multitech (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (SHATIAN, DONGGUAN) CO., LTD	Manufacture and sale of Prepreg Carbon Fiber	100	100
FOO-GUO International LIMITED	FOOGUO SPORTS (DONGGUAN) CO., LTD	Manufacture and sale of sports goods	100	100

Investor	Subsidiary	Main Business Activities	Ownership (%)
			September 30,2015
Advanced International Multitech Co., Ltd	Advanced International Multitech (BVI) Co., Ltd.	Equity investment	100
"	Advanced Group International (BVI) Co., Ltd.	Equity investment	100
"	FOO-GUO International Limited	Equity investment	100
"	Advanced International Multitech (VN) Corporation Ltd.	Sale of golf club heads, golf balls, shafts	100
"	Launch Technologies Co., LTD	Manufacture of golf ball	55.93
"	FGI Deportes S DE RL DE CV	Manufacture and sale of sports goods	100

Investor	Subsidiary	Main Business Activities	Ownership (%)
			September 30,2015
Advanced Group International (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (DONGGUAN) CO., LTD.	Manufacture and sale of Prepreg Carbon Fiber	100
Advanced International Multitech (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (SHATIAN, DONGGUAN) CO., LTD	Manufacture and sale of Prepreg Carbon Fiber	100
FOO-GUO International LIMITED	FOOGUO SPORTS (DONGGUAN) CO., LTD	Manufacture and sale of sports goods	100

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of September 30, 2016, December 31, 2015 and September 30, 2015, the non-controlling interest amounted to $349,265, 342,137 and 325,535, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		September 30, 2016		December 31, 2015	
		Amount	Ownership (%)	Amount	Ownership (%)
Launch Technologies Co., LTD	Taiwan	$343,856	44.07	342,137	44.07

Name of subsidiary	Principal place of business	Non-controlling interest	
		September 30, 2015	
		Amount	Ownership (%)
Launch Technologies Co., LTD	Taiwan	$325,535	44.07

Summarized financial information of the subsidiary:

Balance sheets

	Launch Technologies Co., LTD		
	September 30, 2016	December 31, 2015	September 30, 2015
Current assets	$ 445,977	$ 404,294	$ 399,049
Non-current assets	523,258	539,844	546,813
Current liabilities	(176,722)	(167,502)	(206,544)
Non-current liabilities	-	(296)	(651)
Total net assets	$ 792,513	$ 776,340	$ 738,667

Statements of comprehensive income

	Launch Technologies Co., LTD	
	July 1- September 30 , 2016	July 1- September 30, 2015
Revenue	$ 310,071	$ 275,227
Profit before income tax	14,192	36,006
Income tax expense	(2,015)	(4,551)
Profit for the year	12,177	31,455
Other comprehensive loss, net of tax	-	-
Total comprehensive income for the year	$ 12,177	$ 31,455

	Launch Technologies Co., LTD	
	January 1- September 30 , 2016	January 1- September 30, 2015
Revenue	$ 1,018,759	$ 947,859
Profit before income tax	93,650	101,650
Income tax expense	(16,722)	(12,911)
Profit for the year	76,928	88,739
Other comprehensive loss, net of tax	–	–
Total comprehensive income for the year	$ 76,928	$ 88,739

Statements of cash flows

	Launch Technologies Co., LTD	
	January 1- September 30 , 2016	January 1- September 30 , 2015
Net cash provided by operating activities	$ 215,163	$ 200,080
Net cash used in investing activities	(62,238)	(25,530)
Net cash (used in) provided by financing activities	(61,190)	(108,200)
Increase in cash and cash equivalents	91,735	66,350
Cash and cash equivalents, beginning of year	47,611	9,607
Cash and cash equivalents, end of year	$ 139,346	$ 75,957

(4) Employee benefits

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. And, the related information is disclosed accordingly.

(5) Income tax

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

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION ON UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The above information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date based on judgments and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be significant changes to the evaluation. As of September 30, 2016, the carrying amount of inventories was$1,028,224。

6. DETAILS OF SIGNIFICANTACCOUNTS

(1) Cash and cash equivalents

	September 30, 2016	December 31, 2015	September 30, 2015
Cash on hand and revolving funds	$ 1,203	$ 4,062	$ 6,293
Checking accounts and demand deposits	561,073	336,726	468,525
Cash equivalents - Time deposits	318,805	144,503	305,511
Cash equivalents	31,310	–	–
Total	$ 912,391	$ 485,291	$ 780,329

A. The Group associates with a variety of financial institutions with high credit quality for the purpose of dispersing credit risk, so it expects that the probability of counterparty default is low.
B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets carried at cost

Items	September 30, 2016	December 31, 2015	September 30, 2015
Non-current items:			
Unlisted stocks	$ 55	$ 183	$ 183

A. According to the Group's intension, its investments in above equity instruments should be classified as "available-for-sale financial assets". However, as the above equity instruments are not traded in active market, and no sufficient industry information of companies similar to the above companies or no financial information of the above companies can be obtained, the fair value of the investment in above equity instruments cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets carried at cost'.
B. As of September 30, 2016、December 31, 2015 and September 30,2014, no financial assets measured at cost held by the Group were pledged to others.

(3) Notes receivable

	September 30, 2016	December 31, 2015	September 30, 2015
Notes receivable	$ 15,347	$ 5,581	$ 17,521
Less: allowance for bad debts	–	–	–
	$ 15,347	$ 5,581	$ 17,521

(4) Accounts receivable

	September 30, 2016	December 31, 2015	September 30, 2015
Accounts receivable	$ 1,241,997	$ 2,105,757	$ 1,477,234
Less: allowance for sales returns and discounts	(995)	(2,081)	(2,340)
Less: allowance for bad debts	(6,119)	(5,259)	(2,516)
	$ 1,234,883	$ 2,098,417	$ 1,472,378

A. The Group's accounts receivable that were neither past due nor impaired were fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.

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

	September 30, 2016	December 31, 2015	September 30, 2015
Up to 30 days	$ 138,995	$ 192,028	$ 140,241
31 to 90 days	28,299	62,251	5,334
91 to 180 days	4,768	12,335	1,045
Over 181 days	1,335	3,733	2,401
	$ 173,397	$ 270,347	$ 149,021

The above aging analysis was based on past due date.

C. Movement analysis of financial assets that were impaired is as follows:

(a) As of September 30, 2016、December 31, 2015 and September 30,2014, the Group's accounts receivable that were impaired amounted to $0、$349 and $0, respectively.

(b) Movements on the Group provision for impairment of accounts receivable are as follows:

	2016		
	Individual provision	Group provision	Total
At January 1	$ 349	$ 4,910	$ 5,259
Reversal of impairment	14,624	1,209	15,833
Write-offs during the period	(14,973)	–	(14,973)
At September 30	$ –	$ 6,119	$ 6,119

	2015		
	Individual provision	Group provision	Total
At January 1	$ –	$ 2,704	$ 2,704
Provision for impairment	–	(188)	(188)
At June 30	$ –	$ 2,516	$ 2,516

C. The Group does not hold any collateral as security.

(5)Inventories

	September 30, 2016					
	Cost		Allowancefor valuation loss		Book value	
Raw materials	$	427,655	($	29,152)	$	398,503
Work in process		235,374	(	2,901)		232,473
Finished goods		408,649	(	48,687)		359,962
Inventory in transit		37,286		-		37,286
	$	1,108,964	($	80,740)	$	1,028,224

	December 31, 2015					
	Cost		Allowancefor valuation loss		Book value	
Raw materials	$	507,202	($	31,917)	$	475,285
Work in process		243,321	(	2,294)		241,027
Finished goods		431,189	(	47,976)		383,213
Inventory in transit		37,093		-		37,093
	$	1,218,805	($	82,187)	$	1,136,618

	September 30, 2015					
	Cost		Allowancefor valuation loss		Book value	
Raw materials	$	616,834	($	38,243)	$	578,591
Work in process		209,495	(	1,466)		208,029
Finished goods		406,840	(	68,169)		338,671
Inventory in transit		38,270		-		38,270
	$	1,271,439	($	107,878)	$	1,163,561

Expenses and losses incurred on inventories for the six -month and nine-month periods ended September 30, 2016 and 2015, respectively.:

	July 1- September 30 , 2016		July 1- September 30 , 2015	
Cost of inventories sold	$	1,618,276	$	1,825,268
Loss on decline in market value		7,532		4,681
Loss from sale of scraps		3,020	(	14)
Others	(	950)	(	1,671)
	$	1,627,878	$	1,828,264

	January 1- September 30 , 2016		January 1- September 30 ,2015	
Cost of inventories sold	$	5,397,812	$	5,607,553
Loss on decline in market value		2,794		17,548
Loss from sale of scraps		4,172		1,109
Others	(	2,464)	(	4,974)
	$	5,402,314	$	5,621,522

(6) Prepayments

	September 30, 2016	December 31, 2015	September 30, 2015
Prepaid sales tax	$ 23,885	$ 54,735	$ 54,324
Overpaid sales tax	16,474	28,636	19,283
Prepaid expenses	37,014	24,453	29,974
Prepayment for purchases	7,719	11,434	3,630
	$ 85,092	$ 119,258	$ 107,211

(7) Property, plant and equipment

Cost	January 1- September 30, 2016					
Name of Assets	At January 1, 2016	Additions	Disposals	Reclassifications	Net exchange differences	At September 30, 2016
Land	$ 162,544	$ -	$ -	$ -	$ -	$ 162,544
Buildings	1,345,370	8,424	(27,349)	(9,368)	(42,501)	1,274,576
Machinery and equipment	1,770,831	75,562	(211,922)	14,531	(48,379)	1,600,623
Utility equipment	324,247	918	(2,548)	344	(11,184)	311,777
Transportation equipment	6,131	620	(904)	-	(139)	5,708
Office equipment	46,365	5,837	(3,225)	6,862	(2,304)	53,535
Others	453,144	28,816	(76,342)	28,115	(15,775)	417,958
Construction in progress	1,234	11,489	-	(9,472)	69	3,320
	$ 4,109,866	$ 131,666	($ 322,290)	$ 31,012	($ 120,213)	$ 3,830,041

Accumulated depreciation	January 1- September 30, 2016					
Name of Assets	At January 1, 2016	Depreciation Expenses	Disposals	Reclassifications	Net exchange differences	At September 30, 2016
Buildings	$ 523,286	$ 65,814	($ 24,273)	($ 10,475)	($ 20,275)	$ 534,077
Machinery and equipment	1,196,943	145,383	(192,189)	(12,187)	(36,701)	1,101,249
Utility equipment	169,373	19,777	(2,533)	(78)	(5,875)	180,664
Transportation equipment	3,652	682	(905)	-	(94)	3,335
Office equipment	33,885	5,345	(3,214)	2,342	(1,726)	36,632
Others	310,306	46,569	(75,127)	20,398	(12,216)	289,930
	$ 2,237,445	$ 283,570	($ 298,241)	$ -	($ 76,887)	$ 2,145,887
Total	$ 1,872,421					$ 1,684,154

Cost	January 1- September 30, 2015					
Name of Assets	At January 1, 2016	Additions	Disposals	Reclassifications	Net exchange differences	At September 30, 2015
Land	$ 162,544	$ -	$ -	$ -	$ -	$ 162,544
Buildings	1,371,465	26,037	(107,030)	12,733	15,867	1,319,072
Machinery and equipment	1,854,616	120,098	(235,707)	21,073	20,138	1,780,218
Utility equipment	338,396	7,462	(15,089)	1,645	3,541	335,955
Transportation equipment	7,462	840	(1,850)	-	36	6,488
Office equipment	80,372	3,095	(18,096)	957	846	67,174
Others	517,204	32,516	(86,713)	1,372	4,307	468,686
Construction in progress	4,884	7,234	-	(6,454)	250	5,914
	$ 4,336,943	$ 197,282	($ 464,485)	$ 31,326	$ 44,985	$ 4,146,051

Accumulated depreciation	January 1- September 30, 2015					
Name of Assets		Depreciation Expenses	Disposals	Reclassifications	Net exchange differences	At September 30, 2015
Buildings	$ 541,366	$ 79,537	($ 105,074)	$ -	$ 6,011	$ 521,840
Machinery and equipment	1,241,376	146,986	(192,125)	-	14,713	1,210,950
Utility equipment	163,892	20,945	(15,105)	-	1,657	171,389
Transportation equipment	3,845	786	(1,181)	-	17	3,467
Office equipment	63,662	6,353	(16,794)	-	707	53,928
Others	331,186	64,936	(81,453)	-	3,209	317,878
	$ 2,345,327	$ 319,543	($ 411,732)	$ -	$ 26,314	$ 2,279,452
Total	$ 1,991,616					$ 1,866,599

A.Capitalization of Borrowing costs and interest rate from Property, plant and equipment

	July 1- September 30, 2016	July 1- September 30, 2015
Amount capitalised	$ -	$ 27
Range of the interest rates for capitalisation	-	1.42%

	January 1- September 30, 2016	January 1- September 30, 2015
Amount capitalised	$ -	$ 105
Range of the interest rates for capitalisation	-	1.32%

(8) Intangible assets

	Technical skill	Computer Software	Others	Total
At January 1, 2016				
Cost	$ 14,500	$ 37,321	$ 65,500	$ 117,321
Accumulated amortisation and impairment	(9,393)	(24,968)	(59,496)	(93,857)
	$ 5,107	$ 12,353	$ 6,004	$ 23,464
For the nine-month periods ended September 30				
At January 1	$ 5,107	$ 12,353	$ 6,004	$ 23,464
Additions－acquired separately	-	3,433	-	3,433
Cost reduce	-	(10,977)	-	(10,977)
Amortisation	(2,262)	(7,737)	(4,912)	(14,911)
Reduce in accumulated amortization	-	10,977	-	10,977
At September 30	$ 2,845	$ 8,049	$ 1,092	$ 11,986
At September 30, 2016				
Cost	$ 14,500	$ 29,777	$ 65,500	$ 109,777
Accumulated amortisation and impairment	(11,655)	(21,728)	(64,408)	(97,791)
	$ 2,845	$ 8,049	$ 1,092	$ 11,986

	Technical skill	Computer Software	Others	Total
At January 1, 2015				
Cost	$ 14,500	$ 52,166	$ 65,500	$ 132,166
Accumulated amortisation and impairment	(6,266)	(29,188)	(52,946)	(88,400)
	$ 8,234	$ 22,978	$ 12,554	$ 43,766
For the nine-month periods ended September 30				
At January 1	$ 8,234	$ 22,978	$ 12,554	$ 43,766
Additions－acquired separately	－	1,318	－	1,318
Cost reduce	－	(17,291)	－	(17,291)
Amortisation	(2,345)	(9,869)	(4,912)	(17,126)
Reduce in accumulated amortization	－	17,291	－	17,291
Reclassifications	－	1,128	－	1,128
Net exchange differences	－	(5)	－	(5)
At September 30	$ 5,889	$ 15,550	$ 7,642	$ 29,081
At September 30, 2016				
Cost	$ 14,500	$ 37,321	$ 65,500	$ 117,321
Accumulated amortisation and impairmen	(8,611)	(21,771)	(57,858)	(88,240)
	$ 5,889	$ 15,550	$ 7,642	$ 29,081

The details of amortization are as follows:

	July 1- September 30, 2016	July 1- September 30, 2015
Operating costs	$ 210	$ 448
Selling expenses	2,523	2,547
Administrative expenses	835	1,019
Research and development expenses	1,262	1,688
	$ 4,830	$ 5,702

	January 1- September 30, 2016	January 1- September 30, 2015
Operating costs	$ 491	$ 1,146
Selling expenses	7,569	7,652
Administrative expenses	2,536	3,311
Research and development expenses	4,315	5,017
	$ 14,911	$ 17,126

(9)Impairment of non-financial assets

A. The Group recognised impairment loss for the six -month and nine-month periods ended September 30, 2015 were $0 and $28,628, respectively. Details of such loss are as follows:

	January 1- September 30, 2015		July 1- September 30, 2015	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Impairment loss－Buildings	$ 8,633	$ －	$ －	$ －
Impairment loss－machinery	5,184	－	－	－
Impairment loss－Office equipment	483	－	－	－
Impairment loss－Utility equipment	877	－	－	－
Impairment loss－Others	13,451	－	－	－
	$ 28,628	$ －	$ －	$ －

January 1- September 30, 2015: None.

B. The impairment loss reported by operating segments is as follows:

	January 1- June 30, 2015		April 1- June 30, 2015	
	Recognised in profit or loss	Recognised in other comprehensive income	Recognised in profit or loss	Recognised in other comprehensive income
Soft goods division	$ 28,628	$ －	$ 28,628	$ －

January 1- June 30, 2015: None.

(10)Long-term prepaid rent (list on other non-current assets)

	September 30, 2016	December 31, 2015	September 30, 2015
Land use right	$ 38,254	$ 41,438	$ 42,525

A. Long-term prepaid rent refers to the land use rights obtained in China. Upon signing of the lease, the amount has been paid in full. The Group recognized rental expense of $447、$464 、 $1,380and $1,380 for the six -month and nine-month periods ended September 30, 2016 and 2015, respectively.

(11)Short-term loans

Type of loans	September 30, 2016	Interest rate range
Unsecured loans	$ 9,479	1.6%~1.75%
Loans from letter of credits	40,652	－
	$ 50,131	

Type of loans	December 31, 2015	Interest rate range
Unsecured loans	$ 227,187	1.09%~1.51%
Loans from letter of credits	41,421	－
	$ 268,608	

Type of loans	September 30, 2015	Interest rate range
Unsecured loans	$ 362,699	1.00%~1.63%
Loans from letter of credits	25,810	–
	$ 388,509	

Note: Details of short-term borrowings pledged as collateral are provided in Note 8.

(12)Short-term notes and bills payable

September 30, 2016 and December 31,2015: No such circumstances.

	September 30, 2015
Commercial paper	$ 50,000
Unamortised discount	(45)
Total	$ 49,955
Interest rate range	0.762%~0.962%

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

Items	September 30, 2016	December 31, 2015	September 30, 2015
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	$ –	$ –	$ 425
Subtotal	–	–	425
Valuation adjustment	–	–	–
Total	$ –	$ –	$ 425

A. The Group recognised net gain (loss) of $0、($83)、$0and $31 on financial assets held for trading for the six -month and nine-month periods ended September 30, 2016 and 2015, respectively.

B. The Group recognised net gain (loss) of $$0、($1,795)、$0and $1,591 on financial liabilities held fortrading for the six -month and nine-month periods ended September 30, 2016 and 2015, respectively.

C. The non-hedging derivative instruments transaction and contract information are as follows:
September 30, 2016 and December 31,2015: No such circumstances.

	June 30, 2015	
Derivative financial liabilities	Contract amount (notional principal)	Contract period
Current items:		
Forward foreign exchange contracts	USD1,000,000	104.08.17 ~104.10.26

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

(14)Other payables

	September 30, 2016	December 31, 2015	September 30, 2015
Awards and salaries payable	$ 233,404	$ 233,186	$ 203,317
Payable for processing charge	145,803	154,706	113,629
Payables for equipment	22,462	57,121	54,597
Payables for employee's remuneration and directors' and supervisors' remuneration	25,980	11,245	5,047
Others	251,976	359,295	316,452
	$ 679,625	$ 815,553	$ 693,042

(15)Long-term loans

September 30, 2016: None.

Type of loans	Loan period	Interest rate range	Collateral	December 31, 2015
CTBC Bank	2013/9-2018/9	2.20%	Note	$ 45,501
Less: current portion				(15,076)
				$ 30,425

Type of loans	Loan period	Interest rate range	Collateral	September 30, 2015
CTBC Bank	2013/9-2018/9	2.20%	Note	$ 45,701
Less: current portion				(15,234)
				$ 30,467

Note: Details of long-term borrowings pledged as collateral are provided in Note 8.

(16)Pensions

A. Defined benefit plans

(a)The Company has 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 chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b)The pension costs under the defined contribution pension plans of the Group for the six -month and nine-month periods ended September 30, 2016 and 2015 were $571、$627、$1,701 and $1,924, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group in the year ended December 31, 2017 are $2,284.

B. Defined contribution plans

(a)Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b)The subsidiaries in mainland China have defined contribution pension plans and contribute an amount monthly based on 13% of employees' monthly salaries and wages to an independent fund administered by a government agency. The plan is administered by the government of mainland China. Other than the monthly contributions, the Group does not have further pension liabilities.

(c)The subsidiaries in mainland Vietnam have defined contribution plans in accordance with the local regulations.

(d)The pension costs under the defined contribution pension plans of the Group for the six -month and nine-month periods ended September 30, 2016 and 2015, respectively were $25,032 、 $27,484 、 $77,966 and $82,416, respectively.

(17)Share-based payment

A.As of September 30, 2016 and 2015, the share-based payment transactions of the Company are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	October 11, 2012	4,720,000	5 years	Note

B.Details of the share-based payment arrangements are as follows:

	January 1- September 30, 2016		January 1- September 30, 2015	
	No. of stock options	Weighted-average exercise price (in dollars)	No. of stock options	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	3,127,000	$ 37.3	3,883,000	$ 38.2
Options forfeited	(535,000)	-	(526,000)	-
Options outstanding at September 30	2,592,000	36	3,357,000	37.3
Options exercisable at September 30	1,998,000	-	1,931,500	-

C.As of September 30, 2016、December 31, 2015and September 30, 2015, the range of exercise prices of stock options outstanding was $36 、 $37.3and $37.3 (in dollars), respectively; the weighted-average remaining contractual period was1.028years 、 1.778 years and 2.028 years, respectively.

D.For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The parameters used in the estimation of the fair value are as follows:

	Grant date	Stock price	Exercise price	Exercise price volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per share
Employee stock options	2012/10/11	$42	$42	33.28%	3.875 years	-	0.90%	$11.33

E.Expenses incurred on share-based payment transactions are shown below:

	July 1- September 30, 2016	July 1- September 30, 2015
Equity-settled	$ 594	$ 1,414

	January 1- September 30, 2016	January 1- September 30, 2015
Equity-settled	$ 2,559	$ 7,089

F. As of July13, 2016and July14, 2015,the exercise price of employee stock options issued on October 11,2012 was adjusted from $37.3 (indollars) to $36 (in dollars)and$38.2 (indollars) to $37.3 (in dollars), following the terms of employee stock options.

(18)Capital

A. In accordance with the Company's Articles of Incorporation, the total authorized common stock is 14.63 billion shares (including 5 million shares for stock warrants conversion and 10 million shares for convertible bond.).As of March 31, 2016, the total issued and outstanding common stock was $1,333,757 with par value of $10 (in dollars) per share.

Movements in the number of the Company's ordinary shares outstanding are as follow :

	2016	2015
At January 1	133,376	134,343
Shares retired	-	(492)
At September 30	133,376	133,851

B. Treasury shares

(a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	September 30, 2015 Number of shares	September 30, 2015 Carrying amount
The Company	Maintain corporate credit and shareholders' equity	492	$ 9,350

(b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

(c) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

(d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired. Treasury shares to enhance the Company's credit rating and the stockholders' equity should be retired within six months of acquisition.

(19) Capital surplus

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

(20) Retained earnings

A. In accordance with the Company's Articles of Incorporation, current year's earnings must be distributed in the following order:
   (a)Paying the income tax
   (b)Covering accumulated deficit;
   (c)Setting aside as legal reserve equal to 10% of current year's net income after tax and distribution pursuant to clause
   (d)Setting aside a special reserve in accordance with applicable legal and regulatory requirement
   (e)The remainder is distributable earnings of which 1% is appropriated as employees' bonus; qualified employees include employees of affiliates per criteria set by Board of Directors.

B. The remaining earnings along with the inappropriate earnings at the beginning of the period are considered as accumulated distributable earnings. In accordance with dividend policy, the shareholders. proposal of earnings appropriation is prepared by the Board of Directors and resolved by the shareholders.

C. 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.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2016and 2015 earnings had been approved by the shareholders which is $93,363($0.7 per share) and $67,171 ($0.5 per share) respectively. The Shareholders' Meeting on May 31, 2016 had approved to distribute $0.7 per common stock holders, the amount of dividend is $93,363.

F. For the information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(24).

(21) Other income and expenses– net

	July 1- September 30, 2016	July 1- September 30, 2015
Mold income	$ 6,000	$ 6,743
Sample income	2,793	3,971
Other income	11,385	2,553
	$ 20,178	$ 13,267

	January 1- September 30, 2016	January 1- September 30, 2015
Mold income	$ 16,322	$ 12,481
Sample income	8,083	9,119
Other income	21,452	12,214
	$ 45,857	$ 33,814

(22)Other revenue

	July 1- September 30, 2016	July 1- September 30, 2015
Interest income	$ 672	$ 1,692
Others	69	2,933
	$ 741	$ 4,625

	January 1- September 30, 2016	January 1- September 30, 2015
Interest income	$ 2,274	$ 8,873
Others	2,342	3,477
	$ 4,616	$ 12,350

(23)Other gains and losses

	July 1- September 30, 2016	July 1- September 30, 2015
Impairment losses of property, plant and equipment	$ -	$ -
Net currency exchange gains (losses)	(30,701)	97,074
Net losses on financial assets at fair value through profit or loss	-	(83)
Net losses on financial liabilities at fair value through profit or loss	-	(1,795)
Gains (losses) on disposal of property, plant and equipment	(283)	2,878
Other	4,155	(6,746)
	($ 26,829)	$ 91,328

	January 1- September 30, 2016	January 1- September 30, 2015
Impairment losses of property, plant and equipment	$ -	($ 28,628)
Net currency exchange gains (losses)	(24,155)	83,970
Net gains on financial assets at fair value through profit or loss	-	31
Net losses on financial liabilities at fair value through profit or loss	-	(1,591)
Gains (losses) on disposal of property, plant and equipment	(5,765)	(19,402)
Other	11,893	2,064
	($ 18,027)	$ 36,444

(24)Expenses by nature

	July 1- September 30, 2016	July 1- September 30, 2015
Employee benefit expense	$ 565,665	$ 594,235
Depreciation expense	90,863	95,014
Amortisation expense	7,559	15,187
	$ 664,087	$ 704,436

	January 1- September 30, 2016	January 1- September 30, 2015
Employee benefit expense	$ 1,755,989	$ 1,739,577
Depreciation expense	283,570	290,915
Amortisation expense	22,294	22,601
	$ 2,061,853	$ 2,053,093

(25)Employee benefit expense

	July 1- September 30, 2016	July 1- September 30, 2015
Wages and salaries	$ 488,112	$ 484,994
Employee stock options	594	1,414
Labour and health insurance fees	30,606	31,705
Pension costs	25,603	28,111
Other personnel expenses	20,750	48,011
	$ 565,665	$ 594,235

	January 1- September 30, 2016	January 1- September 30, 2015
Wages and salaries	$ 1,488,747	$ 1,467,083
Employee stock options	2,559	7,089
Labour and health insurance fees	96,879	94,061
Pension costs	79,667	84,340
Other personnel expenses	88,137	87,004
	$ 1,755,989	$ 1,739,577

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 1% for employees’ compensation and shall not be higher than 5% for directors and supervisors remuneration.

B.For the six -month and nine-month periods ended September 30, 2016 and 2015, employees’ compensation (bonus) was accrued at $4,620、$0、$14,260 and $0, respectively; and the directors’ and supervisors’ remuneration was accrued at $1,250、$0、$3,750 and $0, respectively. The aforementioned amounts were recognized in salary expenses.

C. For the three months ended September 30, 2016 , he employees’ compensation and directors’ and supervisors’ remuneration were estimated and accrued based based on a certain percentage of profit of current year distributable as of the end of reporting period.
Employees’ compensation and directors’ and supervisors’ remuneration of 2015 as resolved by the meeting of board of directors were in agreement with those amounts recognised in the 2015 financial statements. Actual number of cash distributed as employees’ compensation for 2015.Information about employees’ compensation and directors’ and supervisors’ remuneration of the Company as resolved by the meeting of board of directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(26)Income tax

A. Income tax expense (gain)

Components of income tax expense (gain):

	July 1- September 30, 2016	July 1- September 30, 2015
Current tax:		
Current tax on profits for the period	$ 12,323	$ 3,869
Adjustments in respect of prior years	(12,110)	19
Total current tax	213	3,888
Deferred tax:		
Origination and reversal of temporary differences	(684)	9,363
Income tax expense (gain)	($ 471)	$ 13,251

	January 1- September 30, 2016	January 1- September 30, 2015
Current tax:		
Current tax on profits for the period	$ 28,007	$ 12,132
Tax on undistributed surplus earnings	5,170	1,075
Adjustments in respect of prior years	(11,882)	9,009
Total current tax	21,295	22,216
Deferred tax:		
Origination and reversal of temporary differences	(98)	4,340
Income tax expense	$ 21,197	$ 26,556

B. The Company's income tax returns through 2013 have been assessed and approved by the Tax Authority.

C.Unappropriated retained earnings:

	September 30,2016	December 31,2015	September 30,2015
Earnings generated in and after 1998	$ 399, 245	$ 403, 011	$ 239, 484

D.As of September 30, 2016、December 31, 2015and September 30, 2015, the balance of the imputation tax credit account was $113,999、$131,662 and $$131,020,respectively. The creditable tax rate was 33.97% for 2015 the estimated creditable tax rate is 31.19% for 2016.

(27)Earnings per share

	July 1- September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 37, 022	133, 376	$ 0. 28
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	37, 022	133, 376	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	–	229	
shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 37, 022	133, 605	$ 0. 28

	July 1- September 30, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 3, 085	134, 291	$ 0. 02

	January 1- September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 90, 222	133, 376	$ 0. 68
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	90, 222	133, 376	
Assumed conversion of all dilutive potential ordinary shares Employees' compensation	–	706	
shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 90, 222	134, 082	$0. 67

	January 1- September 30, 2015		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	($ 161,695)	134,325	($1.20)

(28)Operating lease

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2016	December 31, 2015	September 30, 2015
Not later than one year	$ 9,299	$ 9,356	$ 7,609
Later than one year but not later than five years	19,458	24,709	18,129
Later than five years	-	1,438	2,759
	$ 28,757	$ 35,503	$ 28,497

(29)Supplemental cash flow information

A. Investing activities with partial cash payments

	January 1- September 30, 2016	January 1- September 30, 2015
Purchase of property, plant and equipment	$ 131,666	$ 197,282
Add: opening balance of payable on equipment	57,121	23,674
Less: ending balance of payable on equipment	(22,462)	(54,597)
Less: ending balance of payable on equipment	-	(2,558)
Cash paid during the period	$ 166,325	$ 163,801

B. Financing activities with no cash flow effects

	January 1- September 30, 2016	January 1- September 30, 2015
Prepaid equipment to transfer the property, plant and equipment	$ 32,495	$ 31,169
Prepaid equipment to transfer Intangible assets	$ -	$ 1,285
Intangible assets to transfer the property, plant and equipment	$ -	$ 157
Current portion of long-term liabilities	$ -	$ 15,234

7. RELATED PARTY TRANSACTIONS

Key management compensation

	July 1- September 30, 2016	July 1- September 30, 2015
Salaries and other short-term employee benefits	$ 6,277	$ 4,328
Share based payments	181	(1,223)
	$ 6,458	$ 3,105

	January 1- September 30, 2016	January 1- September 30, 2015
Salaries and other short-term employee benefits	$ 18,092	$ 13,537
Share based payments	668	548
	$ 18,760	$ 14,085

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
Land	$ 125,648	$ 125,648	$ 125,648	Short and long-term loans
Building-net value	321,126	330,601	397,293	Short and long-term loans
Machinery-net value	–	28,727	40,255	Short and long-term loans
Transportation equipment-net value	–	–	130	Long-term loans
Other assets-net value	–	–	5,130	Long-term loans
Time deposits and cash (shown as"other non-current assets")	268	166	166	Customs deposits
	$ 486,259	$ 485,142	$ 568,622	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(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
Raw materials	$ 51,213	$ 44,314	$ 31,969

B. 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	$ 50,455	$ 50,434	$ 31,682

C. Operating lease commitments

Note 6(28).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There is no significant change in this period, please refer to Note12 of the Consolidated Financial Statements of 2015.

(2) Financial instruments

A. Fair value information of financial instruments

There is no significant change in this period, please refer to Note12 of the Consolidated Financial Statements of 2015.

B. Financial risk management policies

There is no significant change in this period, please refer to Note12 of the Consolidated Financial Statements of 2015.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) 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). 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		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 62,594	31.31	$ 1,959,818
USD：RMB	20,788	6.642	650,872
Non-monetary items			
RMB ：NTD	214,456	4.693	1,006,442
Financial liabilities			
Monetary items			
USD：NTD	26,464	31.41	831,234
USD：RMB	6,028	6.6420	189,339
Non-monetary items			
RMB ：NTD	5,903	4.693	27,703

	December 31,2015		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 75,972	32.78	$ 2,490,362
USD：RMB	30,834	6.3571	1,010,739
RMB ：NTD	10,649	4.995	53,192
Non-monetary items			
RMB ：NTD	211,039	4.995	1,054,140
Financial liabilities			
Monetary items			
USD：NTD	42,386	32.88	1,393,652
USD：RMB	13,630	6.3571	448,154
Non-monetary items			
RMB ：NTD	31,891	4.995	159,296

	September 30, 2015		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 66,449	30.82	$ 2,180,856
USD：RMB	16,079	6.3571	527,713
RMB：NTD	10,297	5.176	53,297
Non-monetary items			
RMB ：NTD	194,823	5.176	1,008,404
Financial liabilities			
Monetary items			
USD：NTD	36,056	32.92	1,186,964
USD：RMB	13,590	6.3571	447,383
Non-monetary items			
RMB ：NTD	38,821	5.176	200,937

(ii).The unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the six -month and nine-month periods ended September 30, 2016 and 2015, amounted $(30,701)、$97,074、 $(24,155) and $83,970,respectively.

(iii). Analysis of foreign currency market risk arising from significant foreign exchange variation:

	January 1- September 30, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 19,598	$ −
USD：RMB	1%	6,509	−
Financial liabilities			
Monetary items			
USD：NTD	1%	8,312	$ −
USD：RMB	1%	1,893	−

	January 1- September 30, 2015		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 21,809	$ −
USD：RMB	1%	5,277	−
RMB ：NTD	1%	533	−
Financial liabilities			
Monetary items			
USD：NTD	1%	11,870	−
USD：RMB	1%	4,474	−

ii. Price risk

None.

iii. Interest rate risk

(i)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. During January 1-September 30, 2016 and 2015, the Group's borrowings at variable rate were denominated in the NTD.

(ii) September 30, 2016 and 2015, if interest rates on NTD-denominated borrowings at that date had been0.25% higher/lower with all other variables held constant, post-tax profit for the

January 1- September 30, 2016 and 2015,would have been $102 and $883 lower/higher,respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b)Credit risk

i.Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Group assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments and other financial instruments. The counterparties are banks with good credit quality and financial institutions with investment grade or above and government agencies, so there is no significant compliance concerns and credit risk.

ii.For the January 1- September 30, 2016 and 2015, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii.The credit quality information of financial assets that are neither past due nor impaired is provided in Note 6(4).

iv.The ageing analysis of financial assets that were past due but not impaired is provided in Note 6(4).

v. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets in Note 6.

(c)Liquidity risk

i. Cash flow forecasting is performed by each operating entity of the Group and aggregated by Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.As at September 30,2016、December 31,2015 and September 30,2015 the Group held money market position of $911,188、$481,229 and $774,036, respectively.

iii.The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groups 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 to 2 years	Over 2 years
Short-term borrowings	$ 50,284	$ –	$ –
Notes payable	2,190	–	–
Accounts payable	757,750	–	–
Other payables	679,625	–	–

Non-derivative financial liabilities: December 31,2015	Less than 1 year	Between 1 to 2 years	Over 2 years
Short-term borrowings	$ 268,951	$ –	$ –
Notes payable	3,453	–	–
Notes payable	1,004,567	–	–
Other payables	815,553	–	–
Long-term borrowings (including current portion)	16,018	17,091	14,933

Non-derivative financial liabilities: September 30,2015	Less than 1 year	Between 1 to 2 years	Over 2 years
Short-term borrowings	$ 389,032	$ –	$ –
Short-term notes payable	50,053	–	–
Notes payable	4,748	–	–
Notes payable	894,755	–	–
Other payables	693,042	–	–
Long-term borrowings (including current portion)	22,862	15,244	15,243

Derivative financial liabilities:

September 30,2016 ：None。

Derivative financial liabilities:

December 31,2015：None。

Derivative financial liabilities:

September 30,2015：None。

iv.The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3)Fair value information

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

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, beneficiary certificates and derivative instruments with quoted market prices 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.

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

Assets：None。

Liabilities：None。

December 31,2015

Assets：None。

Liabilities：None。

September 30,2015	Level 1	Level 2	Level 3	Total
Assets：				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	$ -	$ 425	$ -	$ 425
Liabilities： None。				

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

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

E. For the years ended September 30, 2016 and 2015, there was no transfer into or out from Level 3.

13.SUPPLEMENTARY DISCLOSURES

(1)Significant transactions information

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

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Hold of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost reaching NT $300 million or 20% of paid-in capital or more: None.

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

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

G.Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2)Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3)Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14.SEGMENT INFORMATION

(1)General information

In accordance with IFRS No. 8, "Operating Segments", the Group has determined the operating segments and reportable operating segments. Operating segments which have met certain quantitative threshold are disclosed individually or aggregately as reportable operating segments; other segments which have not met the quantitative threshold are included in the 'all other segments'.

(2)Measurement of segment information

The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

(3)Reconciliation information for segment profit (loss)

The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.