LandMark Optoelectronics Corporation

Financial Statements

September 30, 2016 and 2015
(With Independent Auditors' Review Report Thereon)

Address: No.12, Nanke 9th Rd, Shanhua Dist., Tainan City, Taiwan R.O.C
Telephone: 886-6-505-8999

Table of contents

Contents	Page

KPMG

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F, TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei, 11049, Taiwan, R.O.C.

Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Review Report

The Board of Directors
LandMark Optoelectronics Corporation

We have reviewed the accompanying balance sheets of LandMark Optoelectronics Corporation (the "Company") as of September 30, 2016 and 2015, and the related statements of comprehensive income for the three-month and nine-month periods ended September 30, 2016 and 2015, and the statement of changes in equity and cash flows for the nine-month periods ended September 30, 2016 and 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with Statement of Auditing Standards No. 36 "Review of Financial Statements". 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 the auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commissions of the Republic of China.

KPMG

KPMG
CPA: Hui Yuan, Chen
Chen Lung, Hsu
October 28, 2016
Taiwan (the Republic of China)

Note to Readers

The accompanying financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the Regulations Governing the Preparation of Financial Report by Securities Issuers and IAS 34 Interim Financial Reporting as endorsed by the Financial Supervisory Commission in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such financial statements are those generally accepted and applied in the Republic of China.

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

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

LandMark Optoelectronics Corporation

Balance Sheets

September 30,2016, December 31 and September 30, 2015

(amounts expressed in thousands of New Taiwan dollars)

	2016.9.30		2015.12.31		2015.9.30	
Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current assets：						
Cash and cash equivalents (Note 6(a))	$ 2,386,678	59	2,220,878	56	1,924,691	54
Financial assets at fair value through profit or loss－current (Note 6(b))	1,738	-	-	-	-	-
Notes receivable, net (Note 6(c))	97,993	2	238,556	6	214,464	6
Accounts receivable, net (Note 6(c))	306,111	8	364,524	9	357,628	10
Inventories (Note 6(d))	180,781	5	142,077	4	133,154	4
Prepayments	6,548	-	2,881	-	3,057	-
Other current assets	5,873	-	103	-	1,773	-
Other financial assets－current (Note 6(c) and 8)	8,691	-	8,537	-	6,919	-
	2,994,413	74	2,977,556	75	2,641,686	74
Non-current assets：						
Property, plant and equipment (Notes 6(e) and 9)	1,058,323	26	935,123	23	871,573	24
Deferred tax assets	6,446	-	6,446	-	10,261	-
Other financial assets－non-current	580	-	635	-	412	-
Other non-current assets (Note 6(f))	7,165	-	73,406	2	53,825	2
	1,072,514	26	1,015,610	25	936,071	26
Total assets	**$ 4,066,927**	**100**	**3,993,166**	**100**	**3,577,757**	**100**

	2016.9.30		2015.12.31		2015.9.30	
Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Current liabilities：						
Financial liabilities at fair value through profit or loss－current (Note 6(b))	$ -	-	1,616	-	4,061	-
Notes payable	33,639	1	40,180	1	48,141	1
Accounts payable	30,129	1	40,272	1	33,264	1
Other payables	144,333	3	175,588	4	121,811	4
Current tax liabilities	67,767	2	137,883	4	80,319	2
Other current liabilities	7,652	-	3,762	-	6,384	-
	283,520	7	399,301	10	293,980	8
Non-current liabilities：						
Deferred tax liabilities	407	-	407	-	1,228	-
Net defined benefit liability－non-current	4,216	-	4,441	-	3,228	-
	4,623	-	4,848	-	4,456	-
Total liabilities	288,143	7	404,149	10	298,436	8
Equity attributable to owners of the company (Notes 6(h)(i)(j)):						
Capital stock	912,577	23	699,098	18	699,098	20
Capital surplus	1,665,787	41	1,527,434	38	1,527,434	43
Retained earnings：						
Legal reserve	254,797	6	155,904	4	155,904	4
Unappropriated earnings	1,058,459	26	1,206,581	30	896,885	25
	1,313,256	32	1,362,485	34	1,052,789	29
Deferred compensation cost arising from issuance of restricted stock	(112,836)	(3)	-	-	-	-
Total equity	3,778,784	93	3,589,017	90	3,279,321	92
Total liabilities and equity	**$ 4,066,927**	**100**	**3,993,166**	**100**	**3,577,757**	**100**

See accompanying notes to financial statements.

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

LandMark Optoelectronics Corporation

Statements of Comprehensive Income

For the three-month and nine-month periods ended September 30, 2016 and 2015

(amounts expressed in thousands of New Taiwan dollars, except for earnings per share data)

	July to September,2016		July to September,2015		January to September,2016		January to September,2015	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
Operating revenue(Note 6(l))	$ 490,184	100	551,680	100	1,759,646	100	1,406,895	100
Operating costs(Notes 6(d)(g)(j)(m), 7 and 12)	207,764	42	183,188	33	644,250	37	487,959	35
Gross profit	282,420	58	368,492	67	1,115,396	63	918,936	65
Operating expenses(Notes 6(c)(g)(j)(m), 7 and 12):								
Selling and marketing expenses	10,290	2	7,273	1	27,907	2	24,064	2
General and administrative expenses	17,076	3	18,015	3	45,490	3	43,919	3
Research and development expenses	25,301	5	23,001	4	80,331	4	49,589	3
	52,667	10	48,289	8	153,728	9	117,572	8
Operating income	229,753	48	320,203	59	961,668	54	801,364	57
Non-operating income and expenses(Notes 6(c)(e)(n)):								
Interest income	2,573	1	1,449	-	8,073	-	4,074	-
Other gains and losses	(4,962)	(1)	14,847	2	(11,935)	-	15,755	1
	(2,389)	-	16,296	2	(3,862)	-	19,829	1
Profit before income tax	227,364	48	336,499	61	957,806	54	821,193	58
Income tax expenses(Notes 6(h))	38,639	8	57,633	10	168,118	9	143,053	10
Net profit	**188,725**	**40**	**278,866**	**51**	**789,688**	**45**	**678,140**	**48**
Other comprehensive income：								
Items that will not be reclassified subsequently to profit or loss：								
Income tax relating to items that will not be reclassified subsequently to profit or loss(Note 6 (h))	-	-	-	-	-	-	-	-
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income	**$ 188,725**	**40**	**278,866**	**51**	**789,688**	**45**	**678,140**	**48**
Earnings per share (in dollars), after tax(Note 6(k)):								
Basic earnings per share	**$ 2.08**		**3.12**		**8.69**		**7.92**	
Diluted earnings per share	**$ 2.07**		**3.11**		**8.65**		**7.89**	

See accompanying notes to financial statements.

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

LandMark Optoelectronics Corporation

Statements of Changes in Equity

For the nine-month periods ended September 30, 2016 and 2015

(amounts expressed in thousands of New Taiwan dollars)

	Capital stock	Capital surplus	Retained earning: Legal reserve	Retained earning: Unappropriated earning	Deferred compensation cost	Total equity
Balance at January 1, 2015	$ 552,891	41,894	94,515	796,859	-	1,486,159
Net profit	-	-	-	678,140	-	678,140
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	678,140	-	678,140
Appropriation of 2014 earnings in 2015：						
Legal reserve	-	-	61,389	(61,389)	-	-
Cash dividends	-	-	-	(425,538)	-	(425,538)
Stock dividends	91,187	-	-	(91,187)	-	-
Issuance of common stock for cash	55,020	1,485,540	-	-	-	1,540,560
Balance at September 30, 2015	**$ 699,098**	**1,527,434**	**155,904**	**896,885**	**-**	**3,279,321**
Balance at January 1, 2016	$ 699,098	1,527,434	155,904	1,206,581	-	3,589,017
Net profit	-	-	-	789,688	-	789,688
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	789,688	-	789,688
Appropriation of 2015 earnings in 2016：						
Legal reserve	-	-	98,893	(98,893)	-	-
Cash dividends	-	-	-	(629,188)	-	(629,188)
Stock dividends	209,729	-	-	(209,729)	-	-
Share-based payment transaction－restricted stock	3,750	138,353	-	-	(112,836)	29,267
Balance at September 30, 2016	**$ 912,577**	**1,665,787**	**254,797**	**1,058,459**	**(112,836)**	**3,778,784**

See accompanying notes to financial statements.

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

LandMark Optoelectronics Corporation

Statements of Cash Flows

For the nine-month periods ended September 30, 2016 and 2015

(amounts expressed in thousands of New Taiwan dollars)

	January to September, 2016	January to September, 2015
Cash flows from operating activities:		
Profit before tax	$ 957,806	821,193
Adjustments:		
Income and expenses having no effect on cash flows:		
Depreciation expenses	152,002	94,154
Amortization expenses	834	1,016
Loss on disposal of property, plant and equipment	31	318
Unrealized net losses (gains) on change in fair value of financial assets and liabilities at fair value through profit or loss	(1,738)	4,061
Interest income	(8,073)	(4,074)
Compensation cost arising from restricted stock	11,940	-
Bad debt expenses	3,455	2,094
Reversal of impairment loss on non-financial assets	-	(3,461)
Unrealized foreign exchange losses (gains)	3,314	(14,342)
Total income and expenses having no effect on cash flows	161,765	79,766
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in notes receivable	138,708	(67,097)
Decrease (increase) in accounts receivable	56,819	(169,835)
Increase in inventories	(38,704)	(16,436)
Increase in prepayments	(3,667)	(1,312)
Increase in other current assets	(5,770)	(1,042)
Decrease in other financial assets－current	501	211
Total changes in operating assets	147,887	(255,511)
Changes in operating liabilities:		
Decrease in financial liabilities at fair value through profit or loss－current	(1,616)	(2,331)
Increase in notes payable	8,738	22,808
Decrease in accounts payable	(10,008)	(1,697)
Increase (decrease) in other payables	(30,576)	27,002
Increase in other current liabilities	3,890	5,331
Decrease in defined benefit liability－non-current	(225)	(195)
Total changes in operating liabilities	(29,797)	50,918
Net changes in operating assets and liabilities	118,090	(204,593)
Total adjustments	279,855	(124,827)
Cash generated from operating activities	1,237,661	696,366
Interest received	8,073	4,074
Income tax paid	(238,234)	(160,501)
Net cash generated from operating activities	1,007,500	539,939
Cash flows from investing activities:		
Proceeds from disposal of non-current assets held for sale	-	44,947
Decrease (increase) in other financial assets－current and non-current	(600)	1,358
Acquisition of property, plant and equipment	(226,766)	(339,386)
Increase in other non-current assets	(4,398)	(54,177)
Net cash used in investing activities	(231,764)	(347,258)
Cash flows from financing activities:		
Cash dividends to shareholders	(629,188)	(425,538)
Issuance of common stock for cash	-	1,540,560
Issuance of restricted stock	19,252	-
Net cash generated from (used in) financing activities	(609,936)	1,115,022
Effects of exchange rate changes on balance of cash held in foreign currencies	-	2,724
Net increase in cash and cash equivalents	165,800	1,310,427
Cash and cash equivalents at beginning of year	2,220,878	614,264
Cash and cash equivalents at end of year	**$ 2,386,678**	**1,924,691**

See accompanying notes to financial statements.

LandMark Optoelectronics Corporation

Notes to Financial Statements

September 30, 2016 and 2015

(amounts expressed in thousands of New Taiwan dollars, unless otherwise noted)

1. Company History

LandMark Optoelectronics Corporation (the “Company”) was incorporated on June 2, 1997 as a company limited by shares under the laws of the Republic of China (ROC). The Company is primarily engaged in the manufacturing, processing and selling of optical semi-conductors, laser diodes, high brightness InAlGaP/AlGalnAs.

In response to the government's policy about enterprises consolidating or merging operations, the Company improves its capital structure, reduces its operating cost, and promotes a reasonable operation. In accordance with the Business Mergers and Acquisitions Act, the Company merged with “TJ Optoelectronics Corporation” on January 1, 2008, the basis date of the merger which was decided through a special meeting of the shareholders.

The Company’s stock was listed as a general stock on the Taipei Exchange on July 22, 2015.

2. Financial Statements Authorization Date and Authorization Process

The financial statements were authorized for issuance by the Board of the Company on October 28, 2016.

3. Adoption of New Standards and Interpretations

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual improvements cycles 2010-2012 and 2011-2013	July 1, 2014
Annual improvements cycle 2012-2014	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

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

(b) Newly released or amended standards and interpretations not yet endorsed by the FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC as of the end of reporting date is as follows:

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

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

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

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

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 19, 2016	Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	The amendment clarifies that when an entity meets certain conditions, the unrealized losses will be recognized as deferred tax assets, and shall clarify the method on how to calculate the "Future taxable income".

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

4. Summary of Significant Accounting Policies

(a) Statement of compliance

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

Except as stated below, the significant accounting policies presented in the interim financial statements are consistent with the policies presented in the financial statements of 2015. For more information, please refer to note 4 of the financial statements in 2015.

(b) Income taxes

Income tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".

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

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

(c) Employee benefits

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

(d) Share-based payment

The grant-date fair value of share-based payment awards granted to employees is recognized as employee expenses, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The amount recognized as an expense is adjusted to reflect the number of awards whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions, and there is no true-up for differences between expected and actual outcomes.

5. Significant Accounting Judgments, Estimates, and Assumptions, and Sources of Estimation Uncertainty

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

In the preparation of the interim financial statements, the major sources of assumptions, judgments, estimates and uncertainty were consistent with those stated in note 5 of the financial statements in 2015.

6. Explanation of Significant Accounts

Except as stated below, there was no material difference with the financial statements in 2015. For more information, please refer to note 6 of the financial statements in 2015.

(a) Cash and cash equivalents

	2016.9.30	2015.12.31	2015.9.30
Cash on hand	$ 270	655	677
Demand and checking deposits	364,281	398,687	582,014
Time deposits	1,822,400	1,721,700	1,342,000
Repurchase agreements collateralized by commercial paper	199,727	99,836	-
Total	**$ 2,386,678**	**2,220,878**	**1,924,691**

Please refer to Note 6(o) for the analysis of exchange rate risk and sensitivity of the financial assets and liabilities.

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

	2016.9.30	2015.12.31	2015.9.30
Financial assets at fair value through profit or loss：			
Derivative instruments not used for hedging:			
Forward exchange contracts	**$ 1,738**	**-**	**-**
Financial liabilities at fair value through profit or loss：			
Derivative instruments not used for hedging:			
Forward exchange contracts	**$**	**1,616**	**4,061**

The Company is engaged in the sale of forward exchange contracts, and these contracts are not for trading purposes. Since they did not meet the criteria for hedge accounting, they were classified as financial assets and liabilities at fair value through profit or loss. Please refer to Note 6(n) for the financial assets and liabilities measured at fair value that are recognized in profit or loss. As of September 30, 2016, December 31 and September 30, 2015, the outstanding forward exchange contracts were as follows:

	2016.9.30		
	Contract amount (in thousands)	Currency	Maturity period
Forward exchange sold	$ 5,125	USD	2016.10.14~2016.12.13

	2015.12.31		
	Contract amount (in thousands)	Currency	Maturity period
Forward exchange sold	$ 4,620	USD	2016.1.8~2016.4.28

	2015.9.30		
	Contract amount (in thousands)	Currency	Maturity period
Forward exchange sold	$ 3,775	USD	2015.10.28~2016.1.25

(c) Notes and accounts receivable, and other receivables

	2016.9.30	2015.12.31	2015.9.30
Notes receivable	$ 97,993	238,556	214,464
Accounts receivable	310,250	368,663	363,304
Other receivable	108	609	3
Less: allowance for doubtful accounts	(4,139)	(4,139)	(5,676)
	$ 404,212	603,689	572,095

The details of notes and accounts receivable that were past due but not impaired were as follows:

	2016.9.30	2015.12.31	2015.9.30
Overdue 1~60 days	$ 115,464	31,392	28,047

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

	Collectively assessed impairment
Balance at January 1, 2016	4,139
Recognition of impairment loss	3,455
Amounts written off	(3,455)
Balance at September 30, 2016	$ 4,139
Balance at January 1, 2015	$ 3,582
Recognition of impairment loss	2,094
Balance at September 30, 2015	$ 5,676

As of September 30, 2016, December 31 and September 30, 2015, no notes and accounts receivable were pledged as collateral or restricted in any way.

(d) Inventories

	2016.9.30	2015.12.31	2015.9.30
Raw materials and supplies	$ 104,579	87,872	81,665
Work in progress	17,146	31,735	29,015
Finished goods	59,056	22,470	22,474
	$ 180,781	**142,077**	**133,154**

For the three-month and nine-month periods ended September 30, 2016, the losses on valuation of inventories were $13,324 and $24,969, respectively. For the nine-month periods ended September 30, 2015, gain on valuation of inventories was $10,769. For the three-month periods ended September 30, 2015, the losses on valuation of inventories was $3,218.

As of September 30, 2016, December 31 and September 30, 2015, no inventories were pledged as collateral or restricted in any way.

(e) Property, plant and equipment

The movement of cost, accumulated depreciation, and the impairment loss on property, plant and equipment were as follows:

	Buildings and improvements	Machinery and equipment	Transportation equipment	Electrical equipment	Office and other equipment	Construction in progress and testing equipment	Total	
Cost or deemed cost:								
Balance at January 1, 2016	$ 148,900	446,898	3,859	17,607	662,122	157,312	1,436,698	
Additions	2,240	1,318	-	-	25,705	179,620	208,883	
Disposals	-	-	-	1,114	-	-	1,114	
Reclassification	20,160	107,601	-	-	50,530	(111,941)	66,350	(Note)
Balance at September 30, 2016	**$ 171,300**	**555,817**	**3,859**	**16,493**	**738,357**	**224,991**	**1,710,817**	
Balance at January 1, 2015	$ 127,520	363,435	3,035	14,834	415,713	106,235	1,030,772	
Additions	-	714	-	1,165	56,110	244,523	302,512	
Disposals	-	-	-	4,207	-	-	4,207	
Reclassification	4,280	70,489	-	315	114,216	(189,300)	-	
Balance at September 30, 2015	**$ 131,800**	**434,638**	**3,035**	**12,107**	**586,039**	**161,458**	**1,329,077**	
Accumulated depreciation and impairment loss:								
Balance at January 1, 2016	$ 9,026	281,045	672	4,977	205,855	-	501,575	
Depreciation	3,565	52,233	482	754	94,968	-	152,002	
Disposals	-	-	-	1,083	-	-	1,083	
Balance at September 30, 2016	**$ 12,591**	**333,278**	**1,154**	**4,648**	**300,823**	**-**	**652,494**	
Balance at January 1, 2015	$ 5,318	237,999	155	8,050	119,178	-	370,700	
Depreciation	2,706	31,780	379	540	58,749	-	94,154	
Disposals	-	-	-	3,889	-	-	3,889	
Reversal of impairment loss	-	(2,992)	-	-	(469)	-	(3,461)	
Balance at September 30, 2015	**$ 8,024**	**266,787**	**534**	**4,701**	**177,458**	**-**	**457,504**	

		Buildings and improvements	Machinery and equipment	Transportation equipment	Electrical equipment	Office and other equipment	Construction in progress and testing equipment	Total
Carrying amounts:								
Balance at January 1 , 2016		**139,874**	**165,853**	**3,187**	**12,630**	**456,267**	**157,312**	**935,123**
Balance at September 30, 2016	**$**	**158,709**	**222,539**	**2,705**	**11,845**	**437,534**	**224,991**	**1,058,323**
Balance at January 1, 2015	**$**	**122,202**	**125,436**	**2,880**	**6,784**	**296,535**	**106,235**	**660,072**
Balance at September 30, 2015	**$**	**123,776**	**167,851**	**2,501**	**7,406**	**408,581**	**161,458**	**871,573**

Note：Prepayment for equipment has been reclassified to other receivables with $3,455. Other non-current assets－prepayment for equipment have been reclassified to testing equipment with $69,805, including the amount of $46,530, which had been reclassified to machinery and equipment; and the remaining amount of $23,275.

For the three-month and nine-month periods ended September 30, 2015, the Company recognized the gains from reversal of impairment losses on property, plant and equipment amounting to $0 and $3,461, respectively, which was included in other gains and losses.

Property, plant and equipment were not pledged as collateral or restricted in any way.

(f) Other non-current assets

		2016.9.30	2015.12.31	2015.9.30
Prepayment for equipment	$	6,631	72,708	52,630
Others		534	698	1,195
Total	**$**	**7,165**	**73,406**	**53,825**

The amount under “others” is the line subsidy expense.

(g) Employee benefits

1. Defined benefit plan

Given there was no significant volatility of the market, curtailment, reimbursement, settlement or other one-time event subsequent to the end of the prior fiscal year, pension cost in the interim financial statements was calculated on a year-to-date basis using the actuarially determined pension cost at December 31, 2015 and 2014.

Expenses recognized were as follows:

		July to September,2016	July to September,2015	January to September,2016	January to September,2015
Cost of sales	$	15	13	46	39
Selling expenses		1	1	3	3
General and administrative expenses		2	-	4	3
Research and development expenses		1	1	4	3
	$	**19**	**15**	**57**	**48**

2. Defined contribution plan

A summary of pension costs under the defined contribution method is as follows. Payment was made to the Bureau of Labor Insurance.

		July to September,2016	July to September,2015	January to September,2016	January to September,2015
Cost of sales	$	1,618	1,198	4,592	3,348
Selling expenses		147	122	458	367
General and administrative expenses		130	96	351	277
Research and development expenses		121	109	401	267
	$	**2,016**	**1,525**	**5,802**	**4,259**

(h) Income taxes

1. The amounts of income tax expense were as follows:

		July to September,2016	July to September,2015	January to September,2016	January to September,2015
Current tax expense					
Current period	$	38,639	57,633	167,775	143,064
Adjustments for prior periods		-	-	343	(11)
Income tax expense	**$**	**38,639**	**57,633**	**168,118**	**143,053**

There were no income tax expense recognized in equity and other comprehensive income for the three-month and nine-month periods ended September 30, 2016 and 2015.

2. The Company’s income tax returns for all fiscal years up to 2014 have been examined and approved by the tax authority.

3. Information related to the unappropriated earnings and tax deduction ratio is summarized below:

		2016.9.30	2015.12.31	2015.9.30
Unappropriated earnings of 1998 and after	$	**1,058,459**	**1,206,581**	**896,885**
Balance of imputation credit account (ICA)	$	**55,658**	**111,466**	**48,547**

The Company’s tax creditable ratios for earnings distributed to residents of the R.O.C. for the years ended December 31, 2015 and 2014 were 20.69% and 22.18%, respectively. The aforementioned information has been prepared in accordance Tai-Tsai-Suei Letter No. 10204562810 dated October 17, 2013, issued by the Ministry of Finance. From the tax year 2015, only 50% of the corporate income tax can be credited against the individual income tax. For taxpayers residing outside the R.O.C., the 10% of retained earnings tax can be credited against the dividend withholding tax once the Company distributes its dividends from the corresponding retained earnings in subsequent years, but only 50% of the retained earnings tax paid can be credited against the individual income tax.

(i) Share capital and other equity

As of September 30, 2016, December 31 and September 30, 2015, the authorized common stock of the Company were $1,000,000, $700,000 and $700,000, respectively, comprising 100,000 thousand shares, 70,000 thousand shares and 70,000 thousand shares, respectively, with a par value of $10 per share. The issued shares were 91,257 thousand shares, 69,910 thousand shares and 69,910 thousand shares, respectively. All the capitals were fully received.

Except as stated below, there were no material changes in the share capital and other equity during the nine-month periods ended September 30, 2016 and 2015. For more information, please refer to Note 6(j) of the financial statements in 2015.

(1) Common Stock

On June 14, 2016, the Company's stockholders' meeting approved the issuance of 20,972,925 shares for the distribution of stock dividends in the total amount of $209,729. The Company's board of the directors resolved the basis date of the increase in capital to be August 8, 2016, and the registration procedures have been completed.

On June 14, 2016, the Company's stockholders' meeting approved the issuance of 400 thousand restricted shares of stocks to employees. The actual number of issued shares was 375 thousand, which resulted in a capital surplus－restricted stock of $138,353. The Company's board of the directors resolved the basis date of the increase in capital to be August 23, 2016, and the registration procedures have been completed. As of September 30, 2016, deferred compensation cost arising from issuance of restricted stock of $112,836 was accounted for under other adjustments to shareholders' equity.

On July 15, 2015, the Company's board of directors approved a resolution for the issuance of 5,502,000 new shares for cash, which amounted to $1,540,560, before the first listing on the Taipei Exchange. These shares were issued at a $280 (dollars) premium per share. The basis date of the increase in capital was July 21, 2015, and the increase in capital was fully received.

On June 25, 2015, the Company's stockholders' meeting approved the issuance of 9,118,660 shares for the distribution of stock dividends in the total amount of $91,187. The Company's board of the directors resolved the basis date of the increase in capital to be September 13, 2015, and the registration procedures have been completed.

(2) Capital surplus

The balance of capital surplus at the reporting date was as follows:

	2016.9.30	2015.12.31	2015.9.30
Additional paid-in capital	1,527,434	1,527,434	1,527,434
Restricted stock	138,353	-	-
Total	$ **1,665,787**	**1,527,434**	**1,527,434**

(3) Retained earnings

According to the Company's articles of incorporation, 10% of annual earnings must be set aside as legal reserve after offsetting any accumulated deficit. When the balance of such legal reserve reaches an amount equal to the paid-in capital, the appropriation to legal reserve is discontinued. The Company may, under its articles of incorporation or by resolution of the meeting of shareholders, set aside another sum as special reserve. Distribution of the remainder is at the stockholders' discretion.

The appropriations of earnings for 2015 and 2014 were approved by the shareholders' meetings on June 14, 2016, and June 25, 2015, respectively. The relevant dividend distributions to shareholders were as follows:

Unit per share: dollar

	2015		2014	
	TWD/per share	**Amount**	**TWD/per share**	**Amount**
Dividend distributed to common shareholders				
Cash dividends	$ 9.0	629,188	7.0	425,538
Stock dividends	3.0	209,729	1.5	91,187
		$ 838,917		**516,725**

There were no differences between the actual amounts of appropriation of earning for 2015 and those approved by the board of directors. For the appropriations of earnings for 2014 approved in the shareholders' meeting, the ordinary share dividends to be distributed to shareholders were adjusted from $60,791 to $91,187 by the board of directors' meeting. The related information can be accessed through the Market Observation Post System.

(j) Share-based payment

On June 14, 2016, the board of shareholders' meeting approved the issuance of 400 thousand restricted shares of stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with, and approved by, the Securities and Futures Bureau of the Financial Supervisory Commission, R.O.C. On August 2, 2016, the board of directors issued 375 thousand restricted shares. The fair value on the grant date was $346.6 per share.

Those employees with the restricted stock awards are entitled to purchase shares at the price of $51.34 per share, with the condition that these employees continue to provide service to the Company for at least 2 years (from the grant date). 50% of the restricted stock is vested in year 1 after the grant date, and the remaining 50% is vested in year 2 after the grant date. The restricted stock is kept by a trust, which is appointed by the Company, before it is vested. These shares shall not be sold, pledged, transferred, gifted, or disposed of by any other means to third parties during the custody period. The voting rights of these shareholders are executed by a custodian who will act in accordance with the laws and regulations. If the shares remain unvested after the vesting period, the Company will repurchase all the unvested shares at the issuance price and cancel the shares thereafter.

Details of the restricted stock of the Company are as follows:

(1) Details of number of restricted shares are as follows:

	January to September, 2016
	Number of restricted shares (in thousands)
Outstanding at January 1,	-
Granted during the year	375
Outstanding at September 30,	**375**

(2) The company used Black-Scholes model in measuring the fair value of the share-based payment at the grant date. The assumptions adopted in this valuation model were as follows:

Current market price	398
Exercise price	51.34
Expected life / Exercise period	2 years / 16 days
Expected volatility	92.27%
Risk-free interest rate	0.3189%

For the three-month and nine-month periods ended September 30, 2016, the compensation costs of restricted stock amounted to $11,940, which was recognized as operating cost or operating expenses.

(k) Earnings per share

The basic and diluted earnings per share (expressed in New Taiwan dollars) were calculated as follows:

Unit of share: thousand

		July to September, 2016	July to September, 2015	January to September, 2016	January to September, 2015
Basic earnings per share:					
Profit attributable to ordinary shareholders of the Company	$	188,725	278,866	789,688	678,140
Weighted-average number of common shares outstanding		90,883	89,389	90,883	85,616
	$	**2.08**	**3.12**	**8.69**	**7.92**
Diluted earnings per share:					
Profit attributable to ordinary shareholders of the Company (diluted)	$	188,725	278,866	789,688	678,140
Weighted-average number of common shares outstanding		90,883	89,389	90,883	85,616
Effect of employee stock bonus and employee compensation		243	222	379	374
Weighted-average number of common shares outstanding		91,126	89,611	91,262	85,990
	$	**2.07**	**3.11**	**8.65**	**7.89**

For the three-month and nine-month periods ended September 30, 2016, the restricted shares were not included in the calculation of weighted-average number of shares (diluted) due to their anti-dilutive impact on earnings per share.

(l) Revenue

Details of revenue were as follows:

		July to September, 2016	July to September, 2015	January to September, 2016	January to September, 2015
Sale of goods	$	**490,184**	**551,680**	**1,759,646**	**1,406,895**

(m) Compensation of employees and of directors

According to the articles of the incorporation, if the Company has profit as a result of the yearly account closing, the Company should distribute 1% to directors as compensation and no less than 8% as employee compensation. When the Company still has an accumulated loss, the Company shall keep the profit for making up an accumulated loss.

For the three-month and nine-month periods ended September 30, 2016 and 2015, the compensation to employees amounted to $19,981, $29,655, $84,118, and $72,173, respectively, and the compensation of directors amounted to $2,498, $3,707, $10,515, and $9,022, respectively, were estimated based on the Company’s net income before tax, excluding compensation of employees and of directors, multiplied by the appropriate percentage in compliance with the Company’s articles. These expenses were recognized in operating costs and operating expenses for the current period. For any change after the issuance date of the financial statements, the difference shall be accounted for as a change in accounting estimate and recognized in profit or loss in the following year.

The compensation of employees and of directors in 2015 was estimated at $104,888 and $13,111, respectively. There were no differences between the estimated amounts approved by the board of directors. The related information can be accessed through the Market Observation Post System.

(n) Non-operating income and expenses

1. Interest income

		July to September, 2016	July to September, 2015	January to September, 2016	January to September, 2015
Bank deposits	$	**2,573**	**1,449**	**8,073**	**4,074**

2. Other gains and losses

Details of other gains and losses were as follows:

		July to September, 2016	July to September, 2015	January to September, 2016	January to September, 2015
Foreign exchange gain (loss), net	$	(10,689)	23,152	(17,208)	17,153
Loss on disposal of property, plant and equipment		-	-	(31)	(318)
Gains (losses) on valuation of financial assets and liabilities by fair value, net		4,581	(8,749)	7,372	(6,785)
Reversal of impairment loss on non-financial assets		-	-	-	3,461
Others		1,146	444	(2,068)	2,244
	$	**(4,962)**	**14,847**	**(11,935)**	**15,755**

(o) Financial instruments

Except as stated below, there were no material changes in fair value of financial instruments and financial instruments exposed to credit risk, liquidity risk, and market risk. For more information, please refer to Note 6(p) to the financial statements of 2015.

(1) Credit risk

As of September 30, 2016, December 31, and September 30, 2015, a few customers of the Company accounted for 63%, 83% and 75%, respectively, of accounts receivable. However, 24%, 35% and 35%, respectively, of the above receivables were irrevocable letters of credit with extended maturities. As of the end of the reporting period, the Company did not suffer any significant credit risk losses due to these customers. The Company periodically evaluates customers' financial position and the possibility of recovery of receivables in order to reduce credit risk.

(2) Liquidity risk

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

		Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
September 30, 2016								
Non-derivative financial liabilities								
Non-interest-bearing liabilities	$	**79,206**	**79,206**	**79,206**	-	-	-	-
December 31, 2015								
Non-derivative financial liabilities								
Non-interest-bearing liabilities	$	103,378	103,378	103,378	-	-	-	-
Derivative financial liabilities								
Forward exchange contracts		1,616	1,616	1,616	-	-	-	-
	$	**104,994**	**104,994**	**104,994**	-	-	-	-

		Carrying amount	Contractual cash flows	Within 6 months	6 to 12 months	1 to 2 years	2 to 5 years	More than 5 years
September 30, 2015								
Non-derivative financial liabilities								
Non-interest-bearing liabilities		95,581	95,581	95,581	-	-	-	-
Derivative financial liabilities								
Forward exchange contracts		4,061	4,061	4,061	-	-	-	-
	$	**99,642**	**99,642**	**99,642**	-	-	-	-

The Company does not expect that the cash flows could occur significantly earlier or at significantly different amounts.

(3) Foreign currency risk

1. Exposure to foreign currency risk

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

Unit of foreign currency: thousand

		2016.9.30			**2015.12.31**			**2015.9.30**		
		Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
Financial assets										
Monetary items										
USD	$	12,401	31.36	388,905	13,446	32.83	441,362	12,269	32.87	403,280
Non-Monetary items										
USD		55	31.36	1,738	-	-	-	-	-	-
Financial liabilities										
Monetary items										
USD		548	31.36	17,193	1,220	32.83	40,044	813	32.87	26,730
Non-Monetary items										
USD		-	-	-	49	32.83	1,616	124	32.87	4,061

Exchange gain or loss (including realized and unrealized) that resulted from monetary items translated to the functional currency were as follows:

		July to September, 2016		**July to September, 2015**		**January to September, 2016**		**January to September, 2015**	
		Exchange gain (loss)	**Average rate**	**Exchange gain (loss)**	**Average rate**	**Exchange gain (loss)**	**Average rate**	**Exchange gain (loss)**	**Average rate**
TWD	**$**	**(10,689)**	-	**23,152**	-	**(17,208)**	-	**17,153**	-

2. Sensitivity analysis

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivable, accounts payable, and other payables. If the exchange rate of the TWD versus the USD had increased or decreased by 3%, given no changes in other factors, profit after tax would have increased or decreased by $9,256 and $9,376 for the nine-month periods ended September 30, 2016 and 2015, respectively.

LandMark Optoelectronics Corporation

Notes to Financial Statements (continued)

(4) Fair value information

1. Fair value and carrying amounts

Other than those listed below, the Company considers the carrying amounts of its financial assets and liabilities measured at amortized cost to be a reasonable approximation of fair value:

	2016.9.30				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	**$ 1,738**	-	**1,738**	-	**1,738**
Loans and receivable					
Cash and cash equivalents	$ 2,386,678	-	-	-	-
Notes and accounts receivable	404,104	-	-	-	-
Total	**$ 2,790,782**				
Other financial assets－current and non-current	**$ 9,271**	-	-	-	-
Financial liabilities measured at amortized cost					
Payables	**$ 79,206**	-	-	-	-

	2015.12.31				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Loans and receivable					
Cash and cash equivalents	$ 2,220,878	-	-	-	-
Notes and accounts receivable	603,080	-	-	-	-
Total	**$ 2,823,958**				
Other financial assets－current and non-current	**$ 9,172**	-	-	-	-
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	**$ 1,616**	-	**1,616**	-	**1,616**
Financial liabilities measured at amortized cost					
Payables	**$ 103,378**	-	-	-	-

	2015.9.30				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Loans and receivable					
Cash and cash equivalents	$ 1,924,691	-	-	-	-
Notes and accounts receivable	572,092	-	-	-	-
Total	**$ 2,496,783**	-	-	-	-
Other financial assets－current and non-current	**$ 7,331**	-	-	-	-

	2015.9.30				
	Carrying amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	**4,061**	-	**4,061**	-	**4,061**
Financial liabilities measured at amortized cost					
Payables	$ **95,581**	-	-	-	-

The table above analyzes financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

There was no reclassification of levels during the nine-month periods ended September 30, 2016 and 2015.

2. Valuation techniques used in determining the fair value of other financial assets and financial liabilities

Derivative financial instruments

The fair value is determined according to an evaluation model widely accepted by market participants such as the discounted cash flow model. The fair value of forward exchange contracts is usually based on the forward exchange rate.

(p) Financial risk management

The financial risk management goals, policies and procedures were consistent with those stated in the Note 6(q) to the financial statements of 2015.

(q) Capital management

The capital management goals, policies and procedures were consistent with those stated in the financial statements of 2015. The quantitative data on capital management stated in the notes to the financial statements of 2015 had no material changes during of 2015. For more information, please refer to the Note 6(r) to the financial statements of 2015.

7. Related-party Transactions

(a) The Company has no subsidiary and is the ultimate controlling party of the Company.

(b) Key management personnel compensation comprised

	July to September, 2016	July to September, 2015	January to September, 2016	January to September, 2015
Short-term employee benefits	$ 15,163	12,042	44,443	31,885
Post-employment benefits	161	143	482	405
	$ 15,324	**12,185**	**44,925**	**32,290**

8. Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2016.9.30	2015.12.31	2015.9.30
Other financial assets－current (restricted bank deposits)	Post-release duty payment of import cargo, Southern Taiwan Science Park's lease and notional forward exchange deposits	$ 8,583	7,928	6,916

9. Commitments and Contingencies

(a) The Company signed contracts with domestic and foreign vendors for purchasing property, plant and equipment. As of September 30, 2016, December 31 and September 30, 2015, the contracts amounted to $220,126, $229,890 and $249,038, respectively, and the unpaid payment was $39,685, $76,124 and $102,397, respectively.

(b) The Company entered into rental agreements with the Southern Taiwan Science Park for land ranging from August 1, 2010, to July 31, 2030. The future rental commitments are as follows:

	2016.9.30	2015.12.31	2015.9.30
Less than one year	$ 2,462	2,263	2,263
Between one and five years	9,846	9,052	9,052
More than five years	21,744	21,687	22,253
	$ 34,052	33,002	33,568

10. Losses Due to Major Disasters: None.

11. Significant Subsequent Events: None.

12. Other

(a) The following is a summary statement of current-period employee benefits, depreciation, and amortization expenses by function:

	July to September, 2016			July to September, 2015		
	Classified as cost of sales	Classified as operating expenses	Total	Classified as cost of sales	Classified as operating expenses	Total
Employee benefits						
Salary	48,791	29,093	77,884	44,044	23,742	67,786
Labor and health insurance	2,938	982	3,920	2,198	1,922	4,120
Pension	1,633	402	2,035	1,211	329	1,540
Others	1,370	814	2,184	1,073	974	2,047
Depreciation	46,822	8,661	55,483	29,797	5,290	35,087
Amortization	195	-	195	482	15	497

	January to September, 2016			January to September, 2015		
	Classified as cost of sales	**Classified as operating expenses**	**Total**	**Classified as cost of sales**	**Classified as operating expenses**	**Total**
Employee benefits						
Salary	153,468	81,852	235,320	121,262	61,402	182,664
Labor and health insurance	8,336	2,924	11,260	6,025	3,385	9,410
Pension	4,638	1,221	5,859	3,387	920	4,307
Others	5,198	2,772	7,970	2,699	2,282	4,981
Depreciation	126,214	25,788	152,002	83,499	10,655	94,154
Amortization	827	7	834	970	46	1,016

(b) Seasonality or cyclicality of interim operations

The operations of the Company are neither seasonal nor cyclical.

13. Other Disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company:

1. Fund financing to others: None.
2. Guarantees and endorsements provided to others: None.
3. Information regarding securities held at balance sheet date (excluding investments in subsidiaries, associates, and joint ventures): None.
4. Information regarding securities where the accumulated purchase or sale amounts for the period exceed NT$300 million or 20% of the paid-in capital: None.
5. Information on the acquisition of real estate which exceeds NT$300 million or 20% of the paid-in capital: None.
6. Information on the disposal of real estate which exceeds NT$300 million or 20% of the paid-in capital: None.
7. Information regarding related-party purchase and sale transactions which exceed NT$100 million or 20% of the paid-in capital: None.
8. Information regarding receivables from related parties which exceed NT$100 million or 20% of the paid-in capital: None.
9. Trading in derivative instruments: Please refer to Note 6(b).
10. Business relationships and significant intercompany transactions: None.

(b) Information on investees: None.

(c) Information on investment in Mainland China: None.

14. Segment Information

The Company has one reportable segment and is mainly engaged in single-product manufacturing and selling of wafers. Financial segment information is consistent with the above financial information for the Company as a whole. The accounting policies of the operating segment are the same as those described in Note 4.