

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

**QUANTA COMPUTER INC.
AND ITS SUBSIDIARIES**

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

(With Independent Auditors' Review Report Thereon)

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

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Independent Auditors' Review Report

To the Board of Directors of Quanta Computer Inc.:

We have reviewed the consolidated financial statements of Quanta Computer Inc. and its subsidiaries which comprise the consolidated statement of financial position as of March 31, 2017 and 2016, and the consolidated statement of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2017 and 2016. The Company's management is responsible for the preparation and presentation of the consolidated financial statements. Our responsibility is to issue a report on these consolidated financial statements based on our reviews.

Except as described in the third and fourth paragraphs, we reviewed these consolidated financial statements in accordance with Statement of Auditing Standard No.36 "Engagements to Review Financial Statements". A review is limited primarily to inquiries of company personnel and applying analytical procedures to financial data and thus provides less assurance than an audit. We have not performed an audit, and accordingly, we do not express an audit opinion.

Also included in the accompanying consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of NT\$169,188,672 thousand and NT\$163,137,849 thousand, constituting 28.23% and 29.73%, respectively, of the total consolidated assets as of March 31, 2017 and 2016. The total liabilities of these subsidiaries as of March 31, 2017 and 2016 amounted to NT\$102,754,769 thousand and NT\$68,442,350 thousand, constituting 22.41% and 16.87%, respectively, of total consolidated liabilities. The comprehensive income of these subsidiaries for the three months ended March 31, 2017 and 2016 amounted to loss of NT\$79,864 thousand and profit of NT\$272,985 thousand, constituting (7.37)% and 9.53%, respectively, of consolidated comprehensive income.

To the consolidated financial statements, the investments accounted for using the equity method of Quanta Computer Inc. and its subsidiaries which stated at NT\$411,783 thousand and NT\$317,727 thousand as of March 31, 2017 and 2016, respectively, and the share of profit (loss) of associates and joint ventures accounted for the using equity method thereof amounted to loss of NT\$31,113 thousand and loss of NT\$6,059 thousand for the three months ended March 31, 2017 and 2016, respectively, were recognized based upon the financial statements prepared by investee companies not reviewed by the independent accountants in compliance with the review procedures described in the preceding paragraph.

Based on our reviews, except for the effects of the adjustments, if any, that might have emerged had the financial statements of the said consolidated subsidiaries and the long-term equity investees been reviewed by independent accountants, we are not aware of any material modifications that should be made to the accompanying consolidated financial statements described in the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the guidelines of IFRS 34 “Interim Financial Reporting” which is approved by the FSC.

KPMG

Taipei, Taiwan (Republic of China)
May 12, 2017

Notes to Readers

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

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

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND REPORT ORIGINALLY ISSUED IN CHINESE)
AS OF MARCH 31, 2017 AND 2016 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

QUANTA COMPUTER INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2017, DECEMBER 31, 2016, AND MARCH 31, 2016
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS		2017.3.31		2016.12.31		2016.3.31		LIABILITIES AND EQUITY		2017.3.31		2016.12.31		2016.3.31	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
Current assets:								Current liabilities:							
1100	Cash and cash equivalents (Note (6)(a))	\$ 270,716,634	45	202,911,112	35	230,817,436	42	2100	Short-term borrowings (Note (6)(j))	\$ 229,502,950	38	183,886,467	31	194,315,959	36
1110	Current financial assets at fair value through profit or loss (Note (6)(b))	1,128,981	-	2,029,865	-	2,136,918	-	2120	Current financial liabilities at fair value through profit or loss (Note (6)(b))	16,771	-	-	-	-	-
1126	Current available-for-sale financial assets (Note (6)(b))	26,966,220	5	24,518,661	4	30,689,627	6	2170	Accounts payable (Note (7))	149,340,774	25	175,581,325	30	121,531,748	22
1172	Accounts receivable, net (Note (6)(c) and (7))	100,453,700	17	168,439,873	29	91,843,899	17	2219	Other payables (Note (7))	20,372,976	4	27,657,784	5	19,472,465	4
1200	Other receivables, net (Note (6)(c) and (7))	2,929,231	-	2,250,197	-	2,732,513	1	2230	Current tax liabilities	6,937,389	1	6,045,418	1	9,432,920	2
1310	Inventories (Note (6)(d))	133,018,542	22	122,185,864	21	120,470,749	22	2305	Other current financial liabilities	6,752,496	1	7,305,018	1	7,178,614	1
1476	Other current financial assets (Note (8))	10,247,911	2	6,682,963	1	9,221,294	2	2320	Long-term liabilities, current portion (Note (6)(k))	-	-	-	-	7,588,988	1
1479	Other current assets, others	2,710,889	1	3,407,924	1	2,052,781	-	2399	Other current liabilities, others (Note (7))	26,208,799	4	26,657,827	5	24,138,353	4
		<u>548,172,108</u>	<u>92</u>	<u>532,426,459</u>	<u>91</u>	<u>489,965,217</u>	<u>90</u>		Non-Current liabilities:	<u>439,132,155</u>	<u>73</u>	<u>427,133,839</u>	<u>73</u>	<u>383,659,047</u>	<u>70</u>
Non-current assets:								2540	Long-term borrowings (Note (6)(k))	18,234,340	3	19,361,215	3	20,785,125	4
1523	Non-current available-for-sale financial assets (Note (6)(b))	1,138,319	-	1,135,329	-	895,225	-	2570	Deferred tax liabilities	362,439	-	367,996	-	414,851	-
1550	Investments accounted for using equity method (Note (6)(e))	411,783	-	380,385	-	317,727	-	2640	Net defined benefit liability (Note (6)(m))	752,271	-	753,028	-	812,377	-
1600	Property, plant and equipment (Note (6)(g))	41,995,232	7	45,463,001	8	47,781,167	9	2670	Other non-current liabilities, others	96,210	-	97,197	-	101,809	-
1760	Investment property, net (Note (6)(h))	70,787	-	70,948	-	71,432	-		Total liabilities	<u>458,577,415</u>	<u>76</u>	<u>447,713,275</u>	<u>76</u>	<u>405,773,209</u>	<u>74</u>
1780	Intangible assets (Note (6)(i))	642,135	-	682,497	-	760,568	-	Equity attributable to owners of parent:							
1840	Deferred tax assets	5,020,400	1	5,124,850	1	6,382,016	1	(Note (6)(o))							
1980	Other non-current financial assets (Note (8))	285,380	-	296,840	-	423,675	-	3100	Share capital	38,626,274	7	38,626,274	7	38,626,274	7
1995	Other non-current assets, others	1,646,333	-	1,849,752	-	2,125,356	-	3200	Capital surplus	14,058,162	2	14,053,893	2	14,042,566	3
		<u>51,210,369</u>	<u>8</u>	<u>55,003,602</u>	<u>9</u>	<u>58,757,166</u>	<u>10</u>	3300	Retained earnings	88,050,444	15	85,257,190	15	88,447,528	16
								3400	Other equity interest	(6,160,520)	(1)	(4,750,829)	(1)	(5,143,060)	(1)
								3500	Treasury shares	(333,094)	-	(333,094)	-	(333,094)	-
									Total equity attributable to owners of parent	<u>134,241,266</u>	<u>23</u>	<u>132,853,434</u>	<u>23</u>	<u>135,640,214</u>	<u>25</u>
								36XX	Non-controlling interests	<u>6,563,796</u>	<u>1</u>	<u>6,863,352</u>	<u>1</u>	<u>7,308,960</u>	<u>1</u>
									Total equity	<u>140,805,062</u>	<u>24</u>	<u>139,716,786</u>	<u>24</u>	<u>142,949,174</u>	<u>26</u>
TOTAL ASSETS		<u>\$ 599,382,477</u>	<u>100</u>	<u>587,430,061</u>	<u>100</u>	<u>548,722,383</u>	<u>100</u>	TOTAL LIABILITIES AND EQUITY		<u>\$ 599,382,477</u>	<u>100</u>	<u>587,430,061</u>	<u>100</u>	<u>548,722,383</u>	<u>100</u>

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

QUANTA COMPUTER INC. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016
(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		<u>For the Three Months Ended March 31,</u>			
		<u>2017</u>		<u>2016</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note (6)(q) and (7))	\$ 227,915,880	100	197,362,829	100
5000	Operating costs (Note (6)(d) and (7))	<u>217,130,663</u>	<u>95</u>	<u>187,531,601</u>	<u>95</u>
	Gross profit from operations	10,785,217	5	9,831,228	5
5910	Less: Unrealized profit from sales	1,342	-	1,671	-
5920	Add: Realized profit on from sales	<u>2,220</u>	<u>-</u>	<u>2,793</u>	<u>-</u>
		<u>10,786,095</u>	<u>5</u>	<u>9,832,350</u>	<u>5</u>
	Operating expenses:				
6100	Selling expenses	1,453,046	1	1,586,425	1
6200	Administrative expenses	2,020,311	1	2,109,187	1
6300	Research and development expenses	<u>2,636,707</u>	<u>1</u>	<u>2,622,767</u>	<u>1</u>
		<u>6,110,064</u>	<u>3</u>	<u>6,318,379</u>	<u>3</u>
	Net operating income	<u>4,676,031</u>	<u>2</u>	<u>3,513,971</u>	<u>2</u>
	Non-operating income and expenses:				
7010	Other income (Note (6)(s) and (7))	1,156,199	-	900,396	-
7510	Interest expenses (Note (6)(s))	(840,831)	-	(509,129)	-
7020	Other gains and losses, net (Note (6)(s))	(1,018,013)	-	433,674	-
7060	Share of loss of associates and joint ventures accounted for using equity method (Note (6)(e))	<u>(31,113)</u>	<u>-</u>	<u>(6,059)</u>	<u>-</u>
		<u>(733,758)</u>	<u>-</u>	<u>818,882</u>	<u>-</u>
7900	Profit before tax	3,942,273	2	4,332,853	2
7950	Less: Tax expenses (Note (6)(n))	<u>1,105,920</u>	<u>-</u>	<u>687,663</u>	<u>-</u>
	Profit	<u>2,836,353</u>	<u>2</u>	<u>3,645,190</u>	<u>2</u>
8300	Other comprehensive income:				
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(1,710,945)	(1)	(678,658)	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	(52,535)	-	(106,051)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	11,131	-	3,009	-
8399	Other components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>(1,752,349)</u>	<u>(1)</u>	<u>(781,700)</u>	<u>-</u>
8300	Other comprehensive income, net	<u>(1,752,349)</u>	<u>(1)</u>	<u>(781,700)</u>	<u>-</u>
8500	Total comprehensive income for the year	<u>\$ 1,084,004</u>	<u>1</u>	<u>2,863,490</u>	<u>2</u>
	Profit attributable to:				
8610	Profit, attributable to owners of parent	\$ 2,793,254	2	3,617,170	2
8620	Profit, attributable to non-controlling interests	43,099	-	28,020	-
		<u>\$ 2,836,353</u>	<u>2</u>	<u>3,645,190</u>	<u>2</u>
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	\$ 1,383,563	1	2,897,905	2
8720	Comprehensive income, attributable to non-controlling interests	(299,559)	-	(34,415)	-
		<u>\$ 1,084,004</u>	<u>1</u>	<u>2,863,490</u>	<u>2</u>
	Earnings per share attributable to parent company (Note (6)(p))				
9750	Basic earnings per share (NT dollars)	<u>\$ 0.72</u>		<u>0.94</u>	
9850	Diluted earnings per share (NT dollars)	<u>\$ 0.72</u>		<u>0.93</u>	

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

(ENGLISH TRANSLATION OF CONSOLIDATED FINANCIAL STATEMENTS AND REPORT ORIGINALLY ISSUED IN CHINESE)

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

QUANTA COMPUTER INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

Owners' Equity Attributable to Equity Holders of the Parent Company

	Share Capital		Retained Earnings			Other Equity Interest			Total Equity Attributable to Owners of Parent	Non-Controlling Interests	Total Equity
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses) on Available-for-Sale Financial Assets	Treasury Shares			
Balance as of January 1, 2016	\$ 38,626,274	14,042,566	26,966,046	2,941,161	54,923,151	6,210,532	(10,634,327)	(333,094)	132,742,309	7,343,375	140,085,684
Profit for the period	-	-	-	-	3,617,170	-	-	-	3,617,170	28,020	3,645,190
Other comprehensive income for the period	-	-	-	-	-	(615,546)	(103,719)	-	(719,265)	(62,435)	(781,700)
Total comprehensive income	-	-	-	-	3,617,170	(615,546)	(103,719)	-	2,897,905	(34,415)	2,863,490
Balance as of March 31, 2016	<u>\$ 38,626,274</u>	<u>14,042,566</u>	<u>26,966,046</u>	<u>2,941,161</u>	<u>58,540,321</u>	<u>5,594,986</u>	<u>(10,738,046)</u>	<u>(333,094)</u>	<u>135,640,214</u>	<u>7,308,960</u>	<u>142,949,174</u>
Balance as of January 1, 2017	\$ 38,626,274	14,053,893	28,748,759	4,423,795	52,084,636	5,109,127	(9,859,956)	(333,094)	132,853,434	6,863,352	139,716,786
Profit for the period	-	-	-	-	2,793,254	-	-	-	2,793,254	43,099	2,836,353
Other comprehensive income for the period	-	-	-	-	-	(1,364,653)	(45,038)	-	(1,409,691)	(342,658)	(1,752,349)
Total comprehensive income	-	-	-	-	2,793,254	(1,364,653)	(45,038)	-	1,383,563	(299,559)	1,084,004
Other changes in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method	-	4,272	-	-	-	-	-	-	4,272	-	4,272
Changes of ownership in subsidiaries	-	(3)	-	-	-	-	-	-	(3)	3	-
Balance as of March 31, 2017	<u>\$ 38,626,274</u>	<u>14,058,162</u>	<u>28,748,759</u>	<u>4,423,795</u>	<u>54,877,890</u>	<u>3,744,474</u>	<u>(9,904,994)</u>	<u>(333,094)</u>	<u>134,241,266</u>	<u>6,563,796</u>	<u>140,805,062</u>

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

QUANTA COMPUTER INC. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Three Months Ended March 31,	
	2017	2016
Cash flows from operating activities :		
Profit before tax	\$ 3,942,273	4,332,853
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,482,361	1,642,594
Amortization expense	251,859	257,834
Reversal of provisions for bad debt expense	(108,304)	(180,580)
Net profit on financial assets or liabilities at fair value through profit or loss	(7,817)	(395)
Interest expense	840,831	509,129
Interest income	(1,156,199)	(889,486)
Dividend income	-	(10,910)
Share of losses of associates and joint ventures accounted for using equity method	31,113	6,059
Loss on disposal of property, plant and equipment	387,924	53,616
Property, plant and equipment transferred to expenses	-	16,154
Gain on disposal of intangible assets	(11)	-
Gain on disposal of investments	(29,855)	(41,501)
Loss on disposal of investments accounted for using equity method	819	-
Impairment loss on non-financial assets	1,387	2,996
Unrealized foreign exchange gain	(630,000)	(542,160)
Total adjustments to reconcile profit	<u>1,064,108</u>	<u>823,350</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	290,752	(75,115)
Accounts receivable	61,114,140	69,712,982
Other receivables	(344,012)	273,378
Inventories	(16,545,716)	18,531
Other financial assets	221,900	102,135
Other current assets	<u>524,116</u>	<u>369,655</u>
Total changes in operating assets	<u>45,261,180</u>	<u>70,401,566</u>
Changes in operating liabilities:		
Accounts payable	(10,425,888)	(20,922,913)
Other payables	(5,385,521)	(4,937,794)
Other financial liabilities	(478,312)	(480,472)
Other current liabilities	(393,904)	167,869
Net defined benefit liabilities	(757)	(777)
Other liabilities	(876)	(1,123)
Total changes in operating liabilities	<u>(16,685,258)</u>	<u>(26,175,210)</u>
Total changes in operating assets and liabilities	<u>28,575,922</u>	<u>44,226,356</u>
Total adjustments	<u>29,640,030</u>	<u>45,049,706</u>
Cash generated from operations	33,582,303	49,382,559
Interest received	789,063	836,568
Dividends received	3,969	10,910
Interest paid	(533,039)	(537,415)
Income taxes paid	<u>(194,020)</u>	<u>(380,675)</u>
Net cash provided by operating activities	<u>33,648,276</u>	<u>49,311,947</u>

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

QUANTA COMPUTER INC.AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	For the Three Months Ended March 31,	
	2017	2016
Cash flows from investing activities:		
Acquisition from disposal of financial assets at fair value through profit or loss, designated as upon initial recognition	(1,157,165)	(1,383,654)
Proceeds from disposal of financial assets at fair value through profit or loss, designated as upon initial recognition	476,480	1,775,441
Acquisition of available-for-sale financial assets	(25,868,618)	(29,343,866)
Proceeds from disposal of available-for-sale financial assets	23,392,345	35,934,209
Proceeds from capital reduction of available-for-sale financial assets	-	9,355
Acquisition of investments accounted for using equity method	(55,658)	-
Proceeds from capital reduction of investments accounted for using equity method	4,061	-
Acquisition of property, plant and equipment	(964,246)	(1,260,941)
Proceeds from disposal of property, plant and equipment	125,794	96,806
Acquisition of intangible assets	(56,209)	(11,894)
Proceeds from disposal of intangible assets	11	-
Increase in other financial assets	(4,267,143)	(21,926)
Decrease in other financial assets	93	613,558
Increase in other non-current assets	(103,542)	(167,720)
Decrease in other non-current assets	3,704	7,152
Net cash (used in) provided by investing activities	(8,470,093)	6,246,520
Cash flows from financing activities:		
Increase in short-term loans	70,624,058	50,799,259
Decrease in short-term loans	(18,430,076)	(3,228,219)
Proceeds from long-term debt	-	15,780,000
Repayments of long-term debt	-	(15,934,600)
Increase in other financial liabilities	3,335	5,039
Decrease in other financial liabilities	(68)	(3,364)
Decrease in other non-current liabilities	-	(314,238)
Net cash provided by financing activities	52,197,249	47,103,877
Effect of exchange rate changes on cash and cash equivalents	(9,569,910)	(4,583,595)
Net increase in cash and cash equivalents	67,805,522	98,078,749
Cash and cash equivalents at beginning of year	202,911,112	132,738,687
Cash and cash equivalents at end of year	\$ 270,716,634	230,817,436

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

QUANTA COMPUTER INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(1) Overview

Quanta Computer Inc. (the Company) was incorporated on May 9, 1988 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is No. 188 Wen Hwa 2nd Rd., Kuei Shan District, Tao Yuan City, Taiwan, R.O.C. The Company and its subsidiaries (the Group) engage primarily in the manufacturing, processing, and sales of laptop computers and telecommunication products.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on May 12, 2017.

(3) New Standards and Interpretations Adopted

(a) Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already taken effect.

According to 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 in preparing their financial statements. The related new standards, interpretations and amendments are as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
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 "Presentation of Financial Statements-Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 "Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014
Amendments to IAS 39 "Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014

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<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
Annual Improvements to IFRSs 2010-2012 Cycle and 2011 2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

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

- (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. The FSC announced that the Group should apply IFRS 9 and IFRS 15 starting January 1, 2018. As of the date the Group's financial statements were issued, the FSC has yet to announce the effective dates of the other IFRSs. As of the end of reporting date is as follows:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
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
Amendments to IFRS 4 " Insurance Contracts"("Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts")	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
Amendments to IAS 40 Investment Property	January 1, 2018

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

<u>Issuance / Release Dates</u>	<u>Standards or Interpretations</u>	<u>Content of amendment</u>
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.
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: <ul style="list-style-type: none"> • Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. • Impairment: The expected credit loss model is used to evaluate impairment. • Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness is measured based on the hedge ratio.

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<u>Issuance / Release Dates</u>	<u>Standards or Interpretations</u>	<u>Content of amendment</u>
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: <ul style="list-style-type: none">• 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.
January 29, 2016	Amendments to IAS 7 "Disclosure Initiative"	The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes.

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

(4) Significant Accounting Policies

Except as described in the following paragraph, the significant accounting policies adopted in the preparation of the interim consolidated financial statements are applied consistently with those of the consolidated financial statements for the year ended December 31, 2016. Please refer to Note (4) of the consolidated financial statements for the year ended December 31, 2016, for related information.

(a) Statement of compliance

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

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(b) Basis of consolidation

The principles of preparation have been applied consistently with those described in the annual consolidated financial statements for the year ended December 31, 2016. For detailed information, please refer to Note (4)(c) of the annual consolidated financial statements for the year ended December 31, 2016.

1. List of subsidiaries in the consolidated financial statements :

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			2017.3.31	2016.12.31	2016.3.31	
The Company	Quanta International Limited (QIL)	Holding company	100.00 %	100.00 %	100.00 %	
"	QCJ Corp.	Manufacture, after-sale service and sale of computers and telecommunication products	100.00 %	100.00 %	100.00 %	
"	Quanta Computer Technology Investment Corp. (QCTI)	Investment company	100.00 %	100.00 %	100.00 %	
"	Quanta Venture Capital Co., Ltd. (QVC)	Venture capital	100.00 %	100.00 %	100.00 %	
"	Quanta Cloud Technology Inc. (QCTTW)	Wholesale of computers and accessories	99.99 %	99.99 %	99.99 %	
"	FaceVSION Technology Inc. (FVT)	Wholesale of electric components, equipment and retail of other telecommunication products	100.00 %	100.00 %	100.00 %	
"	CloudCast Technology Inc.	Service, wholesale and retail of information software, service of data processing	- %	100.00 %	100.00 %	The liquidation procedure was completed in February 2017.
The Company, QCTI and QVC	TWDT Precision Co., Ltd. (TWDT)	Computers, electronic products, optical products and other transportation manufacturing business	- %	- %	55.00 %	Note 1
The Company and QCTI	Quanta Storage Inc. (QSI)	Optical industry	30.22 %	30.22 %	30.22 %	Note 2

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Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			2017.3.31	2016.12.31	2016.3.31	
The Company and QCTI	RoyalTek Company Ltd. (RTK)	Design, manufacture, processing, distribute, and sale of satellite guided navigation systems and peripherals, navigated map, and digital map	37.57 %	37.57 %	37.57 %	Note 2
"	Quanta Microsystem Inc. (QMIT)	Electronic company	100.00 %	100.00 %	100.00 %	
QIL	QCE Computer B.V. (QCE)	Sale and after-sale services of computer peripherals	100.00 %	100.00 %	100.00 %	
"	Access International Company (AIC)	Holding company for investment in America	100.00 %	100.00 %	100.00 %	
"	Quanta ASIA LTD. (QAL)	Investment company and after-sale services	100.00 %	100.00 %	100.00 %	
"	Quanta Capital Management Ltd. (QCML)	Investment company	100.00 %	100.00 %	100.00 %	
"	Quanta Research International Inc. (QRII)	Investment company	- %	- %	100.00 %	The dissolution procedure was completed in 2016.
"	QCT LLC (QCT-USA)	Sale of computer peripherals	100.00 %	100.00 %	100.00 %	
"	QCT Cayman Inc. (QCTC)	Investment company	100.00 %	100.00 %	100.00 %	
QCE	ThinkTech Industria E Comercio DE Informatica SA (ThinkTech)	Manufacture and sale of computers and peripherals	100.00 %	100.00 %	100.00 %	
AIC	Quanta Manufacturing Incorporation (QMI)	Assembly and processing of laptop computers and peripherals	100.00 %	100.00 %	100.00 %	
"	Quanta Service Incorporation (QSI-USA)	After-sale service of computers and peripherals	100.00 %	100.00 %	100.00 %	
"	Quanta Computer USA, Inc. (QCA)	After-sale service of laptop computers and peripherals	100.00 %	100.00 %	100.00 %	
"	QCH, INC., a Nevada corporation (QCH)	Sale of laptop computers and peripherals	100.00 %	100.00 %	100.00 %	
QMI	Quanta Manufacturing Nashville LLC (QMN)	Assembly and processing of laptop computers and peripherals	100.00 %	100.00 %	100.00 %	

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Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			2017.3.31	2016.12.31	2016.3.31	
QSI-USA	Quanta Service Nashville LLC (QSN)	After-sale service of computers and peripherals	100.00 %	100.00 %	100.00 %	
QCA	Quanta Computer Nashville LLC (QCN)	After-sale service of laptop computers and peripherals	100.00 %	100.00 %	100.00 %	
QCH	QCH Nashville LLC (QCHN)	Sale of laptop computers	100.00 %	100.00 %	100.00 %	
QAL	Quanta Development LTD. (QDL)	Holding company	100.00 %	100.00 %	100.00 %	
"	Quanta International Technology LTD. (QIT)	Sale of computers and peripherals, and investment company	100.00 %	100.00 %	100.00 %	
"	Q_Bus International Limited (Q_Bus)	Holding company	100.00 %	100.00 %	100.00 %	
QRH	Quanta Research Cambridge Inc. (QRC)	Research and development of computers and peripherals	- %	- %	100.00 %	The dissolution procedure was completed in 2016.
QCTC	QCT Korea Inc.(QCTK)	Sale of computers and peripherals	100.00 %	100.00 %	100.00 %	
QIT	QCG Computer GMBH	Assembly and processing of computers and peripherals	100.00 %	100.00 %	100.00 %	
QDL	Quanta Development (HONG KONG) Limited (QDLHK)	Sale of computers and peripherals, and investment company	100.00 %	100.00 %	100.00 %	
QDLHK	Tech-Front (Shanghai) Computer Co., Ltd. (TFC)	Manufacture and sale of computers and peripherals	100.00 %	100.00 %	100.00 %	
"	Tech-Com (Shanghai) Computer Co., Ltd. (TCC)	Manufacture and sale of computers and peripherals	100.00 %	100.00 %	100.00 %	
"	Tech-Trend (Shanghai) Computer Co., Ltd. (TTC)	Sale and after-sale service of computers and peripherals	100.00 %	100.00 %	100.00 %	
"	Tech-Lead (Shanghai) Computer Co., Ltd. (TLC)	After-sale service of laptop computers	100.00 %	100.00 %	100.00 %	
"	Tech-Giant (Shanghai) Computer Co., Ltd. (TGC)	Manufacture and sale of computers, peripherals, and cellphones	100.00 %	100.00 %	100.00 %	
"	Tech-Wave (Shanghai) Logistics Co., Ltd. (TWW)	Storage service	100.00 %	100.00 %	100.00 %	

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Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			2017.3.31	2016.12.31	2016.3.31	
QDLHK	Tech-Full Computer (Changshu) Co., Ltd. (TNC)	Manufacture, sale, and after-sale service of smart wearable electronic devices, digital acoustics devices and their accessories	100.00 %	100.00 %	100.00 %	
"	Tech-Front (Chongqing) Computer Co., Ltd. (TFQ)	Processing, manufacture and sale of computers	100.00 %	100.00 %	100.00 %	
"	Tech-Wave (Chongqing) Logistics Co., Ltd. (TWQ)	Storage service	100.00 %	100.00 %	100.00 %	
"	Kenseisha Shanghai P.M.P. Co., Ltd. (KSH)	Manufacture and sale of precise machinery, peripherals and metallic molds	100.00 %	100.00 %	100.00 %	
"	CloudTech (Beijing) Technology Co., Ltd. (YUNDA)	Sale of servers and switches	100.00 %	100.00 %	100.00 %	
"	CloudTech (Chongqing) Technology Co., Ltd. (YDCQ)	Sale of servers and switches	100.00 %	100.00 %	100.00 %	
"	Fly Dragon International Ltd. (FDDT)	Investment company and trading company	100.00 %	100.00 %	-	% Note 3
"	Dragon Grand Group Ltd. (DGDT)	Investment company and trading company	100.00 %	100.00 %	-	% Note 3
Q_Bus	Exmore Services Holding Limited (EXM)	Holding company	95.00 %	95.00 %	95.00 %	
"	Tech Chain Ltd. (TCL)	Holding company	100.00 %	100.00 %	100.00 %	
EXM	Exmore Services Holding (HONG KONG) Limited (EXMHK)	Investment company	100.00 %	100.00 %	100.00 %	
EXMHK	Gem-Tech (Shanghai) Precision Mold Co., Ltd.	Manufacture and sale of non-metallic product molds	100.00 %	100.00 %	100.00 %	
TCL	Tech Chain (HONG KONG) Limited (TCLHK)	Investment company	100.00 %	100.00 %	100.00 %	

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Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			2017.3.31	2016.12.31	2016.3.31	
TCLHK	Zhan Yun (Shanghai) Electronics Co., Ltd. (ZYES)	Manufacture and sale of computers and peripherals	100.00 %	100.00 %	100.00 %	
"	Changshu Zhan Yun Electronics Co., Ltd. (ZYEC)	Manufacture and sale of computers and peripherals	100.00 %	100.00 %	100.00 %	
"	Zhan Yun (Chongqing) Electronics Co., Ltd. (ZYEQ)	Manufacture and sale of computers and peripherals	100.00 %	100.00 %	100.00 %	
Q_Bus and TCLHK	Standard (Shanghai) Energy Co., Ltd.	Assembly and sale of battery	69.00 %	69.00 %	69.00 %	
QSI	Quanta Storage International Ltd. (QSI (CAYMAN))	Investment company	100.00 %	100.00 %	100.00 %	
"	Quanta Storage Investment Inc.	Investment company	100.00 %	100.00 %	100.00 %	
QSI (CAYMAN)	Quanta Storage (BVI) Ltd. (QSL (BVI))	Investment company	100.00 %	100.00 %	100.00 %	
"	Quanta Storage Holding Ltd. (QSH)	Investment company	- %	- %	100.00 %	The liquidation procedure was completed on December 19, 2016.
"	E-Forward Technology Ltd. (SAMOA) (E-Forward (SAMOA))	Manufacture and sale of computer storage devices and peripherals	100.00 %	100.00 %	100.00 %	
QSL(BVI)	Quanta Storage Holding (HONG KONG) Ltd. (QHH)	Investment company	100.00 %	100.00 %	100.00 %	
"	TECHMAN Electronics (Hong Kong) Ltd. (TECHHK)	Investment company	100.00 %	100.00 %	100.00 %	
"	Techman Asia Ltd. (TMA)	Sale and after-sale service of computer storage device peripherals	100.00 %	100.00 %	100.00 %	
QHH	Quanta Storage (Shanghai), Ltd. (QSS)	Manufacture and sale of computer storage device peripherals	100.00 %	100.00 %	100.00 %	

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Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			2017.3.31	2016.12.31	2016.3.31	
TECHHK	Techman Electronics (Changshu) Ltd. (Techman)	Manufacture and sale of computer storage device peripherals	100.00 %	100.00 %	100.00 %	
E-Forward (SAMOA)	Quanta Storage Asia Ltd. (SAMOA) (QSA)	Sale and after-sale service of computer storage device peripherals	100.00 %	100.00 %	100.00 %	
Quanta Storage Investment Inc.	Techman Robot Inc. (TRI)	Manufacture and sale of industrial collaborative robots	100.00 %	100.00 %	100.00 %	
TWDT	DTG (BVI) Ltd. (DTG)	Import and export business	- %	- %	100.00 %	Note 1
DTG	Fly Dragon International Ltd. (FDDT)	Investment company and trading company	- %	- %	100.00 %	Note 3
"	Dragon Grand Group Ltd. (DGDT)	Investment company and trading company	- %	- %	100.00 %	Note 3
FDDT	Kenseisha Changshu P.M.P Co., Ltd.	Manufacture of machine cases, molds and tools	100.00 %	100.00 %	100.00 %	The new name was registered in May 2016. (Previously known as Dragontech City Metallic Changshu Co., Ltd.)
DGDT	Dragontech Metallic Industry Co., Ltd. (SJDT)	Manufacture of computers and peripherals	100.00 %	100.00 %	100.00 %	
FVT	FaceVSION Technology USA LLC (FVTUS)	Retail of telecommunication products and wholesale of electronic equipment and components	100.00 %	100.00 %	100.00 %	
"	FaceVSION Technology Hong Kong Ltd. (FVTHK)	Investment company	100.00 %	100.00 %	100.00 %	
FVTHK	FaceVSION (Changshu) Trading Co., Ltd.	Trading company	100.00 %	100.00 %	100.00 %	
RTK	Royaltek International Enterprises Ltd. (RTKI)	Investment company	100.00 %	100.00 %	100.00 %	

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Name of Investor	Name of Subsidiary	Principal Activity	Shareholding			Note
			2017.3.31	2016.12.31	2016.3.31	
RTKI	Royaltek Trading (Changshu) Co., Ltd.	Import and export business and wholesale of electronic products	100.00 %	100.00 %	100.00 %	
QMIT	Quanta Cloud Technology Japan Inc. (QCTJ)	Import and export business and wholesale of electronic products	100.00 %	100.00 %	100.00 %	
QCTTW	Quanta Cloud Technology Germany GmbH (QCTG)	Sale of computer peripherals	100.00 %	100.00 %	-	% The Company was established in July 2016.

Note 1: The Company, QCTI and QVC sold 55% ownership of TWDT in June 2016.

Note 2: Although the Company holds less than half of these companies' voting right, the Company has actual effect to lead these companies' activities, considering the fact that these companies' other equity shares are highly separated and considering the participation of other stockholders from previous stockholders' meetings. In addition, no other sign suggests that any collectively decision-making agreement between other stockholders exist. Therefore, the Company considers these companies as subsidiaries.

Note 3: QDLHK acquired DTG's 100% ownership in FDDT and DGDT in June 2016.

2.Subsidiaries excluded from the interim consolidated financial statements: None.

(c) Income taxes

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

Income tax expense for the period is best estimated by multiplying 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 are measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled and recognized directly in equity or other comprehensive income as tax expense.

(d) 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 the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty

The preparation of the consolidated quarterly financial statements in conformity with IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and approved by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In the preparation of the consolidated quarterly financial statements, the major sources of significant accounting judgments and estimation uncertainty are consistent with Note (5) of the consolidated financial statements for the year ended December 31, 2016.

(6) Explanation to Significant Accounts

Except as described in the following paragraphs, there were no significant differences with those disclosed in the annual consolidated financial statements for the year ended December 31, 2016. Please refer to the Note (6) of the annual consolidated financial statements for the year ended December 31, 2016 for other related information.

(a) Cash and cash equivalents

	<u>2017.3.31</u>	<u>2016.12.31</u>	<u>2016.3.31</u>
Cash on hand, current deposits and checking accounts	\$ 50,309,715	19,511,579	100,378,637
Time deposits	209,193,739	177,061,997	127,664,677
Short-term notes and bills	<u>11,213,180</u>	<u>6,337,536</u>	<u>2,774,122</u>
Cash and cash equivalents in consolidated statement of cash flows	<u>\$ 270,716,634</u>	<u>202,911,112</u>	<u>230,817,436</u>

The group's interest risk and sensibility analysis of financial assets and liabilities was disclosed in Note (6)(u).

(b) Financial assets and liabilities

1. Details of financial assets and liabilities are as follows:

1) Current financial assets at fair value through profit or loss

	<u>2017.3.31</u>	<u>2016.12.31</u>	<u>2016.3.31</u>
Designated as at fair value through profit or loss	\$ 1,128,981	490,400	1,853,227
Held-for-trading financial assets			
Beneficiary certificates-open-end mutual funds	-	249,936	278,754
Foreign exchange contracts-(regular way purchase or sale)	-	1,268,174	-
Forward foreign exchange contracts	<u>-</u>	<u>21,355</u>	<u>4,937</u>
Total	<u>\$ 1,128,981</u>	<u>2,029,865</u>	<u>2,136,918</u>

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2) Available-for-sale financial assets

	<u>2017.3.31</u>	<u>2016.12.31</u>	<u>2016.3.31</u>
Public quoted companies	\$ 5,347,531	5,398,821	4,591,610
Private equity	985,409	998,696	788,569
Debt investments	65,953	69,645	74,800
Beneficiary certificates-open-end mutual funds	<u>21,705,646</u>	<u>19,186,828</u>	<u>26,129,873</u>
Total	<u>\$ 28,104,539</u>	<u>25,653,990</u>	<u>31,584,852</u>
Current	\$ 26,966,220	24,518,661	30,689,627
Non-current	<u>1,138,319</u>	<u>1,135,329</u>	<u>895,225</u>
Total	<u>\$ 28,104,539</u>	<u>25,653,990</u>	<u>31,584,852</u>

3) Current financial liabilities at fair value through profit or loss

	<u>2017.3.31</u>	<u>2016.12.31</u>	<u>2016.3.31</u>
Designated as at fair value through profit or loss			
Forward foreign exchange contracts	<u>\$ 16,771</u>	<u>-</u>	<u>-</u>

4) The Group's credit, currency and interest risks were disclosed in Note (6)(u).

5) As of March 31, 2017, December 31, 2016, and March 31, 2016, the aforesaid financial assets were not pledged as collateral.

2.Sensitivity analysis – equity price risk:

If the equity price changes, and if it is based on the same basis for both years and assumes that all other variables remain the same, the impact to other comprehensive income will be as follows:

	<u>For the Three Months Ended March 31,</u>			
	<u>2017</u>		<u>2016</u>	
<u>Equity price at reporting day</u>	<u>After-tax other comprehensive income</u>	<u>After-tax profit (loss)</u>	<u>After-tax other comprehensive income</u>	<u>After-tax profit (loss)</u>
Stock – Increase 7%	<u>\$ 443,306</u>	<u>-</u>	<u>376,613</u>	<u>-</u>
Stock – Decrease 7%	<u>\$ (443,306)</u>	<u>-</u>	<u>(376,613)</u>	<u>-</u>
Beneficiary certificates				
– Increase 1%	<u>\$ 217,056</u>	<u>-</u>	<u>261,299</u>	<u>2,788</u>
Beneficiary certificates				
– Decrease 1%	<u>\$ (217,056)</u>	<u>-</u>	<u>(261,299)</u>	<u>(2,788)</u>

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3.Foreign equity investments

1) Financial assets

2017.3.31			
	Foreign currency (in thousands)	Exchange rate	TWD
USD	\$ 26,318	USD/TWD=30.340	798,496
2016.12.31			
	Foreign currency (in thousands)	Exchange rate	TWD
USD	\$ 27,364	USD/TWD=32.215	881,540
2016.3.31			
	Foreign currency (in thousands)	Exchange rate	TWD
USD	\$ 20,450	USD/TWD=32.225	659,003

4.Derivative financial instrument

Derivative financial instruments are used to manage certain interest risk, arising from the Group's operating, financing and investing activities. As of March 31, 2017, December 31, 2016, and March 31, 2016, derivative financial instruments accounted for as held-for-trading financial assets were as follows:

2017.3.31				
	Amount (in thousands)	Currency	Maturity period	
Forward foreign exchange contracts				
US dollars sold	USD 32,000	USD against TWD	2017.04.07~ 2017.06.27	
US dollars purchased	USD 73,000	TWD against USD	2017.04.10~ 2017.06.29	
Euros sold	EUR 10,000	EUR against USD	2017.04.11~ 2017.04.13	
2016.12.31				
	Amount (in thousands)	Currency	Maturity period	
Forward foreign exchange contracts				
US dollars sold	USD 82,000	USD against TWD	2017.01.17~ 2017.06.27	
US dollars purchased	USD 70,000	TWD against USD	2017.01.06~ 2017.06.29	

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	2016.3.31			
	Amount (in thousands)	Currency	Maturity period	
Forward foreign exchange contracts				
US dollars sold	USD 50,000	USD against TWD	2016.05.16~ 2017.03.13	
US dollars sold	USD 30,979	USD against CNY	2016.05.23~ 2016.09.09	
US dollars purchased	USD 108,000	TWD against USD	2016.04.11~ 2016.12.23	

5. Non-derivative financial instrument – foreign exchange contracts

As of December 31, 2016, the Group had foreign exchange contracts which meets the criteria of regular way purchase or sale. The related information was as follows:

	2016.12.31			
	Amount (in thousands)	Currency	Maturity period	
Foreign exchange contracts- (regular way purchase or sale)				
US dollars purchased	USD 30,000	TWD against USD	2017.01.04	
US dollars purchased	YEN 1,090,000	YEN against USD	2017.01.05	

(c) Accounts receivable and other receivables, net

	2017.3.31	2016.12.31	2016.3.31
Accounts receivable	\$ 103,444,327	171,487,614	93,872,682
Other receivables	2,940,409	2,261,561	2,745,212
Less: Allowance for uncollectible accounts	(1,870,516)	(2,015,662)	(1,462,501)
Allowance for sales returns and discounts	(1,131,289)	(1,043,443)	(578,981)
Net	\$ 103,382,931	170,690,070	94,576,412

The aging of overdue receivables was as follows:

	2017.3.31	2016.12.31	2016.3.31
Overdue 60 days and less	\$ 3,335,637	5,999,058	6,451,446
Overdue 61~120 days	688,194	655,776	1,167,836
Overdue 121 days and more	2,178,386	2,462,264	2,519,145
Total	\$ 6,202,217	9,117,098	10,138,427

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The movements in allowance for uncollectible accounts for the three months ended March 31, 2017 and 2016 were as follows:

	<u>Individually- assessed</u>	<u>Collectively- assessed</u>	<u>Total</u>
Balance as of January 1, 2017	\$ 443,453	1,572,209	2,015,662
Impairment loss reversed	-	(108,304)	(108,304)
Amounts written off	-	(1,367)	(1,367)
Effect of movements in exchange rate	<u>(22,718)</u>	<u>(12,757)</u>	<u>(35,475)</u>
Balance as of March 31, 2017	<u>\$ 420,735</u>	<u>1,449,781</u>	<u>1,870,516</u>
Balance as of January 1, 2016	\$ -	1,646,093	1,646,093
Impairment loss reversed	-	(180,580)	(180,580)
Amounts written off	-	(185)	(185)
Effect of movements in exchange rate	<u>-</u>	<u>(2,827)</u>	<u>(2,827)</u>
Balance as of March 31, 2016	<u>\$ -</u>	<u>1,462,501</u>	<u>1,462,501</u>

The details of accounts receivable sold were as follows:

Unit: in thousands

2017.3.31						
<u>Bank</u>	<u>Amount sold</u>	<u>Factoring amount</u>	<u>Credit advanced</u>	<u>Collateral</u>	<u>Important clauses</u>	<u>Amount derecognized</u>
Financial institution	\$ <u>56,068,320</u>	US\$ <u>1,850,000</u>	US\$ <u>1,813,000</u>	None	Non-recourse, the buyer bears the credit risk and the seller bears non-credit risk	<u>56,068,320</u>
2016.12.31						
<u>Bank</u>	<u>Amount sold</u>	<u>Factoring amount</u>	<u>Credit advanced</u>	<u>Collateral</u>	<u>Important clauses</u>	<u>Amount derecognized</u>
Financial institution	\$ <u>44,507,566</u>	US\$ <u>1,850,000</u>	US\$ <u>1,350,000</u>	None	Non-recourse, the buyer bears the credit risk and the seller bears non-credit risk	<u>44,507,566</u>
2016.3.31						
<u>Bank</u>	<u>Amount sold</u>	<u>Factoring amount</u>	<u>Credit advanced</u>	<u>Collateral</u>	<u>Important clauses</u>	<u>Amount derecognized</u>
Financial institution	\$ <u>51,115,634</u>	US\$ <u>1,700,000</u>	US\$ <u>1,556,000</u>	None	Non-recourse, the buyer bears the credit risk and the seller bears non-credit risk	<u>51,115,634</u>

As of March 31, 2017, December 31, 2016, and March 31, 2016, the Group sold its accounts receivables without recourse and accounted them for under other receivables.

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The Group signed the accounts receivable factoring agreements with different financial institutions. According to the agreements, the Group bears almost all risks and rewards, and thus is ineligible for derecognizing the financial assets. The book value of the accounts receivable factored but yet derecognized at the reporting date were as follows:

Unit : in thousands

2017.3.31				
<u>The Purchaser</u>	<u>Amount transferred</u>	<u>Credit Line</u>	<u>Credit Advanced (accounted under short-term borrowings)</u>	<u>Collateral</u>
Financial Institutions	\$ <u>3,034,000</u>	US\$ <u>100,000</u>	US\$ <u>100,000</u>	None
2016.12.31				
<u>The Purchaser</u>	<u>Amount transferred</u>	<u>Credit Line</u>	<u>Credit Advanced (accounted under short-term borrowings)</u>	<u>Collateral</u>
Financial Institutions	\$ <u>3,221,500</u>	US\$ <u>100,000</u>	US\$ <u>100,000</u>	None
2016.3.31				
<u>The Purchaser</u>	<u>Amount transferred</u>	<u>Credit Line</u>	<u>Credit Advanced (accounted under short-term borrowings)</u>	<u>Collateral</u>
Financial Institutions	\$ <u>2,932,475</u>	US\$ <u>100,000</u>	US\$ <u>91,000</u>	None

(d) Inventories

	2017.3.31	2016.12.31	2016.3.31
Finished goods	\$ 60,054,684	60,853,475	64,144,383
Work-in-process	21,873,212	23,724,230	18,095,881
Raw materials	46,767,108	33,367,890	35,290,218
Inventory in-transit	<u>4,323,538</u>	<u>4,240,269</u>	<u>2,940,267</u>
Total	<u>\$ 133,018,542</u>	<u>122,185,864</u>	<u>120,470,749</u>

For the three months ended March 31, 2017 and 2016, the details of cost of goods sold were as follows :

	For the Three Months Ended March 31,	
	2017	2016
Cost of goods sold	\$ 213,428,804	183,263,162
Net amount of inventory obsolescence and disposal of scrapping	564,142	2,667,036
Losses on inventory valuation and obsolescence	3,161,335	1,636,379
Idle capacity loss	31,138	26,638
Others	<u>(54,756)</u>	<u>(61,614)</u>
Total	<u>\$ 217,130,663</u>	<u>187,531,601</u>

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(e) Investments accounted for using equity method

The Group's financial information for investments accounted for using equity method that are individually insignificant was as follows:

	<u>2017.3.31</u>	<u>2016.12.31</u>	<u>2016.3.31</u>
The carrying amount of individually insignificant associates' equity	\$ <u>411,783</u>	<u>380,385</u>	<u>317,727</u>
	<u>For the Three Months Ended March 31,</u>		
	<u>2017</u>	<u>2016</u>	
Attributable to the Group:			
Loss from continuing operation	\$ (31,113)	(6,059)	
Other comprehensive (loss) income	<u>11,131</u>	<u>3,009</u>	
Total	<u>\$ (19,982)</u>	<u>(3,050)</u>	

The aforesaid investments accounted for using equity method were not pledged as collateral.

(f) Loss control of subsidiaries

The Group had sold 55% ownership of TWDT to a third party with a consideration of \$394,976 in June 2016. The Group derecognized TWDT from the date of disposal, and recognized a gain on disposal of \$83,776, and recorded it as other gains and losses.

The carrying amount of assets and liabilities of TWDT on the date of disposal were as follows:

Cash and cash equivalents	\$ 50,360
Accounts receivable, net	340,761
Other receivables	396,667
Inventories	80,535
Other current assets, others	7,512
Property, plant and equipment	276,761
Intangible assets	1,066
Deferred tax assets	10,172
Other non-current assets, others	10,501
Short-term borrowings	(404,178)
Accounts payable	(49,433)
Other payables	(116,031)
Current tax liabilities	(1,135)
Other current liabilities, others	(420)
Deferred tax liabilities	<u>(8,189)</u>
	<u>\$ 594,949</u>

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(g) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group as of and for the three months ended March 31, 2017 and 2016 were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and miscellaneous equipment</u>	<u>Equipment to be inspected and construction in progress</u>	<u>Total</u>
Cost or deemed cost:					
Balance as of January 1, 2017	\$ 3,154,527	30,720,030	52,208,022	82,148	86,164,727
Additions	-	4,859	627,207	17,740	649,806
Disposal and obsolescence	-	-	(1,165,699)	-	(1,165,699)
Reclassification and effect of movements in exchange rate	<u>(2,280)</u>	<u>(2,353,739)</u>	<u>(2,197,519)</u>	<u>(35,821)</u>	<u>(4,589,359)</u>
Balance as of March 31, 2017	<u>\$ 3,152,247</u>	<u>28,371,150</u>	<u>49,472,011</u>	<u>64,067</u>	<u>81,059,475</u>
Balance as of January 1, 2016	\$ 3,224,952	30,624,283	54,671,680	57,703	88,578,618
Additions	-	515,385	619,064	6,581	1,141,030
Disposal and obsolescence	-	(6,166)	(503,923)	-	(510,089)
Reclassification and effect of movements in exchange rate	<u>(772)</u>	<u>(238,500)</u>	<u>(974,946)</u>	<u>(29,812)</u>	<u>(1,244,030)</u>
Balance as of March 31, 2016	<u>\$ 3,224,180</u>	<u>30,895,002</u>	<u>53,811,875</u>	<u>34,472</u>	<u>87,965,529</u>
Depreciation and impairment losses:					
Balance as of January 1, 2017	\$ 57,496	9,911,236	30,732,994	-	40,701,726
Depreciation for the period	-	241,108	1,241,092	-	1,482,200
Impairment loss recognized	-	-	1,387	-	1,387
Disposal and obsolescence	-	-	(651,981)	-	(651,981)
Reclassification and effect of movements in exchange rate	<u>-</u>	<u>(806,749)</u>	<u>(1,662,340)</u>	<u>-</u>	<u>(2,469,089)</u>
Balance as of March 31, 2017	<u>\$ 57,496</u>	<u>9,345,595</u>	<u>29,661,152</u>	<u>-</u>	<u>39,064,243</u>
Balance as of January 1, 2016	\$ 57,496	8,900,549	30,417,085	-	39,375,130
Depreciation for the period	-	298,825	1,343,608	-	1,642,433
Impairment loss	-	-	2,996	-	2,996
Disposal and obsolescence	-	(2,358)	(357,309)	-	(359,667)
Reclassification and effect of movements in exchange rate	<u>-</u>	<u>82,146</u>	<u>(558,676)</u>	<u>-</u>	<u>(476,530)</u>
Balance as of March 31, 2016	<u>\$ 57,496</u>	<u>9,279,162</u>	<u>30,847,704</u>	<u>-</u>	<u>40,184,362</u>
Book values:					
Balance as of January 1, 2017	<u>\$ 3,097,031</u>	<u>20,808,794</u>	<u>21,475,028</u>	<u>82,148</u>	<u>45,463,001</u>
Balance as of March 31, 2017	<u>\$ 3,094,751</u>	<u>19,025,555</u>	<u>19,810,859</u>	<u>64,067</u>	<u>41,995,232</u>
Balance as of January 1, 2016	<u>\$ 3,167,456</u>	<u>21,723,734</u>	<u>24,254,595</u>	<u>57,703</u>	<u>49,203,488</u>
Balance as of March 31, 2016	<u>\$ 3,166,684</u>	<u>21,615,840</u>	<u>22,964,171</u>	<u>34,472</u>	<u>47,781,167</u>

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As of March 31, 2017, December 31, 2016, and March 31, 2016 the aforesaid property, plant and equipment were not pledged as collateral.

(h) Investment property

	<u>Land and land improvement</u>	<u>Buildings</u>	<u>Total</u>
Book values:			
Balance as of January 1, 2017	\$ <u>52,664</u>	<u>18,284</u>	<u>70,948</u>
Balance as of March 31, 2017	\$ <u>52,664</u>	<u>18,123</u>	<u>70,787</u>
Balance as of January 1, 2016	\$ <u>52,664</u>	<u>18,929</u>	<u>71,593</u>
Balance as of March 31, 2016	\$ <u>52,664</u>	<u>18,768</u>	<u>71,432</u>

There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2017 and 2016. Please refer to Note (6)(h) of the consolidated financial statements for the year ended December 31, 2016 for other related information.

The fair value of the investment property was not significantly different from those disclosed in the Note (6)(h) of the consolidated financial statements for the year ended December 31, 2016.

As of March 31, 2017, December 31, 2016, and March 31, 2016, the aforesaid investment properties were not pledged as collateral.

(i) Intangible assets

The costs of intangible assets, amortization, and impairment loss of the Group as of and for the three months ended March 31, 2017 and 2016, were as follows:

	<u>Goodwill</u>	<u>Software and trademark</u>	<u>Total</u>
Book value:			
Balance as of January 1, 2017	\$ <u>407,292</u>	<u>275,205</u>	<u>682,497</u>
Balance as of March 31, 2017	\$ <u>407,292</u>	<u>234,843</u>	<u>642,135</u>
Balance as of January 1, 2016	\$ <u>530,343</u>	<u>280,168</u>	<u>810,511</u>
Balance as of March 31, 2016	\$ <u>527,965</u>	<u>232,603</u>	<u>760,568</u>

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There were no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2017 and 2016. Information on amortization for the period is discussed in Note (12)(a). Please refer to Note (6)(i) of the annual consolidated financial statements for the year ended December 31, 2016 for other related information.

(j) Short-term borrowings

	<u>2017.3.31</u>	<u>2016.12.31</u>	<u>2016.3.31</u>
Credit loan	\$ 229,502,950	183,886,467	189,320,111
Purchase loan	-	-	162,098
Letter of credit	-	-	4,833,750
Total	<u>\$ 229,502,950</u>	<u>183,886,467</u>	<u>194,315,959</u>
Range of interest rates	<u>0.30%~2.30%</u>	<u>0.30%~2.11%</u>	<u>0.70%~2.78%</u>

Please refer to Note (8) for details of the Group's assets pledged as collateral for bank borrowings.

The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(u).

The Company has agreements with different financial institutions to offset its financial assets and liabilities since 2014. The following table lists the netting information of these financial assets and liabilities as of March 31, 2017, December 31, 2016, and March 31, 2016:

<u>2017.3.31</u>			
<u>Property</u>	<u>Financial assets/ liabilities recognized</u>	<u>Financial assets/ liabilities offset in the balance sheet</u>	<u>Net financial assets/ liabilities reported in the balance sheet</u>
Bank deposits / Bank borrowings	\$ <u>401,358,173</u>	<u>401,358,173</u>	<u>-</u>
<u>2016.12.31</u>			
<u>Property</u>	<u>Financial assets/ liabilities recognized</u>	<u>Financial assets/ liabilities offset in the balance sheet</u>	<u>Net financial assets/ liabilities reported in the balance sheet</u>
Bank deposits / Bank borrowings	\$ <u>314,769,813</u>	<u>314,769,813</u>	<u>-</u>
<u>2016.3.31</u>			
<u>Property</u>	<u>Financial assets/ liabilities recognized</u>	<u>Financial assets/ liabilities offset in the balance sheet</u>	<u>Net financial assets/ liabilities reported in the balance sheet</u>
Bank deposits / Bank borrowings	\$ <u>359,129,798</u>	<u>359,129,798</u>	<u>-</u>

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(k) Long-term borrowings

Names of financial institution	Amount			Collateral or Guarantee
	Non-current portion	Current portion	Total	
2017.3.31				
Syndicated agreement with Mizuho Bank and other 13 participating banks (i)	\$ 6,553,440	-	6,553,440	None
Syndicated agreement with HUA NAN Bank and other 22 participating banks (iii)	7,281,600	-	7,281,600	None
Syndicated agreement with Credit Agricole Corporate & Investment Bank and other 18 participating banks (iv)	4,399,300	-	4,399,300	None
Total	<u>\$ 18,234,340</u>	<u>-</u>	<u>18,234,340</u>	
2016.12.31				
Syndicated agreement with Mizuho Bank and other 13 participating banks (i)	\$ 6,958,440	-	6,958,440	None
Syndicated agreement with HUA NAN Bank and other 22 participating banks (iii)	7,731,600	-	7,731,600	None
Syndicated agreement with Credit Agricole Corporate & Investment Bank and other 18 participating banks (iv)	4,671,175	-	4,671,175	None
Total	<u>\$ 19,361,215</u>	<u>-</u>	<u>19,361,215</u>	
2016.3.31				
Syndicated agreement with HUA NAN Bank and other 22 participating banks (iii)	\$ 7,734,000	-	7,734,000	None
Syndicated agreement with Mizuho Bank and other 13 participating banks (i)	-	6,960,600	6,960,600	None
Bank of Nova Scotia (ii)	-	628,388	628,388	Time deposits
Syndicated agreement with Credit Agricole Corporate & Investment Bank and other 18 participating banks (iv)	13,051,125	-	13,051,125	None
Total	<u>\$ 20,785,125</u>	<u>7,588,988</u>	<u>28,374,113</u>	

- (i) Effective August 2013, the Company entered into syndicated credit agreements with Mizuho Bank and other 13 participating financial institutions, under which the term facility and revolving facility available to the Company aggregated to USD360,000 thousand, with floating interest rates for a period of 3 years. The borrowing duration is allowed to extend for 2 years, but the extension is limited to one time only.

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- (ii) In 2014, the Company's foreign subsidiaries obtained four loan credit facilities of USD15,000 thousand, USD15,000 thousand, USD12,000 thousand, and USD8,000 thousand with periods of 18, 24, 24, and 24 months respectively from Bank of Nova Scotia. The dates of withdrawing the initial funds are January 14, March 31, November 4, and November 20 in 2014 respectively. The loans bear floating interest rates.
- (iii) Effective May 2015, the Company and its subsidiary, QIL, entered into syndicated credit agreements with HUA NAN Bank and other 22 participating financial institutions. The agreement included two trenches, A and B. In trench A, the term facility and revolving facility available to the Company and QIL each amounted to USD330,000 thousand for a period of 5 years. In trench B, the term facility and revolving facility available to the Company and QIL each amounted to USD120,000 thousand for a period of 3 years. The loan bears floating interest rates. According to the agreements, the Company takes joint and several liabilities for QIL's repayments.
- (iv) Effective December 2015, the Company and its subsidiary, QIL, entered into syndicated credit agreements with Credit Agricole Corporate and Investment Bank and other 18 participating financial institutions. Under which, the Company and QIL will share the term facility and revolving facility amounted to USD480,000 thousand with floating interest rates for a period of 3 years. The borrowing duration is allowed to be extended for 2 years, but the extension is limited to one time only. According to the agreements, the Company takes joint and several liabilities for QIL's repayments.
- (v) Under these agreements, the Group shall adhere to certain financial provisions such as current ratios, leverage ratios, interest coverage ratios and tangible net worth at the end dates of the semi-annual and the annual accounting periods (June 30 and December 31). Otherwise, the borrowings will be considered due and payable immediately. As of March 31, 2017, the Group did not act against the restriction of these financial covenants.
- (vi) The interest rates for all aforementioned credit facilities were 1.86%~2.36%, 1.90%~2.64% and 1.46%~1.81% as of March 31, 2017, December 31, 2016, and March 31, 2016, respectively.
- (vii) The Group's interest risk and sensitivity analysis of financial assets and liabilities were disclosed in Note (6)(u).

(l) Operating leases

For the three months ended March 31, 2017 and 2016, there were no significant new lease contracts. Please refer to Note (6)(l) of the consolidated financial statements for the year ended December 31, 2016 for other related information.

(m) Employee benefits

1. Defined benefit plans

In prior fiscal year, there was no material volatility of the market, reimbursement and settlement or other material one-time events. As a result, pension cost in the accompanying interim financial statements is measured and disclosed as of December 31, 2016 and 2015.

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The details of the Group's expenses were as follows:

	For the Three Months Ended March 31,	
	2017	2016
Operating costs	\$ 110	4
Selling expenses	304	314
Administrative expenses	4,197	4,455
Research and development expenses	1,521	1,650
	\$ <u>6,132</u>	<u>6,423</u>

2. Defined contribution plans

The Group's pension expenses under the defined contribution plans were as follows:

	For the Three Months Ended March 31,	
	2017	2016
Operating costs	\$ 540,545	239,153
Selling expenses	16,349	15,994
Administrative expenses	54,318	48,687
Research and development expenses	83,827	77,198
Total	\$ <u>695,039</u>	<u>381,032</u>

(n) Income taxes

The details of the Group's income tax expense were as follows:

	For the Three Months Ended March 31,	
	2017	2016
Current tax expense		
Current period	\$ 1,105,920	687,663
Income tax expense from continuing operations	\$ <u>1,105,920</u>	<u>687,663</u>

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

Information related to integrated income tax system is summarized below:

	<u>2017.3.31</u>	<u>2016.12.31</u>	<u>2016.3.31</u>
Unappropriated earnings of 1998 and after	\$ <u>54,877,890</u>	<u>52,084,636</u>	<u>58,540,321</u>
Balance of the imputation credit account	\$ <u>9,516,561</u>	<u>9,516,561</u>	<u>9,344,208</u>
	<u>2016 (estimated)</u>	<u>2015 (actual)</u>	
Tax creditable ratio for earnings distribution to ROC residents	<u>22.59 %</u>	<u>23.64 %</u>	

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Information about integrated income tax system shown on the table above was disclosed based on the Rule No.10204562810 issued by the Ministry of Finance on October 17, 2013.

(o) Share capital and other equity accounts

Except the following, there is no significant difference in capital and reserves for the three months ended March 31, 2017 and 2016. Please refer to Note (6)(o) of the consolidated financial statements for the year ended December 31, 2016 for other related information.

1.Retained earnings

According to the Articles of Association, after-tax earnings are initially used to offset cumulative losses, and 10% of the remainder is set aside as a legal reserve, except when the legal reserve of the Company reaches paid-up capital of the Company. Special reserve may be appropriated if necessary. Other than distributing dividends, any remaining balance and the undistributed earnings from the beginning of the year are distributed according to the proposal presented by the Board of Directors in the stockholders' meeting.

During the board of directors meeting on March 28, 2017, the board resolved to distribute the 2016 earnings; and during the shareholders' meeting on June 24, 2016, the shareholders approved to distribute the 2015 earnings. The distributions were as follows:

	<u>2016</u>	<u>2015</u>
	<u>Amount</u>	<u>Amount</u>
Dividends distributed to common shareholders		
Cash	<u>\$ 13,519,196</u>	<u>14,677,984</u>

2.Other equity interest after tax

	<u>Exchange differences on translation of foreign financial statement</u>	<u>Unrealized gains (losses) on available-for-sale financial asset</u>	<u>Total</u>
Balance as of January 1, 2017	\$ 5,109,127	(9,859,956)	(4,750,829)
Exchange differences on translation of foreign financial statement	(1,360,807)	-	(1,360,807)
Exchange differences on associates accounted for using equity method	(3,846)	-	(3,846)
Unrealized gains or losses on available-for-sale financial assets	-	(60,015)	(60,015)
Unrealized gains or losses on available-for-sale financial assets of associates accounted for using equity method	-	14,977	14,977
Balance as of March 31,2017	<u>\$ 3,744,474</u>	<u>(9,904,994)</u>	<u>(6,160,520)</u>

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	Exchange differences on translation of foreign financial statement	Unrealized gains (losses) on available-for-sale financial asset	Total
Balance as of January 1, 2016	\$ 6,210,532	(10,634,327)	(4,423,795)
Exchange differences on translation of foreign financial statement	(615,205)	-	(615,205)
Exchange differences on associates accounted for using equity method	(341)	-	(341)
Unrealized gains or losses on available-for-sale financial assets	-	(107,069)	(107,069)
Unrealized gains or losses on available-for-sale financial assets of associates accounted for using equity method	-	3,350	3,350
Balance as of March 31, 2016	<u>\$ 5,594,986</u>	<u>(10,738,046)</u>	<u>(5,143,060)</u>

3. Non-controlling interests after tax

	<u>For the Three Months Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 6,863,352	7,343,375
The share attributed to non-controlling interests		
Net income (loss)	43,099	28,020
Exchange differences on translation of foreign operations	(350,138)	(63,453)
Unrealized gains or losses on available-for-sale financial assets	7,480	1,018
Changes of ownership in subsidiaries	3	-
Balance, end of year	<u>\$ 6,563,796</u>	<u>7,308,960</u>

(p) Earnings per share

For the three months ended March 31, 2017 and 2016, the basic and diluted earnings per share were calculated as follows:

1. Basic earnings per share

	<u>For the Three Months Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Profit attributable to ordinary shareholders of the Company	<u>\$ 2,793,254</u>	<u>3,617,170</u>
	<u>For the Three Months Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Weighted average number of ordinary shares (basic)	<u>3,854,519</u>	<u>3,854,519</u>

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2. Diluted earnings per share

	For the Three Months Ended March 31,	
	2017	2016
Profit attributable to ordinary shareholders of the Company	\$ <u>2,793,254</u>	<u>3,617,170</u>

	For the Three Months Ended March 31,	
	2017	2016
Weighted average number of ordinary shares (basic)	3,854,519	3,854,519
Effect of employee stock compensation	25,508	36,244
Weighted average number of ordinary shares (diluted)	<u>3,880,027</u>	<u>3,890,763</u>

(q) Operating revenue

The details of operating revenue for the years ended March 31, 2017 and 2016 were as follows :

	For the Three Months Ended March 31,	
	2017	2016
Sales revenue	\$ 226,440,316	195,453,902
Other operating revenue	1,475,564	1,908,927
Total	<u>\$ 227,915,880</u>	<u>197,362,829</u>

(r) Rewards of employees, directors and supervisors

In accordance with the Articles of incorporation, the Company should contribute more than 2% of the profit as employee compensation and less than 2% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the three months ended March 31, 2017 and 2016, the Company estimated its employee remuneration amounting to \$286,000 and \$314,000, and directors' and supervisors' remuneration amounting to \$10,500 and \$10,500, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2017 and 2016. The differences between the actual amounts and the estimation of employee compensation will be treated as changes in accounting estimates and adjusted in profit or loss in the following year.

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For the years ended December 31, 2016 and 2015, the rewards to employees amounted to \$1,425,121 and \$1,722,924, respectively, and the rewards to directors and supervisors amounted to \$42,000 and \$42,000, respectively. The distribution was decided based on estimations, and there were no differences between the amounts to be distributed as rewards to employees, directors and supervisors and those estimations made by the board of directors. The 2016 rewards will be distributed after the approval of the shareholders' meeting, and the 2015 rewards were distributed according to the resolution. Related information would be available at the Market Observation Post System.

(s) Non-operating income and expenses

1. Other income

The details of other income were as follows:

	For the Three Months Ended March 31,	
	2017	2016
Interest income		
Bank deposits	\$ 1,145,944	884,701
Others	10,255	4,785
Dividend income	-	10,910
	\$ 1,156,199	900,396

2. Financial costs

The details of financial costs were as follows:

	For the Three Months Ended March 31,	
	2017	2016
Interest expenses on Bank borrowings	\$ 840,831	509,129

3. Other gains and losses

The details of other gains and losses were as follows:

	For the Three Months Ended March 31,	
	2017	2016
Foreign exchange gains and losses	\$ (649,358)	556,876
Gains on disposal of investment and financial assets	29,036	41,501
Net gains on financial assets (liabilities) at fair value through profit or loss	37,508	62,472
Losses on disposal of property, plant, equipment, investment properties and other assets	(387,924)	(53,616)
Gains on reversal of bad debts	116,193	207,596
Others	(163,468)	(381,155)
Total	\$ (1,018,013)	433,674

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(t) Reclassification of other comprehensive income

The details of reclassification of other comprehensive income were as follows:

	For the Three Months Ended March 31,	
	2017	2016
Available-for-sale financial assets		
Net changes in financial assets at fair value of the \$ year	(23,499)	(64,550)
Net changes of fair value reclassified to income	<u>(29,036)</u>	<u>(41,501)</u>
Financial assets at fair value through other comprehensive income	<u>\$ (52,535)</u>	<u>(106,051)</u>

(u) Financial instruments

Except for the following, there was no significant change in fair value of financial instruments nor was there exposure to credit risk, liquidity risk and market risk due to financial instruments. Please refer to Note (6)(u) of the consolidated financial statements for the year ended December 31, 2016 for other related information.

1. Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flow	Within 6 months	6-12 months	1-2 years	2-5 years	More than 5 years
<u>2017.3.31</u>							
Non-derivative financial liabilities							
Long-term and short-term borrowings	\$ 247,737,290	249,075,297	190,694,375	39,592,426	18,788,496	-	-
Payables	176,466,246	176,466,246	175,958,815	195,098	312,333	-	-
Derivative financial liabilities							
Forward exchange contract:							
Outflow	66,830	66,830	66,830	-	-	-	-
Inflow	<u>(47,369)</u>	<u>(47,369)</u>	<u>(47,369)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 424,222,997</u>	<u>425,561,004</u>	<u>366,672,651</u>	<u>39,787,524</u>	<u>19,100,829</u>	<u>-</u>	<u>-</u>
<u>2016.12.31</u>							
Non-derivative financial liabilities							
Long-term and short-term borrowings	\$ 203,247,682	204,667,550	124,346,135	60,232,282	20,089,133	-	-
Payables	<u>210,544,127</u>	<u>210,544,127</u>	<u>209,866,906</u>	<u>154,014</u>	<u>523,207</u>	<u>-</u>	<u>-</u>
	<u>\$ 413,791,809</u>	<u>415,211,677</u>	<u>334,213,041</u>	<u>60,386,296</u>	<u>20,612,340</u>	<u>-</u>	<u>-</u>

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	<u>Carrying amount</u>	<u>Contractual cash flow</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>More than 5 years</u>
2016.3.31							
Non-derivative financial liabilities							
Long-term and short-term borrowings	\$ 222,690,072	223,947,689	199,622,361	2,630,741	-	21,694,587	-
Payables	<u>148,182,827</u>	<u>148,182,827</u>	<u>140,585,445</u>	<u>3,522,549</u>	<u>4,074,833</u>	<u>-</u>	<u>-</u>
	<u><u>\$ 370,872,899</u></u>	<u><u>372,130,516</u></u>	<u><u>340,207,806</u></u>	<u><u>6,153,290</u></u>	<u><u>4,074,833</u></u>	<u><u>21,694,587</u></u>	<u><u>-</u></u>

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

2. Currency risks

1) Currency risks exposure

The Group's significant exposure to foreign currency risks of financial assets and liabilities was as follows:

<u>Functional currency</u>	<u>Exchange rate</u>	<u>Currency</u>	<u>2017.3.31</u>	
			<u>Foreign currency (in thousands)</u>	<u>Carrying amount (TWD)</u>
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	30.340	USD	\$ 7,577,575	229,881,648
TWD	0.271	JPY	2,735,710	740,834
CNY	6.886	USD	149,202	4,535,530
USD	0.145	CNY	2,527,685	11,115,615
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	30.340	USD	7,111,493	215,914,979
CNY	6.886	USD	104,707	3,182,959
BRL	3.168	USD	33,564	1,018,323
USD	0.145	CNY	1,590,023	6,992,202

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			2016.12.31	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	32.215	USD	\$ 9,046,412	291,430,630
TWD	0.277	JPY	3,901,712	1,081,945
CNY	6.953	USD	151,349	4,864,483
USD	0.144	CNY	2,168,087	10,068,462
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	32.215	USD	8,157,958	262,495,891
CNY	6.953	USD	121,020	3,889,672
BRL	3.259	USD	32,730	1,054,402
USD	0.144	CNY	2,065,573	9,592,392
			2016.3.31	
Functional currency	Exchange rate	Currency	Foreign currency (in thousands)	Carrying amount (TWD)
<u>Financial assets</u>				
<u>Monetary items</u>				
TWD	32.225	USD	\$ 7,250,517	233,647,885
TWD	0.286	JPY	3,257,114	932,181
TWD	4.976	CNY	227,416	1,134,113
CNY	6.476	USD	196,640	6,322,250
USD	0.154	CNY	3,919,631	19,549,017
<u>Financial liabilities</u>				
<u>Monetary items</u>				
TWD	32.225	USD	6,220,174	200,066,957
CNY	6.476	USD	245,717	7,900,121
BRL	3.559	USD	28,211	982,722
USD	0.154	CNY	1,566,108	7,810,908

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Since the Group uses multiple functional currencies, the amounts for foreign currency gains or losses are consolidated for presentation. For the three months ended March 31, 2017 and 2016, the foreign currency losses were \$649,358 and gains were \$556,876, respectively.

2) Sensitivity analysis

The Group's foreign exchange exposure to foreign currency risk arises from foreign currency exchange fluctuations on cash and cash equivalents, account receivables, other receivables, available-for-sale financial assets, loans and borrowings, account payables and other payables. Assuming other variables remain the same, a 1% depreciation or appreciation of the TWD against foreign currency for the three months ended March 31, 2017 and 2016 would have increased or decreased the net profit after tax by \$152,913 and \$368,089 respectively. The analysis is performed on the same basis for both periods.

3) Interest rate analysis

Please refer to Note (6)(u) for the financial risk management and the Group's interest rate exposure to its financial assets and liabilities.

The Group's sensitivity analysis in interest rates is based on the risk exposure to interest rates on the derivative and the non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date.

If the interest rate increases or decreases by 0.25%, the Group's profit will decrease or increase by \$1,613 and \$2,466 for the three months ended March 31, 2017 and 2016, respectively, due to the floating rate borrowings of the Group. This analysis assumes that all other variables remain constant.

3. Fair value information

The Group uses observable market data to evaluate its assets and liabilities when it is possible. The different inputs of levels of fair value hierarchy in determining the fair value are as follows:

- Level 1: quoted prices (unadjusted) in active markets of identifiable 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).

1) The categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, derivative financial instruments used for hedging, and available for sale financial assets is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except

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as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	2017.3.31				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value					
through profit or loss					
Designated as at fair value	\$ 1,128,981	-	-	1,128,981	1,128,981
through profit or loss					
Available-for-sale financial assets					
Public quoted companies	5,347,531	5,347,531	-	-	5,347,531
Private equity	985,409	-	-	985,409	985,409
Debt investments	65,953	65,953	-	-	65,953
Beneficiary certificates-open-end	21,705,646	21,705,646	-	-	21,705,646
mutual funds					
Sub-total	<u>28,104,539</u>	<u>27,119,130</u>	<u>-</u>	<u>985,409</u>	<u>28,104,539</u>
Loans and receivables					
Cash and cash equivalents	270,716,634	-	-	-	-
Accounts receivable and other	103,382,931	-	-	-	-
receivables					
Other financial assets	<u>10,533,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>384,632,856</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 413,866,376</u>	<u>27,119,130</u>	<u>-</u>	<u>2,114,390</u>	<u>29,233,520</u>
Financial liabilities at fair value					
through profit or loss					
Forward exchange contracts	\$ 16,771	-	16,771	-	16,771
Financial liabilities at amortized					
cost					
Short-term borrowings	229,502,950	-	-	-	-
Accounts payable and other	169,713,750	-	-	-	-
payables					
Long-term borrowings	18,234,340	-	-	-	-
Other financial liabilities	<u>6,752,496</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>424,203,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 424,220,307</u>	<u>-</u>	<u>16,771</u>	<u>-</u>	<u>16,771</u>

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	2016.12.31				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
Financial assets at fair value					
through profit or loss					
Designated as at fair value through profit or loss	\$ 490,400	-	-	490,400	490,400
Beneficiary certificates-open-end mutual funds	249,936	249,936	-	-	249,936
Foreign exchange contracts-(regular way purchase or sale)	1,268,174	-	1,268,174	-	1,268,174
Forward foreign exchange contracts	21,355	-	21,355	-	21,355
Sub-total	<u>2,029,865</u>	<u>249,936</u>	<u>1,289,529</u>	<u>490,400</u>	<u>2,029,865</u>
Available-for-sale financial assets					
Public quoted companies	5,398,821	5,398,821	-	-	5,398,821
Private equity	998,696	-	-	998,696	998,696
Debt investments	69,645	69,645	-	-	69,645
Beneficiary certificates-open-end mutual funds	19,186,828	19,186,828	-	-	19,186,828
Sub-total	<u>25,653,990</u>	<u>24,655,294</u>	<u>-</u>	<u>998,696</u>	<u>25,653,990</u>
Loans and receivables					
Cash and cash equivalents	202,911,112	-	-	-	-
Accounts receivable and other receivables	170,690,070	-	-	-	-
Other financial assets	<u>6,979,803</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>380,580,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 408,264,840</u>	<u>24,905,230</u>	<u>1,289,529</u>	<u>1,489,096</u>	<u>27,683,855</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 183,886,467	-	-	-	-
Accounts payable and other payables	203,239,109	-	-	-	-
Long-term borrowings	19,361,215	-	-	-	-
Other financial liabilities	<u>7,305,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 413,791,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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	2016.3.31				
	<u>Book value</u>	<u>Fair value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Financial assets at fair value					
through profit or loss					
Designated as at fair value through profit or loss	\$ 1,853,227	-	-	1,853,227	1,853,227
Forward foreign exchange contracts	4,937	-	4,937	-	4,937
Beneficiary certificates-open-end mutual funds	278,754	278,754	-	-	278,754
Sub-total	<u>2,136,918</u>	<u>278,754</u>	<u>4,937</u>	<u>1,853,227</u>	<u>2,136,918</u>
Available-for-sale financial assets					
Public quoted companies	4,591,610	4,591,610	-	-	4,591,610
Private equity	788,569	-	-	788,569	788,569
Debt investments	74,800	74,800	-	-	74,800
Beneficiary certificates-open-end mutual funds	26,129,873	26,129,873	-	-	26,129,873
Sub-total	<u>31,584,852</u>	<u>30,796,283</u>	<u>-</u>	<u>788,569</u>	<u>31,584,852</u>
Loans and receivables					
Cash and cash equivalents	230,817,436	-	-	-	-
Accounts receivable and other receivables	94,576,412	-	-	-	-
Other financial assets	<u>9,644,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sub-total	<u>335,038,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 368,760,587</u>	<u>31,075,037</u>	<u>4,937</u>	<u>2,641,796</u>	<u>33,721,770</u>
Financial liabilities at amortized cost					
Short-term borrowings	\$ 194,315,959	-	-	-	-
Accounts payable and other payables	141,004,213	-	-	-	-
Current portion of long-term liabilities	7,588,988	-	-	-	-
Long-term borrowings	20,785,125	-	-	-	-
Other financial liabilities	<u>7,178,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 370,872,899</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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2) Valuation techniques for financial instruments not measured at fair value

The book values of the Group's loans and receivables, financial assets carried at cost, and financial liabilities measured at amortized cost are similar to their fair values.

3) Valuation techniques for financial instruments measured at fair value

The Group considers the financial status, operating analysis, most recent transaction price, non-active market quoted price of related equity instrument, and active-market quoted price of similar instrument, and other information, in determining the input value of its investee companies. Periodically updates of information and input value for the valuation model and any necessary adjustments of fair value are required to ensure that the results of estimation are reasonable.

A. Non-derivative financial instruments

If quoted prices in active markets are available, the prices are established as fair values, such as public quoted company stock and beneficiary certificates-open-end mutual fund.

For the Company's financial instruments that have no active markets, the measurement of fair values is listed as follows:

Beneficiary certificate that has no quoted prices: The discounted cash flow model is used to estimate the fair values. The main assumption for the model is to discount the expected future cash flows by using a discount rate that reflects the time value of money and risks.

Equity instrument that has no quoted prices: The net asset value method is used to estimate the fair values. The main assumption for the model is to use the net asset value per share as the measuring basis.

B. Derivative financial instruments

Derivative financial instruments are measured by using the common valuation models such as discounted cash flow model and Black-Scholes model.

4) For the three months ended March 31, 2017 and 2016, there were no transferring from each level in the fair value hierarchy.

5) Changes in level 3 of the fair value

	Financial assets at fair value through profit or loss	Available-for-sale financial assets
	Designated at initial recognition	Unquoted equity instruments
Balance as of January 1, 2017	\$ 490,400	998,696
Total gains and losses recognized		
In profit or loss	5,127	-
In other comprehensive income	-	(88,238)
Reclassify and exchange rate	(47,231)	(49)
Acquisition	1,157,165	75,000
Disposal / Redemption	(476,480)	-
Balance as of March 31, 2017	\$ 1,128,981	985,409

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	<u>Financial assets at fair value through profit or loss</u>	<u>Available-for-sale financial assets</u>
	<u>Designated at initial recognition</u>	<u>Unquoted equity instruments</u>
Balance as of January 1, 2016	\$ 2,279,682	848,096
Total gains and losses recognized		
In profit or loss	395	-
In other comprehensive income	-	(83,805)
Reclassify and exchange rate	(35,063)	(16)
Acquisition	1,383,654	33,649
Disposal / Redemption	(1,775,441)	(9,355)
Balance as of March 31, 2016	<u>\$ 1,853,227</u>	<u>788,569</u>

The aforementioned total gains and losses were recognized in “other gains and losses” and “unrealized gains and losses from available for sale financial assets.” The details of the assets which the Group still held as of March 31, 2017 and 2016 were as follows:

	<u>For the Three Months Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Total gains and losses recognized		
In profit or loss (accounted as “other gains and losses”)	7,692	12,949
In other comprehensive income (accounted as “unrealized gains (losses) on available-for-sale financial assets”)	(88,238)	(83,805)

- 6) The quantified information for significant unobservable inputs (level 3) used in fair value measurement

The Company’s financial instruments that use level 3 inputs to measure the fair values include financial assets measured at fair value through profit or loss-debt investments and available-for-sale financial assets-equity investments.

The quantified information for significant unobservable inputs is as follows:

<u>Item</u>	<u>Valuation techniques</u>	<u>Significant non-observable inputs</u>	<u>The relationship between significant Non-observable inputs and fair values</u>
Financial assets measured at fair value through profit or loss - designated at initial recognition	Discounted cash flow method	• Weighted average capital costs (3.00%~3.70% on March 31, 2017)	• The higher the discounts, the lower the fair value.
Available-for-sale financial assets-equity investments without quoted price	Net asset value method	• Net asset value	• Not applicable

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7) Sensitivity analysis for fair values of financial instruments using Level 3 Inputs

The Company's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, the impact on the net income or loss and other comprehensive income or loss will be as follows if the valuation parameters changed:

	Inputs	Variation	Impacts or fair value change on net income or loss		Impacts of fair value change on other comprehensive income or loss	
			Advantageous change	Disadvantageous change	Advantageous change	Disadvantageous change
2017.3.31						
Financial assets measured at fair value through profit or loss						
Non-derivative financial assets held for trading	weighted average capital costs	5%	\$ <u>385</u>	<u>(385)</u>	<u>-</u>	<u>-</u>
2016.12.31						
Financial assets measured at fair value through profit or loss						
Non-derivative financial assets held for trading	weighted average capital costs	5%	\$ <u>139</u>	<u>(139)</u>	<u>-</u>	<u>-</u>
2016.3.31						
Financial assets measured at fair value through profit or loss						
Non-derivative financial assets held for trading	weighted average capital costs	5%	\$ <u>647</u>	<u>(647)</u>	<u>-</u>	<u>-</u>

(v) Financial risk management

There were no significant differences of the Group's financial risk management and policies with those disclosed in Note (6)(v) of the consolidated financial statements for the year ended December 31, 2016.

(w) Capital Management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in Note (6)(w) of the consolidated financial statements for the year ended December 31, 2016. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2016.

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(7) Related Party Transactions

(a) The Company and the ultimate controlling party.

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

<u>Name of related party</u>	<u>Relationship with the Group</u>
Quanta Culture & Education Foundation	Same chairman
Quanta Computer Employee Welfare Committee	Same chairman
Quanta Art Foundation	Same chairman
Liow Ko Co., Ltd.	The Company's chairman is a member of the board of director of TWDT
Chinese National Association of Industry and Commerce, Taiwan (CNAIC)	The Company's chairman is a member of the council of CNAIC.
Juda Venture Capital Management Consulting Co., Ltd.	An affiliate
EBN Technology Corporation	An investee company accounted for using equity method
CC Liang	The Company's vice-chairman

(c) Significant transactions with related parties

1. Revenues to related parties

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

	<u>For the Three Months Ended March 31,</u>	
	<u>2017</u>	<u>2016</u>
Associates	\$ 28,293	18,196
Other related parties	<u>69</u>	<u>69</u>
	<u>\$ 28,362</u>	<u>18,265</u>

There is no significant difference in terms and conditions of the sales to associates between those provided to third parties.

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2. Purchases from related parties

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

	For the Three Months Ended March 31,	
	2017	2016
Associates	\$ -	5,580

There is no significant difference in terms and conditions of the purchases from associates between those provided to the third parties.

3. Receivables from related parties

Receivables from related parties were as follows :

Accounted for as	Category of related party	2017.3.31	2016.12.31	2016.3.31
Accounts receivable	Associates	\$ 24,863	16,603	12,522
Other receivables	Other related parties	4,315	460	575
		\$ 29,178	17,063	13,097

4. Payables to related parties

Payables to related parties were as follows:

Accounted for as	Category of related party	2017.3.31	2016.12.31	2016.3.31
Accounts payable	Associates	\$ -	-	8,178
Other payables	Associates	-	-	1,086
Other payables	Other related parties	38,228	53,056	35,440
		\$ 38,228	53,056	44,704

5. Others

	For the Three Months Ended March 31,	
	2017	2016
Associates		
Other income	\$ -	462
Processing expenses	-	(631)
Rental expenses	-	(108)
Other expenses	-	(35)
	\$ -	(312)

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	For the Three Months Ended March 31,	
	2017	2016
<u>Other related parties</u>		
Rental revenue	\$ 9,949	8,049
Other income	886	864
Donation expenses	(15,000)	(15,000)
Employee benefits	(113,349)	(98,610)
Other expenses	(337)	-
	<u>\$ (117,851)</u>	<u>(104,697)</u>

(d) Transactions with key management personnel

	For the Three Months Ended March 31,	
	2017	2016
Short-term employee benefits	\$ 119,557	127,790
Post-employment benefits	526	544
	<u>\$ 120,083</u>	<u>128,334</u>

(8) Pledged Assets

The book values of pledged assets were as follows:

<u>Pledged assets</u>	<u>Object</u>	<u>2017.3.31</u>	<u>2016.12.31</u>	<u>2016.3.31</u>
Pledged time deposits	Bank borrowings, customs collateral and deposits for factory lease	\$ 8,683,032	4,918,244	5,732,393
Guarantee deposits paid	Deposits for office and factory lease, and long-term material purchase contracts	256,158	265,986	211,781
Total		<u>\$ 8,939,190</u>	<u>5,184,230</u>	<u>5,944,174</u>

(9) Significant Commitments and Contingencies

(a) Promissory notes issued as guarantee for purchasing, borrowings, foreign exchange forward contracts and import or export bills negotiation were as follows:

	<u>2017.3.31</u>	<u>2016.12.31</u>	<u>2016.3.31</u>
TWD	\$ 28,200,240	27,985,300	32,645,300
USD (in thousands)	7,203,850	7,172,850	6,981,857

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(b) As of March 31, 2017, December 31, 2016, and March 31, 2016, the guarantee notes received from outsourcing, vendor performance, and construction contracts amounted to \$383,832, \$383,832 and \$384,732 respectively.

(c) Significant litigation:

1.Litigation 1:

QSI and its subsidiary, Quanta Storage America, Inc., and other peers in DVD industry received an antitrust lawsuit (IN RE OPTICAL DISK DRIVE ANTITRUST LITIGATION) in 2010 and received the notices of litigation in the last quarter of 2010. As of March 31, 2017, the case is still under examination in the court of Northern District of California.

2.Litigation 2:

In October 2015, QSI received the investigation result of the antitrust lawsuit against 8 DVD producers concerning DVDs importing from the European Union. The result includes a fine of 7.14 million Euros imposed on QSI. QSI has reviewed the European Commission's verdict has appealed to the European Union Court on December 29, 2015. As of March 31, 2017, the case is still under examination in the European Union Court. There is still great uncertainty on the final result at present. Any related influence will be further evaluated after the case is put on trial.

3.Litigation 3:

In March 2014, QSI and its subsidiary, Quanta Storage America, Inc., received a lawsuit notice from the US Court (Northern District of California, San Francisco Division), stating that HP, Ingram Micro Inc. and Synnex Corporation are charging them for violating the antitrust law on their DVD players. As of March 31, 2017, the case is still under examination in the court of Northern District of California.

4.Litigation 4:

During December 2011 to February 2015, the plaintiff, Donald Woligroski and three others, filed separate antitrust lawsuits against QSI and its subsidiary, Quanta Storage America, Inc., and other peers in DVD industry in Canada. Until now, QSI and Quanta Storage America, Inc. have not yet received any request nor notification from the court.

5.Litigation 5:

In March 2016, RTK received a lawsuit notice. The plaintiff, E-Lead Electronic Co. Ltd., filed patent infringement lawsuit against RTK regarding conflicting property rights. As of March 31, 2017, the court decided in favor of RTK under the first instance in the Intellectual Property Court. However, the plaintiff can appeal against this decision.

(10) Losses Due to Major Disasters : None.

(11) Subsequent Events : None.

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(12) Others

- (a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By item	For the Three Months Ended March 31, 2017			For the Three Months Ended March 31, 2016		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	5,551,620	2,873,156	8,424,776	4,621,724	3,018,430	7,640,154
Labor and health insurance	434,634	242,048	676,682	642,496	269,547	912,043
Pension	540,655	160,516	701,171	239,157	148,298	387,455
Others	703,186	163,000	866,186	248,942	150,295	399,237
Depreciation	1,170,335	312,026	1,482,361	1,281,322	361,272	1,642,594
Amortization	131,347	120,512	251,859	125,707	132,127	257,834

(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 Group for the three months ended March 31, 2017:

1. Fund financing to other parties:

(Expressed in thousands of New Taiwan dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
0	The Company	Zhan Yun (Chongqing) Electronics Co., Ltd.	Other receivables	Yes	910,200	910,200	910,200	1.0000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
	"	Tech-Full Computer (Changshu) Co., Ltd.	"	Yes	3,034,000	3,034,000	3,034,000	1.0000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
	"	Zhan Yun (Shanghai) Electronics Co., Ltd.	"	Yes	1,213,600	1,213,600	1,213,600	1.2000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
	"	Changshu Zhan Yun Electronics Co., Ltd.	"	Yes	303,400	303,400	303,400	1.0000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
	"	Kenseisha Changshu P.M.P Co., Ltd.	"	Yes	782,772	782,772	782,772	1.0000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506

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Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other party during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limitation on fund financing
													Name	Value		
0	The Company	Kenseisha Shanghai P.M.P. Co., Ltd.	Other receivables	Yes	758,500	758,500	758,500	1.0000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
1	Tech-Front (Shanghai) Computer Co., Ltd.	Zhan Yun (Chongqing) Electronics Co., Ltd.	"	Yes	1,336,308	1,336,308	1,336,308	2.5000% ~2.8000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
	"	Tech-Com (Shanghai) Computer Co., Ltd.	"	Yes	1,674,295	1,674,295	1,674,295	2.5000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
2	Tech-Full Computer (Changshu) Co., Ltd.	Changshu Zhan Yun Electronics Co., Ltd.	"	Yes	151,700	151,700	151,700	1.5000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
3	Dragontech Metallic Industry Co., Ltd.	Kenseisha Changshu P.M.P. Co., Ltd.	"	Yes	212,380	212,380	91,020	2.0000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
4	Dragon Grand Group Ltd.	Kenseisha Changshu P.M.P. Co., Ltd.	"	Yes	125,911	125,911	125,911	1.0000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
	"	Fly Dragon International Ltd.	"	Yes	37,925	37,925	36,408	1.0000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
5	Tech-Front (Chongqing) Computer Co., Ltd.	CloudTech (Chongqing) Technology Co., Ltd.	"	Yes	330,453	330,453	259,957	2.5000%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
6	QCH	QCT LLC.	"	Yes	303,400	303,400	303,400	0.9600%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506
7	Zhan Yun (Shanghai) Electronics Co., Ltd.	Zhan Yun (Chongqing) Electronics Co., Ltd.	"	Yes	198,272	198,272	198,272	4.3500%	2	-	Operating Capital	-	-	-	53,696,506	53,696,506

Note 1: The numbers denote the following:

1. 0 is issuer.
2. Investees are listed by names and numbered starting with 1.

Note 2: Purpose of fund financing for the borrower:

1. For those companies with business contact, please fill in 1.
2. For those companies with short-term financing needs, please fill in 2.

Note 3: Maximum limitation on fund financing:

1. The Company's total fund financing amount cannot exceed 40% of its net asset value.
 2. For those companies with business contact, the amount of each fund financing cannot exceed the trading amount between the two parties. The trading amount means the higher of sales or purchases.
 3. For those companies with short-term financing needs, the amount of each fund financing cannot exceed two times of the borrower's net asset value, and should be calculated together with guarantees and endorsements for those companies.
- For foreign companies that are 100% directly or indirectly owned by the Company, the amount of fund financing is not restricted to item 1 and 3. However, the amount of each fund financing cannot exceed 40% of the Company's net asset value.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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2. Guarantees and endorsements for other parties:

(Expressed in thousands of New Taiwan dollars)

Number	Name of the company	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Note 3)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 2)	Parent company endorses/ guarantees to third parties on behalf of subsidiary	Subsidiary endorses/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 3)										
0	The Company	QIL	2	134,241,266	28,216,200	28,216,200	8,040,100	-	21.02 %	134,241,266	Y		

Note 1: 0 is issuer.

Note 2: Maximum amount for guarantees and endorsements:

- The total amount of guarantees and endorsements cannot exceed 50% of the Company's net asset value for the current year.
- The amount of each guarantee and endorsement cannot exceed 20% of the Company's net asset value for the current year.
- If the amount of each guarantee and endorsement reaches NTD 10,000,000, the aggregate of the amount of guarantee and endorsement, long-term investment, and fund financing cannot exceed 30% of the Company's net asset value stated in recent financial statements.
- For guarantees and endorsements to those companies with business contact, the accumulated amount cannot exceed the trading amount between the two parties for the current year.
- For companies that are directly or indirectly owned by the Company more than 90%, the amount of each guarantee and endorsement cannot exceed 10% of the Company's net asset value.
- For companies that are 100% directly or indirectly owned by the Company, the amount of each guarantee and endorsement is not restricted to item 1, but cannot exceed the Company's net asset value for the current year.
- The total amount of guarantees and endorsements of the Company and its subsidiaries cannot exceed 50% of the Company's net asset value for the current year. The amount of guarantees and endorsements of the Company and its subsidiaries for each company cannot exceed 20% of the Company's net asset value for the current year.

Note 3: Relationship with the Company:

- Subsidiaries in which the company holds more than 50% of its total outstanding common shares.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Information regarding securities held at balance sheet date (excluding investment in subsidiaries, associates and joint ventures):

(Expressed in thousands of New Taiwan dollars)

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Notes	
				Number of shares	Book value	Percentage of shares	Market value		
The Company	Beneficiary Certificate								
	UPAMC James Bond Money Market Fund	-	Current available-for-sale financial assets	33,989,481	563,253	- %	563,253		
	"	Nomura Taiwan Money Market Fund	-	"	32,070,758	518,802	- %	518,802	
	"	Taishin 1699 Money Market Fund	-	"	65,356,191	876,342	- %	876,342	
	"	Taishin Lucky Money Market Fund	-	"	3,890,943	42,932	- %	42,932	
	"	Yuanta Wan Tai Money Market Fund	-	"	15,618,782	234,632	- %	234,632	
	"	Jih Sun Money Market Fund	-	"	227,400,901	3,338,837	- %	3,338,837	
	"	Mirae Asset Solomon Money Market Fund	-	"	17,620,016	220,324	- %	220,324	
	"	Mega Diamond Money Market Fund	-	"	84,431,493	1,049,323	- %	1,049,323	
	"	Union Money Market Fund	-	"	105,178,112	1,377,129	- %	1,377,129	
	"	Prudential Financial Money Market Fund	-	"	41,850,544	656,011	- %	656,011	
"	FSITC Taiwan Money Market Fund	-	"	59,072,774	895,596	- %	895,596		

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Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
The Company	FSITC Money Market Fund	-	Current available-for-sale financial assets	5,146,883	910,278	- %	910,278	
"	Cathay Taiwan Money Market Fund	-	"	8,460,304	104,536	- %	104,536	
"	Fubon Chi-Hsiang Money Market Fund	-	"	62,815,272	977,161	- %	977,161	
"	Yuanta De- Bao Money Market Fund	-	"	42,831,040	510,456	- %	510,456	
"	SinoPac TWD Money Market Fund	-	"	28,106,795	388,104	- %	388,104	
"	TCB Taiwan Money Market Fund	-	"	80,878,187	814,637	- %	814,637	
"	CTBC Hwa-win Money Market Fund	-	"	104,068,077	1,136,881	- %	1,136,881	
"	Franklin Templeton Sinoam Money Market Fund	-	"	167,005,960	1,710,392	- %	1,710,392	
"	Paradigm Pion Money Market Fund	-	"	63,579,511	728,723	- %	728,723	
"	Hua Nan Kirin Money Market Fund	-	"	74,745,588	887,566	- %	887,566	
"	Taishin Ta-Chong Money Market Fund	-	"	13,534,913	190,600	- %	190,600	
"	Capital Money Market Fund	-	"	18,770,061	300,216	- %	300,216	
"	<u>Common Stock</u>							
"	AU Optronics Corp.	-	"	443,930,307	5,260,574	4.61 %	5,260,574	
"	High Power Lighting Corp	-	Non-current available-for-sale financial assets	638,085	15,799	2.75 %	15,799	
"	Ultralife Taiwan Inc.	-	"	6,625,000	-	3.41 %	-	
"	Allied Material Technology Corp.	-	"	1,231	-	- %	-	
"	Evest Corporation	-	"	156,478	-	0.92 %	-	
"	Global Vision Venture Capital Co.,Ltd.	-	"	257,439	13,096	16.10 %	13,096	
"	Cyberon Corporation	-	"	1,521,000	12,682	17.55 %	12,682	
"	ED-In Data Technology Co., Inc.	-	"	6,057,400	-	16.46 %	-	
"	CDIB Bioscience Ventures I, Inc.	-	"	4,281,551	42,906	16.00 %	42,906	
"	Maxima Ventures I, Inc., Taiwan	-	"	105,000	11,565	18.79 %	11,565	
"	China Power Venture Capital Co.,Ltd.	-	"	427,500	-	19.00 %	-	
"	Digimax, Inc.	-	"	1,202,602	-	2.73 %	-	
"	STL Technology Co., Inc.	-	"	787,500	-	1.13 %	-	
"	Aptos Technology Inc.	-	"	1,600,000	-	1.11 %	-	
"	CDIB Capital Innovation Accelerator Co., Ltd.	-	"	7,500,000	75,000	10.00 %	75,000	
"	Global Strategic Investment Fund	-	"	735,000	18,963	3.77 %	18,963	
"	Nanosys Inc.	-	"	267,809	-	0.24 %	-	

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				Number of shares	Book value	Percentage of shares	Market value		
The Company	<u>Other</u>								
	Leo, Inc.	-	Non-current available-for-sale financial assets	378,824	30,510	1.74 %	30,510		
	"		"	23,457	712	0.20 %	712		
	"	Morgan Stanley Dean Witter Venture Partners IV, L.P.	-	"	161,984	3,926	1.18 %	3,926	
	"	GS PEP Technology 2000 Fund Offshore, L.P.	-	"	22,965	697	0.86 %	697	
	"	GS Capital Partners Fund 2000 Offshore, L.P.	-	"	2,907,496	88,213	0.75 %	88,213	
	"	SBCVC Fund III, L.P.	-	"	4,735,242	143,667	7.34 %	143,667	
	"	Translink Capital Partners II, L.P.	-	"	415,197	6,225	7.69 %	6,225	
"	Parkifi, Inc.	-	"	609,756	30,340	3.27 %	30,340		
"	Viscovery (Cayman) Holding Company Ltd.	-	"						
	<u>Common Stock</u>								
QCML	WK Global Investment III Ltd.	-	"	3,150,000	49,224	6.58 %	49,224		
"	CDIB Bio Science Venture Management (BVI), Inc.	-	"	18,750	788	5.24 %	788		
	<u>Beneficiary Certificate</u>								
Quanta Storage Inc.	Jih Sun Money Market Fund	-	Current available-for-sale financial assets	85,565,695	1,256,327	- %	1,256,327		
"	Franklin Templeton Sinoam Money Market Fund	-	"	49,419,231	506,127	- %	506,127		
"	Prudential Financial Money Market Fund	-	"	30,466,154	477,560	- %	477,560		
"	<u>Debt Investment</u>								
"	Deutsche Bank Aktiengesellschaft, Singapor Branch Ordinary Corporate Bonds	-	Non-current available-for-sale financial assets	-	65,953	- %	65,953		
	<u>Beneficiary Certificate</u>								
Quanta Storage Investment Inc.	Mega Diamond Money Market Fund	-	Current available-for-sale financial assets	2,700,068	33,557	- %	33,557		
"	<u>Common Stock</u>								
"	Techman Security Technology Inc.	-	Non-current available-for-sale financial assets	900,000	3,038	15.00 %	3,038		
"	High Power Lighting Corp	-	"	538,690	13,338	2.32 %	13,338		
"	TOPRAY MEMS INC.	-	"	1,529,732	-	3.53 %	-		
QSI(CAYMAN)	BluSense	-	"	24,000	783	12.96 %	783		
	<u>Beneficiary Certificate</u>								
Techman Robot Inc.	Jih Sun Money Market Fund	-	Current available-for-sale financial assets	1,323,360	19,430	- %	19,430		
	<u>Beneficiary Certificate</u>								
Quanta Microsystem Inc.	Shin Kong Chi-Shin Money Market Fund	-	"	32,134,860	493,771	- %	493,771		

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Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Notes
				Number of shares	Book value	Percentage of shares	Market value	
	<u>Common Stock</u>							
Quanta Venture Capital Co., Ltd.	PK Venture Capital Co., Ltd.	-	Non-current available-for-sale financial assets	642,600	3,117	13.33 %	3,117	
"	Force-MOS Technology Co., LTD.	-	"	2,000,000	18,920	10.00 %	18,920	
"	High Power Lighting Corp	-	"	1,071,117	26,521	4.62 %	26,521	
"	Ostar Meditech Corp.	-	"	834,000	20,850	12.42 %	20,850	
"	Suyin Optronics	-	"	949,437	-	3.58 %	-	
"	STL Technology Co., Inc.	-	"	787,500	-	1.13 %	-	
"	Aprima Medical Software Inc.	-	"	13,432	-	- %	-	
"	Global Strategic Investment Fund (samoa)	-	"	1,739,783	30,614	4.90 %	30,614	
"	Asia Carbons & Technology Inc.	-	"	315,789	-	0.70 %	-	
"	Translink Capital Partners III L.P.	-	"	2,899,564	87,973	3.84 %	87,973	
"	Motiv, Inc.	-	"	336,157	32,800	2.71 %	32,800	
"	Lumus, LTD.	-	"	168,023	273,059	4.00 %	273,059	
	<u>Beneficiary Certificate</u>							
Quanta Computer Technology Investment Corp.	Fuh Hwa You Li Money Market Fund	-	Current available-for-sale financial assets	1,312,175	17,545	- %	17,545	
"	Mega Diamond Money Market Fund	-	"	12,359,268	153,602	- %	153,602	
"	Shin Kong Chi-Shin Money Market Fund	-	"	2,443,619	37,548	- %	37,548	
"	Union Money Market Fund	-	"	11,252,499	147,332	- %	147,332	
"	FSITC Taiwan Money Market Fund	-	"	7,501,373	113,728	- %	113,728	
	<u>Common Stock</u>							
"	Suyin Optronics	-	Non-current available-for-sale financial assets	474,718	-	1.79 %	-	
"	STL Technology Co., Inc.	-	"	787,500	-	1.13 %	-	
"	High Power Lighting Corp	-	"	499,982	12,379	2.16 %	12,379	
	<u>Common Stock</u>							
RoyalTek Company Ltd.	Quanta Computer Inc.	The parent company of RoyalTek Company Ltd.	Non-current available-for-sale financial assets	8,108,885	500,318	0.21 %	500,318	Note 2
"	Ostar Meditech Corp.	-	"	258,914	4,661	3.86 %	4,661	
	<u>Beneficiary Certificate</u>							
Quanta Cloud Technology Inc.	Shin Kong Chi-Shin Money Market Fund	-	Current available-for-sale financial assets	916,736	14,086	- %	14,086	
FaceVSION Technology Inc.	Taishin Lucky Money Market Fund	-	"	208,612	2,302	- %	2,302	

Note 1: The market values for non-public listed companies are the net asset values. The net asset values use recent unaudited financial statements of those companies.

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches \$300 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of Company	Category and name of security	Account name	Name of counterparty	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Price	Cost	Disposal gain (loss)	Shares/Units	Amount
Quanta Computer Inc.	Taishin 1699 Money Market Fund	Current available-for-sale financial assets	-	-	66,566,989	891,918	92,818,039	1,244,438	94,028,837	1,260,628	1,260,021	607	65,356,191	876,342
"	Yuanta Wan Tai Money Market Fund	"	-	-	5,788,181	86,884	36,649,977	550,430	26,819,376	402,870	402,684	186	15,618,782	234,632
"	Jih Sun Money Market Fund	"	-	-	261,424,414	3,835,018	227,400,901	3,338,791	261,424,414	3,838,001	3,834,992	3,009	227,400,901	3,338,837
"	Hua Nan Kirin Money Market Fund	"	-	-	74,745,588	886,871	74,745,588	887,559	74,745,588	887,559	886,864	695	74,745,588	887,566
"	Mega Diamond Money Market Fund	"	-	-	84,431,492	1,048,496	84,431,493	1,049,323	84,431,492	1,049,323	1,048,487	836	84,431,493	1,049,323
"	Union Money Market Fund	"	-	-	85,116,830	1,113,575	137,473,981	1,799,749	117,412,699	1,537,148	1,536,198	950	105,178,112	1,377,129
"	Prudential Financial Money Market Fund	"	-	-	41,850,544	655,438	41,850,544	656,007	41,850,544	656,008	655,430	578	41,850,544	656,011
"	FSITC Taiwan Money Market Fund	"	-	-	30,888,454	467,886	87,257,094	1,322,715	59,072,774	895,585	895,010	575	59,072,774	895,596
"	FSITC Money Market Fund	"	-	-	5,146,883	909,506	5,146,883	910,268	5,146,883	910,268	909,501	767	5,146,883	910,278
"	UPAMC James Bond Money Market Fund	"	-	-	51,011,395	844,672	55,120,536	913,250	72,142,450	1,195,230	1,194,669	561	33,989,481	563,253
"	Nomura Taiwan Money Market Fund	"	-	-	41,463,912	670,177	32,070,758	518,796	41,463,912	670,646	670,173	473	32,070,758	518,802
"	Fubon Chi-Hsiang Money Market Fund	"	-	-	44,348,313	689,341	81,282,231	1,264,354	62,815,272	977,154	976,538	616	62,815,272	977,161
"	Yuanta De-Bao Money Market Fund	"	-	-	2,493,938	29,699	117,483,295	1,399,682	77,146,193	919,252	918,929	323	42,831,040	510,456
"	Paradigm Pion Money Market Fund	"	-	-	95,654,029	1,095,612	108,761,257	1,246,423	140,835,775	1,613,822	1,613,303	519	63,579,511	728,723
"	SinoPac TWD Money Market Fund	"	-	-	7,040,132	97,134	49,173,458	678,901	28,106,795	388,101	387,933	168	28,106,795	388,104
"	TCB Taiwan Money Market Fund	"	-	-	40,574,700	408,344	121,181,674	1,220,429	80,878,187	814,630	814,143	487	80,878,187	814,637

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Name of Company	Category and name of security	Account name	Name of counter-party	Relationship with the Company	Beginning balance		Purchases		Sales				Ending balance	
					Shares/ Units	Amount	Shares/ Units	Amount	Shares/ Units	Price	Cost	Disposal gain (loss)	Shares/ Units	Amount
Quanta Computer Inc.	CTBC Hwa-win Money Market Fund	Current available-for-sale financial assets	-	-	104,068,077	1,135,945	104,068,077	1,136,871	104,068,077	1,136,871	1,135,934	937	104,068,077	1,136,881
"	Franklin Templeton Sinoam Money Market Fund	"	-	-	167,005,960	1,708,955	167,005,960	1,710,375	167,005,960	1,710,375	1,708,939	1,436	167,005,960	1,710,392
"	Capital Money Market Fund	"	-	-	-	-	37,540,121	600,214	18,770,060	300,214	300,000	214	18,770,061	300,216
Quanta Storage Inc.	Jih Sun Money Market Fund	"	-	-	-	-	114,676,494	1,682,934	29,110,798	427,300	427,179	121	85,565,695	1,256,327
"	Fubon Chi-Hsiang Money Market Fund	"	-	-	-	-	19,297,320	300,000	19,297,320	300,159	300,000	159	-	-
"	Prudential Financial Money Market Fund	"	-	-	-	-	30,466,154	477,371	-	-	-	-	30,466,154	477,560
RoyalTek Company Ltd.	Mega Diamond Money Market Fund	Current financial assets at fair value through profit or loss	-	-	16,105,523	200,000	-	-	16,105,523	200,113	200,000	113	-	-

- Acquisition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital : None.
- Disposition of real estate for which the dollar amount reaches \$300 million or 20% or more of paid-in capital: None.
- Total purchases from or sales to related parties with the dollar amount reaches \$100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of company	Name of Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/ Sale	Amount	Percentage of total purchases/ sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/ notes receivable (payable)	
Quanta Computer Inc.	QCH	Associate	Sales	(55,625,369)	(24.49)%	Net 45~240 days	-	-	52,419,651	35.81 %	
"	QCTJ	"	"	(486,060)	(0.21)%	"	-	-	1,023,151	0.70 %	
"	QCTK	"	"	(365,667)	(0.16)%	"	-	-	494,307	0.34 %	
"	QCT-USA	"	"	(1,772,867)	(0.78)%	"	-	-	3,255,633	2.22 %	
"	QDL (HK)	"	"	(595,992)	(0.26)%	"	-	-	1,309,156	0.89 %	

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			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
Quanta Computer Inc.	TFC	Associate	Purchases	18,410,372	8.42 %	Net 45~120 days	-	-	-	-	
"	TCC	"	"	119,502,223	54.67 %	"	-	-	(19,632,850)	(37.16)%	
"	TGC	"	"	1,795,310	0.82 %	"	-	-	-	- %	
"	TNC	"	"	25,184,800	11.52 %	"	-	-	(3,583,455)	(6.78)%	
"	TFQ	"	"	15,767,826	7.21 %	"	-	-	-	- %	
QSI	QSA	"	"	5,405,339	99.68 %	Net 90 days	-	-	(7,297,903)	(93.38)%	
"	"	"	Sales	(4,663,675)	(80.51)%	"	-	-	6,672,188	86.42 %	
QSA	QSI	The same ultimate parent company	"	(5,405,339)	(50.02)%	"	-	-	7,297,903	60.86 %	
"	"	"	Purchases	4,663,675	43.25 %	"	-	-	(6,517,675)	(59.86)%	
"	QSS	Associate	"	722,354	6.70 %	"	-	-	(1,144,814)	(10.51)%	
"	Techman	"	"	5,328,497	49.41 %	"	-	-	(2,883,892)	(26.49)%	
"	"	"	Sales	(4,666,921)	(43.19)%	"	-	-	3,860,835	32.20 %	
QSS	QSA	"	"	(722,354)	(100.00)%	"	-	-	1,144,814	98.36 %	
Techman	QSA	"	"	(5,328,497)	(99.16)%	"	-	-	2,883,892	94.25 %	
"	"	"	Purchases	4,666,921	88.36 %	"	-	-	(3,860,835)	(82.80)%	
RTK	TGC	The same ultimate parent company	"	76,352	39.83 %	Net 60 days	-	-	(57,518)	(48.67)%	
QDL (HK)	Quanta Computer Inc.	Ultimate parent company	"	595,992	100.00 %	Net 45~240 days	-	-	(1,309,156)	(100.00)%	
QCH	"	"	"	55,625,369	98.78 %	"	-	-	(52,419,651)	(97.44)%	
"	QMI	Associate	"	273,838	0.52 %	Net 45~120 days	-	-	(135,011)	(0.25)%	
"	QCT-USA	"	"	161,780	0.31 %	Net 120 days	-	-	(328,664)	(0.61)%	
"	QMN	"	"	253,113	0.48 %	"	-	-	(194,197)	(0.36)%	
QMI	QCH	Associate	Sales	(273,838)	(100.00)%	Net 45-120 days	-	-	135,011	100.00 %	
QCT-USA	Quanta Computer Inc.	Ultimate parent company	Purchases	1,772,867	94.96 %	Net 45-240 days	-	-	(3,255,633)	(95.57)%	
"	QCH	Associate	Sales	(161,780)	(10.78)%	Net 120 days	-	-	328,664	20.33 %	
QCTK	Quanta Computer Inc.	Ultimate parent company	Purchases	365,667	100.00 %	Net 45-240 days	-	-	(494,307)	(100.00)%	
QCTJ	"	"	"	486,060	100.00 %	"	-	-	(1,023,151)	(100.00)%	
QMN	QCH	Associate	Sales	(253,113)	(92.67)%	Net 120 days	-	-	194,197	90.39 %	
TGC	Quanta Computer Inc.	Ultimate parent company	"	(1,795,310)	(77.48)%	Net 45-120 days	-	-	-	- %	
"	RTK	The same ultimate parent company	"	(76,352)	(3.30)%	Net 60 days	-	-	57,518	4.02 %	

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Name of company	Name of Counter-party	Relationship	Transaction details				Reasons why and description of how the transaction conditions differ from general transactions		Account/note receivable (payable)		Notes
			Purchase/Sale	Amount	Percentage of total purchases/sales	Credit period	Unit price	Credit period	Balance	Percentage of total accounts/notes receivable (payable)	
TGC	TCC	Associate	Sales	(500,927)	(21.62)%	Net 45-120 days	-	-	479,972	33.52 %	
TLC	"	"	"	(140,089)	(45.64)%	Net 60-120 days	-	-	89,792	42.09 %	
"	"	"	Purchases	153,110	56.10 %	"	-	-	(91,929)	(75.32)%	
TCC	Quanta Computer Inc.	Ultimate parent company	Sales	(119,502,223)	(99.87)%	Net 45-120 days	-	-	19,632,850	89.31 %	
"	TLC	Associate	"	(153,110)	(0.13)%	Net 60-120 days	-	-	91,929	0.42 %	
"	"	"	Purchases	140,089	0.12 %	"	-	-	(89,792)	(0.12)%	
"	TGC	"	"	500,927	0.43 %	Net 45-120 days	-	-	(479,972)	(0.62)%	
TNC	Quanta Computer Inc.	Ultimate parent company	Sales	(25,184,800)	(100.00)%	Net 45-120 days	-	-	3,583,455	100.00 %	
TFC	"	"	"	(18,410,372)	(98.03)%	"	-	-	-	-	
"	TTC	Associate	"	(208,466)	(1.11)%	"	-	-	1,160,386	12.95 %	
"	YDCQ	"	"	(162,302)	(0.86)%	Net 120 days	-	-	349,812	3.91 %	
TFQ	Quanta Computer Inc.	Ultimate parent company	"	(15,767,826)	(99.26)%	Net 45-120 days	-	-	-	-	
"	QMIT	The same ultimate parent company	"	(117,168)	(0.74)%	Net 90-120 days	-	-	178,120	2.87 %	
"	ZYEQ	Associate	Purchases	152,639	1.04 %	Net 60 days	-	-	(107,634)	(0.52)%	
"	KSH	"	"	287,595	1.95 %	Net 45 days	-	-	(188,646)	(0.92)%	
ZYEQ	TFQ	"	Sales	(152,639)	(94.92)%	Net 60 days	-	-	107,634	62.45 %	
KSH	"	"	"	(287,595)	(33.49)%	Net 45 days	-	-	188,646	12.49 %	
"	KCC	"	"	(190,140)	(22.14)%	Net 120 days	-	-	675,042	44.68 %	
"	"	"	Purchases	354,211	47.84 %	"	-	-	(759,812)	(61.58)%	
QMIT	TFQ	The same ultimate parent company	"	117,168	29.01 %	Net 90-120 days	-	-	(178,120)	(29.39)%	
YDCQ	TFC	Associate	"	162,302	100.00 %	Net 120 days	-	-	(349,812)	(100.00)%	
TTC	"	"	"	208,466	87.24 %	Net 45-120 days	-	-	(1,160,386)	(97.32)%	
KCC	KSH	"	Sales	(354,211)	(84.13)%	Net 120 days	-	-	759,812	87.73 %	
"	"	"	Purchases	190,140	49.37 %	"	-	-	(675,042)	(76.07)%	

Note 1: The purchase prices listed above are not comparable to the one for other trading partners. There is no significant difference in terms and conditions of the agreed payment terms and general purchasing terms.

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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8. Accounts receivable from related parties for which the dollar amount reaches \$100 million or 20% or more of paid-in capital:

(Expressed in thousands of New Taiwan dollars)

Name of related party	Counter-party	Relationship	Balance of receivables from related party	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivables from related party	Allowances for bad debts
					Amount	Action taken		
Quanta Computer Inc.	QCH	Associate	52,419,651	3.93	-	-	10,978,869	-
"	QSI-USA	"	326,946	0.26	-	-	38,475	-
"	ThinkTech	"	864,471	-	-	-	-	-
"	QCT-USA	"	3,255,633	2.89	-	-	321,135	-
"	QDL (HK)	"	1,309,156	1.80	-	-	19,842	-
"	QCTJ	"	1,023,151	1.91	-	-	2,216	-
"	QCTTW	"	194,380	0.38	-	-	-	-
"	QCTK	"	494,307	3.18	-	-	-	-
QCH	QSI-USA	"	117,544	2.49	-	-	-	-
"	QCT-USA	"	150,959	3.56	-	-	-	-
QMN	QCH	"	194,197	5.19	-	-	-	-
QMI	"	"	135,011	16.23	-	-	-	-
QSI	QSA	"	6,672,188	2.84	-	-	1,522,025	-
QSA	QSI	The same ultimate parent company	7,297,903	3.64	-	-	1,529,136	-
"	Techman	Associate	3,860,835	3.72	-	-	2,512,359	-
QSS	QSA	"	1,144,814	2.68	-	-	-	-
Techman	QSA	"	2,883,892	5.41	-	-	2,597,104	-
TGC	TCC	"	479,972	6.93	-	-	-	-
TCC	Quanta Computer Inc.	Ultimate parent company	19,632,850	9.96	-	-	-	-
TNC	Quanta Computer Inc.	"	3,583,455	7.10	-	-	-	-
TFQ	QMIT	The same ultimate parent company	178,120	1.99	-	-	-	-
ZYEQ	TFQ	Associate	107,634	3.80	-	-	-	-
QCT-USA	QCH	"	328,664	2.56	-	-	-	-
QCN	QSN	"	776,457	0.11	-	-	-	-
QSI-USA	QCA	"	374,935	-	-	-	-	-
KSH	TFQ	"	188,646	5.44	-	-	-	-
"	KCC	"	675,042	1.28	-	-	-	-
TFC	TTC	"	1,160,386	0.64	-	-	-	-
"	YDCQ	"	349,812	1.92	-	-	-	-
KCC	KSH	"	759,812	2.38	-	-	-	-

Note :The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

9. Derivative transactions:

Please refer to Note (6)(b) and (6)(u) for related information.

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10. Business relationships and significant inter-company transactions:

Number	Name of the company	Name of the counter-party	Existing relationship with the counter-party	Transaction details during 2017			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
0	Quanta Computer Inc.	QCH、QCT-USA、QDL(HK)、QCTJ、QCTK	1	Sales	58,845,955	Terms not comparable to other general trading partners	25.82 %
"	"	TFC、TCC、TGC、TNC、TFQ	1	Purchases	180,660,531	Terms not comparable to other general trading partners	79.27 %
"	"	QCH、QCT-USA、QDL(HK)、QCTJ、QCTK	1	Accounts receivable	58,501,898	The same as the term for other general trading partners	9.76 %
"	"	TCC、TNC	1	Accounts payable	23,216,305	The same as the term for other general trading partners	3.87 %
1	QCH	Quanta Computer Inc.	2	Purchases	55,625,369	Terms not comparable to other general trading partners	24.41 %
"	"	"	2	Accounts payable	52,419,651	The same as the term for other general trading partners	8.75 %
2	QCT-USA	"	2	Purchases	1,772,867	Terms not comparable to other general trading partners	0.78 %
"	"	"	2	Accounts payable	3,255,633	The same as the term for other general trading partners	0.54 %
3	QDL(HK)	"	2	Purchases	595,992	Terms not comparable to other general trading partners	0.26 %
"	"	"	2	Accounts payable	1,309,156	The same as the term for other general trading partners	0.22 %
4	QCTJ	"	2	Purchases	486,060	Terms not comparable to other general trading partners	0.21 %
"	"	"	2	Accounts payable	1,023,151	The same as the term for other general trading partners	0.17 %
5	QCTK	"	2	Purchases	365,667	Terms not comparable to other general trading partners	0.16 %
"	"	"	2	Accounts payable	494,307	The same as the term for other general trading partners	0.08 %

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Number	Name of the company	Name of the counter-party	Existing relationship with the counter-party	Transaction details during 2017			Percentage of the total consolidated revenue or total assets
				Account name	Amount	Terms of trading	
6	IFC	Quanta Computer Inc.	2	Sales	18,410,372	Terms not comparable to other general trading partners	8.08 %
7	TCC	"	2	Sales	119,502,223	Terms not comparable to other general trading partners	52.43 %
"	"	"	2	Accounts receivable	19,632,850	The same as the term for other general trading partners	3.28 %
8	TGC	"	2	Sales	1,795,310	Terms not comparable to other general trading partners	0.79 %
9	TNC	"	2	Sales	25,184,800	Terms not comparable to other general trading partners	11.05 %
"	"	"	2	Accounts receivable	3,583,455	The same as the term for other general trading partners	0.60 %
10	TFQ	"	2	Sales	15,767,826	Terms not comparable to other general trading partners	6.92 %

Note 1: Numbers denote the following:

1. 0 represents the Company.
2. Subsidiaries are listed by names and numbered starting with 1.

Note 2: Relationship with the listed companies:

1. The Company to subsidiary
2. Subsidiary to the Company
3. Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

(b) Information on investees:

For the three months ended March 31, 2017, the following is the information on investees (excluding investees in Mainland china):

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
Quanta Computer Inc.	QCJ Corp.	Japan	Manufacture, after-sale service and sale of computers and telecommunication products	3,115	3,115	200	100.00 %	2,450	(33)	(33)	
"	QIL and its subsidiaries	Cayman, U.S.A., etc.	Investment company and sale, manufacture and after-sale services of computer peripherals	16,742,946	16,742,946	55,184,396	100.00 %	20,478,710	(719,338)	(452,237)	The difference of the subsidiaries is mainly from unrealized profit from sales

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Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
Quanta Computer Inc.	WK Technology Fund VI Limited	Taiwan	Venture capital	270,938	270,938	27,093,750	21.43 %	150,697	(60,499)	(12,964)	
"	QSI and its subsidiaries	Taiwan	Optical industry	243,142	243,142	82,881,664	29.78 %	2,409,308	70,805	21,082	
"	QVC	Taiwan	Venture capital	1,000,133	1,000,133	100,000,000	100.00 %	1,192,697	22,993	22,993	
"	CAM CID Asia Pacific Investment Corp.	Hong Kong	Venture capital	13,807	17,702	455,084	27.50 %	14,145	1,137	312	
"	QCTI	Taiwan	Investment company	600,000	600,000	60,000,000	100.00 %	622,464	6,295	6,295	
"	QMIT and its subsidiaries	Taiwan	Electronic company and import and export business and wholesale of electronic products	232,750	232,750	17,500,000	75.19 %	379,020	27,831	20,925	
"	Tech View International Technology Inc.	Taiwan	Manufacture of electronic components	1	1	67	26.63 %	-	-	-	Note 1
"	Plenty Link Technology Co.,Ltd	Cayman	Overseas investment and trade company	95,571	68,265	3,150,000	17.50 %	77,639	(37,285)	(7,454)	
"	RTK and its subsidiaries	Taiwan	Design, manufacture, processing, distribute, and sale of satellite guided navigation systems and peripherals, navigated map, and digital map	807,586	807,586	18,603,598	36.76 %	528,939	(9,062)	(3,331)	
"	QCTTW and its subsidiaries	Taiwan	Wholesale of computers and accessories	209,990	174,990	20,999,000	99.99 %	(131,994)	(43,645)	(43,642)	
"	EBN Technology Corp.	Taiwan	Manufacture of electric components	125,625	125,625	8,375,000	25.00 %	60,596	(16,670)	(4,167)	
"	FVT and its subsidiaries	Taiwan, U.S.A., etc.	Retail of telecommunication products and wholesale of electronic equipment and components	84,500	84,500	8,450,000	100.00 %	9,202	(86)	(86)	
"	CloudCast Technology Inc.	Taiwan	Service, wholesale and retail of information software, service of data processing	-	126,000	-	- %	-	(170,804)	(170,804)	Note 2
QSI	QSI (CAYMAN)	Cayman	Investment company	2,846,499	2,846,499	-	100.00 %	4,740,719	51,627	62,792	The difference of the subsidiaries is mainly from unrealized profit from sales.
"	Quanta Storage Investment Inc.	Taiwan	Investment company	500,000	500,000	50,000,000	100.00 %	444,024	3,219	3,219	
"	NU Inc.	Taiwan	Wholesale and retail of computers and accessories	91,000	91,000	4,291,364	29.80 %	23,058	592	177	

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Name of the investor	Name of investee	Location	Major operations	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
QSI (CAYMAN)	QSL (BVI)	BVI	Investment company	2,109,237	2,109,237	-	100.00 %	4,420,822	58,265	58,265	
"	E-Forward	SAMOA	Manufacture and sale of computer storage device peripherals	182,040	182,040	-	100.00 %	362,223	(7,614)	(7,614)	
QSL (BVI)	QHH	Hong Kong	Investment company	1,143,778	1,143,778	-	100.00 %	2,579,309	16,500	16,500	
"	TECHHK	Hong Kong	Investment company	1,146,451	1,146,451	-	100.00 %	1,784,805	17,999	17,999	
"	TMA	SAMOA	Sale and after-sale service of computer storage device peripherals	30,340	30,340	-	100.00 %	56,708	23,767	23,767	
E-Forward (SAMOA)	QSA	SAMOA	Sale and after-sale service of computer storage device peripherals	182,040	30,340	-	100.00 %	343,133	(7,974)	(7,974)	
Quanta Storage Investment Inc.	EBN Technology Corp.	Taiwan	Wholesale and retail of electronic materials and information software	10,970	10,970	1,000,000	2.98 %	7,235	(16,670)	(553)	
"	TRI	Taiwan	Manufacture and sale of industrial collaborative robots	100,000	100,000	10,000,000	100.00 %	99,755	3,304	3,304	
RTK	RTK1	SAMOA	Investment Company	34,303	34,303	-	100.00 %	742	(1,762)	(1,762)	
QCTI	QSI and its subsidiaries	Taiwan	Optical industry	11,504	11,504	1,212,000	0.44 %	11,504	70,805	-	
"	RTK and its subsidiaries	Taiwan	Satellite positioning system motherboard	3,815	3,815	409,195	0.81 %	3,815	(9,062)	-	
"	QMIT and its subsidiaries	Taiwan	Electronic company and import and export business and wholesale of electronic products	48,799	48,799	5,775,000	24.81 %	125,076	27,831	6,905	
QVC	Plenty Link Technology Co.,Ltd	Cayman	Overseas investment and trade company	95,571	68,265	3,150,000	17.50 %	78,413	(37,285)	(6,464)	

Note 1: Evaluated to have indicators of impairment in 2008 and recognized impairment loss of \$89,985 thousand NTD.

Note 2: The liquidation procedure was completed on February 2017.

Note 3: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(c) Information on investment in Mainland China:

1. Information on investment in Mainland China:

(Amounts Expressed in Thousands of New Taiwan Dollars)

Name of the investee in Mainland China (Note 2)	Major operations	Issued capital	Method of investment (Note 1)	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount						
The Company												
TFC (2/1) (Note 4)	Manufacture and sale of computers and peripherals	3,642,317	(2)	1,860,127	-	-	1,860,127	(543,215)	100.00 %	(543,215)	9,250,355	2,147,028

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Name of the investee in Mainland China (Note 2)	Major operations	Issued capital	Method of investment (Note 1)	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount						
TCC (2)1	Manufacture and sale of computers and peripherals	3,886,554	(2)	3,542,045	-	-	3,542,045	(208,974)	100.00 %	(208,974)	13,354,449	3,645,127
TTC (2)1	Manufacture and sale of computers and peripherals	259,104	(2)	226,640	-	-	226,640	3,550	100.00 %	3,550	768,049	874
TLC (2)1	Manufacture and sale of computers and peripherals	242,816	(2)	239,686	-	-	239,686	19,396	100.00 %	19,396	1,153,295	12,452
TGC (2)1	Manufacture and sale of computers and peripherals	300,462	(2)	297,332	-	-	297,332	49,134	100.00 %	49,134	863,706	43,494
TWW (2)1	Manufacture of laptop computers and storage service	288,230	(2)	288,230	-	-	288,230	9,389	100.00 %	9,389	600,016	-
TFQ (2)1	Sale and manufacture of computer peripherals	1,456,320	(2)	1,456,320	-	-	1,456,320	175,029	100.00 %	175,029	1,899,054	-
TWQ (2)3	Manufacture of laptop computers and storage service	151,700	(2)	151,700	-	-	151,700	2,434	100.00 %	2,434	214,315	-
TNC (2)1	Manufacture, sale, and after-sale service of smart wearable electronic devices, digital acoustics devices and their accessories	5,157,193	(2)	5,157,193	-	-	5,157,193	475,495	100.00 %	475,495	320,203	-
KSH (2)1	Manufacture and sale of precise machinery, peripherals and metallic molds	546,120	(2)	239,383	-	-	239,383	83,638	100.00 %	83,638	391,536	-
YUNDA (2)3	Sale of servers and switches	112,258	(2)	112,258	-	-	112,258	(919)	100.00 %	(919)	2,816	-
YDCQ (2)1	Sale of servers and switches	30,340	(2)	30,340	-	-	30,340	(13,265)	100.00 %	(13,265)	(232,283)	-
GTM (2)1	Manufacture and sale of non-metallic product molds	418,692	(2)	496,909	-	-	496,909	(940)	100.00 %	(940)	269,196	-
ZYES (2)1	Manufacture and sale of computers and peripherals	1,790,060	(2)	1,962,088	-	-	1,962,088	(21,985)	100.00 %	(21,985)	(416,628)	-

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Name of the investee in Mainland China (Note 2)	Major operations	Issued capital	Method of investment (Note 1)	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount						
ZYEC (2)1)	Manufacture and sale of computers and peripherals	546,120	(2)	546,120	-	-	546,120	4,238	100.00 %	4,238	(476,396)	-
ZYEQ (2)1)	Manufacture and sale of computers and peripherals	455,100	(2)	455,100	-	-	455,100	(154,464)	100.00 %	(154,464)	(1,332,811)	-
Standard (Shanghai) Energy Co., Ltd. (2)1)	Assembly and sale of battery	182,040	(2)	437,806	-	-	437,806	(2,569)	69.00 %	(2,032)	222,638	-
KCC (2)1)	Manufacture of machine cases, molds and tools	758,500	(2)	-	-	-	-	8,460	100.00 %	8,460	(314,849)	-
SJDT (2)3)	Manufacture of computers and peripherals	218,448	(2)	-	-	-	-	(113)	100.00 %	(113)	378,883	-
Dongguan Shuang-Ying Photoelectric technology Co., Ltd. (2)3)	Engage in the production and sale of the mold model, plastic optical glass board or plate, polished general electronic micro-components, other additional lens, and other Optical appliances and equipment	455,100	(2)	34,133	27,306	-	61,439	(24,090)	17.50 %	(4,216)	72,492	-
Viscovery Business Limited (2)3)	Computer software development and related consulting and technical services; wholesale and import and export of computer hardware and software and electronic products	106,189	(3)	-	-	-	-	-	3.60 %	-	-	-
QSI												
QSS (2)1)	Manufacture and sale of computer storage device peripherals	910,200	(2)	910,200	-	-	910,200	16,596	100.00 %	16,596	2,569,515	2,010,594
Techman (2)1)	Manufacture and sale of computer storage device peripherals	849,520	(2)	849,520	-	-	849,520	17,995	100.00 %	17,995	1,782,256	-
QVC												
Dongguan Shuang-Ying Photoelectric technology Co., Ltd. (2)3)	Engage in the production and sale of the mold model, plastic optical glass board or plate, polished general electronic micro-components, other additional lens, and other Optical appliances and equipment	455,100	(2)	34,133	27,306	-	61,439	(24,090)	17.50 %	(4,216)	72,492	-

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Name of the investee in Mainland China (Note 2)	Major operations	Issued capital	Method of investment (Note 1)	Beginning remittance balance - Cumulative investment (amount) from Taiwan	Current remittance/recoverable investment (amount)		Ending remittance balance - Cumulative investment (amount) from Taiwan	Net income (loss) of the investee	Direct /indirect shareholding (%) by the Company	Current investment gains and losses	Carrying Amount	Accumulated Inward Remittance of Earnings
					Remittance amount	Recoverable amount						
FVT												
FaceVision (Changshu) Trading Co., Ltd.(2)3	Trading company	4,730	(3)	4,730	-	-	4,730	(40)	100.00 %	(40)	2,952	-
RTK												
Royaltek Trading (Changshu) Co., Ltd.(2)1	Import and export business and wholesale of electronic products	33,105	(2)	33,105	-	-	33,105	(1,762)	100.00 %	(1,762)	703	-

2. Limitation on investment in Mainland China:

Company	Aggregate investment amount remitted from Taiwan to Mainland China at the end of the period	Approved investment amount by Ministry of Economic Affairs Investment Commission	Limitation on investment in Mainland China in accordance with regulations of Ministry of Economic Affairs Investment Commission (Note 3)
The Company	17,662,839	18,136,584	-
QSI	2,078,290	2,078,290	-
QVC	61,439	72,058	715,618
FVT	4,730	4,730	80,000
RTK	33,105	58,734	842,559

Note 1: Investments in Mainland China are differentiated by the following four methods:

- (1) Direct investment in Mainland China with remittance through a third region
- (2) Incorporation of an investee company in a third region and indirect re-investment in Mainland China through the new entity.
- (3) Indirect investment in Mainland China through an existing investee company in a third region.
- (4) Other methods (i.e. entrusted Investment)

Note 2: Recognition of investment gain or loss during current period is pursuant to the following:

- (1) If the corporation is in the set-up phase, notes are required.
- (2) Recognition basis of investment gains or losses is determined by the following three types, and related notes are required.
 - 1) Financial statements of the investee company were audited and certified by an international firm in cooperation with an R.O.C. accounting firm.
 - 2) Financial statements of the investee company were audited and certified by the external accountant of the parent company.
 - 3) Others

Note 3: In accordance with the 2008.8.29 revised Regulations Governing the Approval of Investment or Technical Cooperation in Mainland China, the Company obtained the certificate of qualified operating headquarters issued by the Industrial Development Bureau, Ministry of Economic Affairs, and therefore no limitations on investment in Mainland China.

Note 4: The difference between the issued capital and cumulative investment amount is the difference between the price paid and the cost of the machinery equipment.

Note 5: All amounts listed are disclosed in TWD.

Note 6: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

3. Significant transactions :

The significant inter-company transactions with the subsidiary in Mainland China for the three months ended March 31, 2017, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

QUANTA COMPUTER INC.

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2017 AND 2016

(AMOUNTS EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS OTHERWISE SPECIFIED)

(14) Segment Information

Operating segments financial information:

<u>For the Three Months Ended March 31,2017</u>	<u>Electronic department</u>	<u>Other department</u>	<u>Adjustment and elimination</u>	<u>Total</u>
Operating revenue:				
Revenue from external customers	\$ 225,038,549	2,877,331	-	227,915,880
Inter-segment revenue	<u>238,879,248</u>	<u>23,194</u>	<u>(238,902,442)</u>	<u>-</u>
Total	<u>\$ 463,917,797</u>	<u>2,900,525</u>	<u>(238,902,442)</u>	<u>227,915,880</u>
Reportable segment profit (loss)	<u>\$ 2,525,811</u>	<u>75,098</u>	<u>235,444</u>	<u>2,836,353</u>
<u>For the Three Months Ended March 31,2016</u>				
Operating revenue:				
Revenue from external customers	\$ 193,790,155	3,572,674	-	197,362,829
Inter-segment revenue	<u>212,302,330</u>	<u>71,900</u>	<u>(212,374,230)</u>	<u>-</u>
Total	<u>\$ 406,092,485</u>	<u>3,644,574</u>	<u>(212,374,230)</u>	<u>197,362,829</u>
Reportable segment profit (loss)	<u>\$ 3,217,348</u>	<u>14,942</u>	<u>412,900</u>	<u>3,645,190</u>