Stock Code:3038

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

EMERGING DISPLAY TECHNOLOGIES CORP.

PARENT-COMPANY-ONLY FINANCIAL STATEMENTS

December 31, 2017 and 2016
(With Independent Auditors' Report Thereon)

Address: No. 5, Central 1st Rd., Kaohsiung Export Processing Zone, Kaohsiung, Taiwan, R.O.C.
Telephone: 886-7-812-4832

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Independent Auditors' Report

To the Board of Directors of Emerging Display Technologies Corp.:

Opinion

We have audited the financial statements of Emerging Display Technologies Corp. ("the Company"), which comprise the balance sheets as of December 31, 2017 and 2016, the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the financial report as follows:

1. **Valuation of inventory**

   Please refer to Note 4(g) Inventories and Note 5(b) of the financial statements for inventories and accounting estimate of inventory valuation, respectively. Information regarding the inventory is shown in Note 6(g) of the financial statements.

Description of key audit matters:

Inventory is carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The Company is engaged in the manufacture and sale of liquid crystal displays and capacity touch panels. The Company focuses on the small and medium sized niche markets of non-consumable area. The products are used in industrial equipment, smart home devices, handheld devices, and information appliance products. The development strategy of the Company is focused on diversified and customized product. The impact to assess provision includes the purchasing and write-down of the components which are used in diversified and customized products, the management of safety stocks levels, and production planning which effects the inventory cost. As a result there is a risk that the net realizable value of inventory falls below its carrying value. Therefore this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included selecting samples to test the accuracy of inventory aging report; analyzing the changes of inventory aging; assessing the reasonableness of the accounting policy (such as the provision of inventory valuation and obsolescence), assessing the reasonableness of the provision of inventory by reviewing the historical accuracy on provision, and understanding the basis of selling price used by the management for evaluating the reasonableness of the net realizable value. Moreover, assessing the changes of obsolescence inventory in the subsequent events, and the basis of net realizable value to evaluate the accuracy of the Company's provisions. In addition, assessing the appropriateness of the provisions and disclosures made by the management.

2. **Valuation of receivable**

Please refer to Note 4(f) and Note 5(a) of the financial statement for receivable and accounting estimate of receivable valuation, respectively. Information regarding the ~~inventory~~ account receivable is shown in Note 6 (f) of the financial statement.

Description of key audit matters:

The Company's customers are the manufacturers of industrial equipment, smart home devices, handheld devices, and information appliance product. The cause of some customers delayed payment was there is a need to clarify the responsibility of problematic products that resulted from the failure of process or usage of end product. Because of the inherent credit risk of receivables, management has subjective and significant judgments with the balance of allowance for bad debts from receivables. Therefore this is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included understanding the processes of account checking with customers and collecting; analyzing receivable aging report; assessing the reasonableness of the provision of receivable by reviewing the historical accuracy on provision, historical receipt records, industrial economy, and concentration of credit risk of its customers; and considering the adequacy of the Company's disclosures in the accounts.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting. Unless the management either intends to liquidate the Company or to cease its operations, there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Po Jen, Yang and Kuo Tsung, Chen.

KPMG

Taipei, Taiwan (Republic of China)
March 14, 2018

Notes to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally accepted and applied in the Republic of China.

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

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

EMERGING DISPLAY TECHNOLOGIES CORP.

Balance Sheets

December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Assets		December 31, 2017		December 31, 2016	
			Amount	%	Amount	%
	Current assets:					
1100	Cash and cash equivalents (note 6(a))	$	1,098,614	33	675,142	20
1110	Financial assets at fair value through profit or loss, current (note 6(b))		-	-	4,655	-
1125	Current available-for-sale financial assets (note 6(c))		390,457	11	387,997	11
1147	Current investments in debt instrument without active market (notes 6(d) and 8)		4,423	-	420,428	12
1170	Accounts receivable, net (note 6(f))		236,707	7	168,483	5
1180	Accounts receivable - related parties, net (notes 6(f) and 7)		352,080	10	304,585	9
1200	Other receivables (note 6(f))		16,689	-	19,550	1
1220	Current tax assets		-	-	680	-
130X	Inventories (note 6(g))		651,580	19	639,984	19
1470	Other current assets (note 6(h))		11,497	-	12,440	-
			2,762,047	80	2,633,944	77
	Non-current assets:					
1543	Financial assets carried at cost, non-current (note 6(e))		35,000	1	35,000	1
1550	Investments accounted for using equity method (note 6(i))		298,093	9	295,829	9
1600	Property, plant and equipment (notes 6(k),8 and 9)		324,512	9	383,070	11
1760	Investment property, net (note 6(l) and 8)		-	-	17,047	1
1780	Intangible assets (note 6(m))		3,425	-	3,868	-
1840	Deferred tax assets (note 6(r))		32,446	1	25,683	1
1915	Prepayments for business facilities		6,368	-	377	-
1980	Other non-current financial assets (note 6(f))		4,036	-	4,040	-
			703,880	20	764,914	23
	Total assets	$	3,465,927	100	3,398,858	100

	Liabilities and Equity		December 31, 2017		December 31, 2016	
			Amount	%	Amount	%
	Current liabilities:					
2100	Short-term borrowings (notes 6(h) and 8)	$	557,000	16	712,000	21
2150	Notes payable		1,141	-	2,203	-
2170	Accounts payable		286,991	8	293,301	9
2180	Accounts payable - related parties (note 7)		96,881	2	106,250	3
2200	Other payables		167,009	5	197,243	6
2220	Other payables - related parties (note 7)		4,409	-	4,787	-
2230	Current tax liabilities		17,739	1	11,024	-
2300	Other current liabilities		17,947	1	20,271	1
			1,149,117	33	1,347,079	40
	Non-Current liabilities:					
2540	Long-term borrowings (notes 6(o) and 8)		398,246	12	-	-
2570	Deferred tax liabilities (note 6(r))		-	-	2,812	-
2640	Net defined benefit liability, non-current (note 6(q)		82,998	2	88,505	2
2645	Guarantee deposits received		34	-	160	-
			481,278	14	91,477	2
	Total liabilities		1,630,395	47	1,438,556	42
	Equity attributable to owners of parent (note 6(s)):					
3100	Ordinary shares		1,834,076	53	1,949,076	56
3200	Capital surplus		23,873	1	33,663	1
3300	Retained earnings		325,664	9	338,384	11
3400	Other equity interest		(74,872)	(2)	(87,612)	(2)
3500	Treasury shares		(273,209)	(8)	(273,209)	(8)
	Total equity		1,835,532	53	1,960,302	58
	Total liabilities and equity	$	3,465,927	100	3,398,858	100

See accompanying notes to financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP.

Statements of Comprehensive Income

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2017		2016	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(u) and 7)**	$ 2,934,938	100	3,045,089	100
5000	**Operating costs (notes 6(g), (m), (q), (v), 7 and 12)**	2,543,718	87	2,548,633	84
	Gross profit	391,220	13	496,456	16
5910	Less: Unrealized profit (loss) from sales	12,338	-	20,186	1
5920	Add: Realized profit (loss) on from sales	20,186	1	24,531	1
	Gross profit	399,068	14	500,801	16
	Operating expenses (notes 6(m),(q), (v), 7 and 12):				
6100	Selling expenses	119,044	4	119,965	4
6200	Administrative expenses	82,187	3	92,204	3
6300	Research and development expenses	96,265	3	102,547	3
		297,496	10	314,716	10
6500	**Net other income (expenses) (note 6(w))**	1,094	-	1,094	-
	Net operating income	102,666	4	187,179	6
	Non-operating income and expenses (note 6(x)):				
7010	Other income	18,604	-	15,683	-
7020	Other gains and losses	(45,902)	(2)	20,163	1
7050	Finance costs	(10,838)	-	(11,758)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method	(564)	-	340	-
		(38,700)	(2)	24,428	1
7900	**Profit before tax**	63,966	2	211,607	7
7950	**Income tax expense (note 6(r))**	9,652	-	23,835	1
8200	**Profit**	54,314	2	187,772	6
8300	**Other comprehensive income:**				
8310	**Items that may not be reclassified subsequently to profit or loss:**				
8311	Remeasurements of defined benefit plans (note 6(q))	2,991	-	(6,053)	-
8349	Less: income tax related to components of other comprehensive income that may not be reclassified subsequently to profit or loss	-	-	-	-
		2,991	-	(6,053)	-
8360	**Items that may be reclassified subsequently to profit or loss**				
8361	Exchange differences on translation	(8,138)	-	(8,311)	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets (note 6(y))	10,575	-	18,495	-
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method that may be reclassified subsequently to profit or loss (note 6(s))	10,573	-	2,291	-
8399	Less: income tax related to components of other comprehensive income that may be reclassified subsequently to profit or loss (note 6(r))	270	-	1,086	-
		12,740	-	11,389	-
8300	**Other comprehensive income, net**	15,731	-	5,336	-
8500	**Total comprehensive income**	$ 70,045	2	193,108	6
	Earnings per share (New Taiwan Dollars) (note 6(t)):				
9750	**Basic net income per share(New Taiwan Dollars)**	$ 0.33		1.03	
9850	**Diluted net income per share(New Taiwan Dollars)**	$ 0.33		1.03	

See accompanying notes to financial statements.

(English Translation of and Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP.

Statements of Changes in Equity

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings			Total other equity interest			
	Ordinary shares	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	Total equity
Balance on January 1, 2016	**$ 2,149,076**	**27,955**	**-**	**-**	**216,937**	**9,532**	**(108,533)**	**(259,140)**	**2,035,827**
Profit (loss) for the year ended December 31, 2016	-	-	-	-	187,772	-	-	-	187,772
Other comprehensive income for the year ended December 31, 2016	-	-	-	-	(6,053)	(9,825)	21,214	-	5,336
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	181,719	(9,825)	21,214	-	193,108
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	21,614	-	(21,614)	-	-	-	-
Special reserve appropriated	-	-	-	96,448	(96,448)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(60,272)	-	-	-	(60,272)
Purchase of treasury share	-	-	-	-	-	-	-	(211,167)	(211,167)
Retirement of treasury share	(200,000)	2,902	-	-	-	-	-	197,098	-
Cash dividends to subsidiaries	-	2,806	-	-	-	-	-	-	2,806
Balance on December 31, 2016	**1,949,076**	**33,663**	**21,614**	**96,448**	**220,322**	**(293)**	**(87,319)**	**(273,209)**	**1,960,302**
Profit for the year ended December 31, 2017	-	-	-	-	54,314	-	-	-	54,314
Other comprehensive income for the year ended December 31, 2017	-	-	-	-	2,991	(8,416)	21,156	-	15,731
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	57,305	(8,416)	21,156	-	70,045
Appropriation and distribution of retained earnings:									
Legal reserve appropriated	-	-	18,777	-	(18,777)	-	-	-	-
Special reserve appropriated	-	-	-	27,262	(27,262)	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(70,025)	-	-	-	(70,025)
Purchase of treasury share	-	-	-	-	-	-	-	(128,382)	(128,382)
Retirement of treasury share	(115,000)	(13,382)	-	-	-	-	-	128,382	-
Cash dividends to subsidiaries	-	3,592	-	-	-	-	-	-	3,592
Balance on December 31, 2017	**$ 1,834,076**	**23,873**	**40,391**	**123,710**	**161,563**	**(8,709)**	**(66,163)**	**(273,209)**	**1,835,532**

Note: For the years ended December 31, 2017 and 2016 the directors' and supervisors' remuneration amounted to $2,086 and 6,900, and the employees' remuneration amounted to $3,476 and $11,500, respectively, has been chard against statement of comprehensive income.

See accompanying notes to financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP.

Statements of Cash Flows

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	2017	2016
Cash flows from (used in) operating activities:		
Profit before tax	$ 63,966	211,607
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation expense	80,533	101,009
Amortization expense	1,141	1,061
Bad debt expenses	262	-
Net gain (loss) on financial assets or liabilities at fair value through profit or loss	4,655	(2,021)
Interest expense	10,838	11,758
Interest income	(11,707)	(3,525)
Dividend income	(6,445)	(8,356)
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	564	(340)
Gain on disposal of property, plant and equipment and investment property	(25,124)	(175)
Gain on disposal of investments	(16,716)	(11,632)
Unrealized profit from sales	12,338	20,186
Realized profit on from sales	(20,186)	(24,531)
Unrealized foreign exchange gain	30,999	(10,285)
Gain on reversal of an impairment loss for investment property	(5,664)	-
Total adjustments to reconcile profit	55,488	73,149
Changes in operating assets and liabilities:		
Changes in operating assets:		
Decrease (increase) in accounts receivable	(71,375)	29,004
Decrease (increase) in accounts receivable - related parties	(51,113)	95,855
Decrease (increase) in other receivable	3,915	(1,390)
Decrease (increase) in inventories	(11,596)	24,676
Increase in prepayment and other current assets	(1,326)	(471)
Total changes in operating assets	(131,495)	147,674
Changes in operating liabilities:		
Decrease in notes payable	(1,062)	(989)
Decrease in accounts payable	(3,555)	(12,078)
Increase (decrease) in accounts payable - related parties	(9,006)	8,780
Decrease in other payable	(26,557)	(33,467)
Decrease in other payable - related parties	(311)	(1,543)
Decrease in accrued expense and other current liabilities	(2,328)	(4,291)
Decrease in net defined benefit liability, non-current	(2,516)	(2,319)
Total changes in operating liabilities	(45,335)	(45,907)
Total changes in operating assets and liabilities	(176,830)	101,767
Total adjustments	(121,342)	174,916
Cash flows from operations	(57,376)	386,523
Interest received	10,653	3,137
Dividends received	6,445	8,356
Interest paid	(10,080)	(10,341)
Income taxes paid	(12,102)	(369)
Net cash flows from (used in) operating activities	(62,460)	387,306
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss, designated as upon initial recognition	-	(16,187)
Proceeds from disposal of financial assets at fair value through profit or loss, designated as upon initial recognition	-	63,683
Acquisition of available-for-sale financial assets	(206,517)	(32,464)
Proceeds from disposal of available-for-sale financial assets	231,346	272,644
Decrease (increase) in investments in debt instrument without active market	415,973	(417,223)
Acquisition of property, plant and equipment	(26,053)	(28,412)
Proceeds from disposal of property, plant and equipment, and investment property	48,132	175
Acquisition of intangible assets	(698)	(1,408)
Decrease (increase) in other financial assets	4	(44)
Increase in prepayments for business facilities	(5,991)	(377)
Dividends received	11,047	1,327
Net cash flows from (used in) investing activities	467,243	(158,286)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term borrowings	(155,000)	112,714
Proceeds from (Repayments of) long-term debt	400,000	(291,200)
Decrease in guarantee deposits received	(126)	-
Cash dividends paid	(70,028)	(60,263)
Payments to acquire treasury shares	(128,382)	(222,266)
Net cash flows from (used in) financing activities	46,464	(461,015)
Effect of exchange rate changes on cash and cash equivalents	(27,775)	3,130
Net increase (decrease) in cash and cash equivalents	423,472	(228,865)
Cash and cash equivalents at beginning of period	675,142	904,007
Cash and cash equivalents at end of period	$ 1,098,614	675,142

See accompanying notes to financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP.

Notes to the Parent-Company-Only Financial Statements

For the years ended December 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Emerging Display Technologies Corp. (the "Company") was incorporated as a limited liability company under the laws of the Republic of China (ROC) on September 23, 1994. The address of its registered office and principal place of business is No. 5, Central 1st Rd, Kaohsiung Economic Processing Zone, Kaohsiung City, Taiwan. The Company is engaged in the manufacture and sale of Capacity Touch Panels and liquid crystal displays (LCDs).

(2) Approval date and procedures of the financial statements

These financial statements were authorized for issuance by the Board of Directors on March 14, 2018.

(3) Application of New standards, Amendments and Interpretations:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 " 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
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

(Continued)

EMERGING DISPLAY TECHNOLOGIES CORP.

Notes to the Parent-Company-Only Financial Statements

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

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017. The related new standards, interpretations and amendments are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Company believes that the adoption of the above IFRSs would not have any material impact on its financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

1) Classification and measurement- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income

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(FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

Based on its assessment, the Company does not believe that the new classification requirements will have a material impact on its accounting for trade receivables and investments in debt securities. At December 31, 2017, the Company had equity investments classified as available-for-sale with a fair value of $126,443 thousand and carried at cost of $35,000 thousand. At initial application of IFRS 9, the Company has designated these investments as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal. At December 31, 2017, the Company had open-ended fund classified as available-for-sale with a fair value of $264,014 thousand ~~and equity investment of financial assets measured at cost which were impaired and the book value was written down to 0~~. At initial application of IFRS 9, if with the same holding purpose, the Company would designate these investments as measured at FVTPL. Consequently, all fair value gains and losses would be reported in profit or loss. The Company estimated the application of IFRS 9's classification requirements on January 1, 2018 would result in a decrease of $13,266 thousand in the other equity, as well as a decrease of $8,314 thousand in retained earnings.

2) Impairment-Financial assets and contact assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However,

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lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

The Company believes that would not have any material impact on assets in the scope of the IFRS 9 impairment model.

3) Hedge accounting

When initially applying IFRS 9, the Company may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. The Company plans to continue to apply IAS 39.

4) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Company’s assessment included an analysis to identify data gaps against current processes and the Company plans to implement the system and controls changes that it believes will be necessary to capture the required data.

5) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Company will take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and other equity interests as at January 1, 2018.

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.

  – The determination of the business model within which a financial asset is held.

  – The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  – The designation of certain investments in equity instruments not held for trading as at FVOCI.

(ii) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts".

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1) Sales of goods

For the sale of the Company's products, revenue is currently recognized when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. The Company assesses there would be no material impact because the point at which the related risks and rewards of ownership transfer is close to the point at which controlling power transfer.

2) Transition

The Company plans to adopt IFRS 15 using the cumulative effect method. Therefore, the comparative information will not be restated. The cumulative effect of initially applying IFRS 15 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2018. The Company plans to use the practical expedient in paragraph C5(a) of IFRS 15, under which, for contracts that are completed at the date of the initial application (i.e. 1 January 2018) will not be restated.

(iii) Amendments to IAS 7 "Disclosure Initiative"

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Company intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

(iv) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Loss"

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

The Company estimates the application of the amendments would change the estimate of deferred tax asset. However, there would be no material impact on financial statements.

(v) IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

IFRIC 22 clarifies the transaction date used to determine the exchange rate. The transaction date is the date on which the entity initially recognizes the prepayment or deferred income arising from the advance consideration.

The Company plans to apply prospectively to all assets, expenses and income in the scope of the interpretation initially recognized after the date of the initial application (i.e. 1 January 2018).

The actual impacts of adopting the standards may change depending on the economic conditions and events which may occur in the future.

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(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
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 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

Those which may be relevant to The Company are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: ・For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. ・A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
June 7, 2017	IFRIC 23 "Uncertainty over Income Tax Treatments"	• In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations. • If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

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

(4) Significant accounting policies:

The accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of, the English and Chinese language parent-company-only financial statements, the Chinese version shall prevail.

The significant accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated in note 3, the following accounting policies were applied consistently throughout the presented periods in the financial statements.

(a) Statement of compliance

These annual financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as the Regulations).

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Notes to the Parent-Company-Only Financial Statements

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments measured at fair value through profit or loss are measured at fair value;

2) Available-for-sale financial assets are measured at fair value;

3) The defined benefit liability is recognized as the present value of the defined benefit obligation less fair value of plan assets.

(ii) Functional and presentation currency

The functional currency of the Company is determined based on the primary economic environment in which the entities operate. The financial statements are presented in New Taiwan Dollar, which is the Company’s functional currency. All financial information presented in New Taiwan Dollar has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currencies of the Company at exchange rates at the dates of the transactions. Monetary items denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between the amortized cost in the functional currency at the beginning of the year adjusted for the effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured based on historical cost are translated using the exchange rate at the date of translation.

Foreign currency differences arising from retranslation are recognized in profit or loss, except for the translation differences of the following, which are recognized in other comprehensive income:

1) Available-for-sale financial instrument;

2) A financial liability designated as hedge of the net investment in c foreign operation to the extent that the hedge is effective; or

3) Qualified cash flow hedge.

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(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Company's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to the Company’s functional currency at average rate. Foreign currency differences are recognized in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planed nor likely in the foreseeable future, foreign currency gains and losses arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expects to realized, or intended to be sold or consume in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expects to be realize within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current. An entity shall classify a liability as current when:

(i) It is expects to be settle in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

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(iii) It is due to be settled within twelve months after the reporting period; or

(iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The time deposits which meet the definition above and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are reclassified as cash equivalents.

(f) Financial Instruments

Financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

(i) Financial assets

The Company classifies financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets.

1) Financial assets at fair value through profit or loss

A financial asset is classified in this category if it is classified as held-for-trading or is designated as such on initial recognition. Financial assets are classified as held-for-trading if they are acquired principally for the purpose of selling in the short term. The Company designates financial assets, other than ones classified as held-for-trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

b) Performance of the financial asset is evaluated on a fair value basis

c) A hybrid instrument contains one or more embedded derivatives.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are included in non-operating income and expenses. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

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Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at amortized cost, and included in financial assets measured at cost.

2) Available for sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. At initial recognition, available-for-sale financial assets are recognized at fair value, plus any directly attributable transaction cost. Subsequent to initial recognition, these financial assets are measured at fair value, and changes therein, other than impairment losses, interest income calculated using the effective interest method, dividend income, and foreign currency differences on monetary assets, are recognized in other comprehensive income and presented under fair value reserve in equity. The corresponding accumulated gains or losses are recognized in earnings when the financial asset is derecognized from the balance sheet. A regular way purchase or sale of financial assets is accounted for using trade-date accounting.

Financial assets in this category that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost, less any impairment losses, and they are classified as financial assets carried at cost.

Dividend income is recognized in profit or loss on the date when the Company’s right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date; such dividend income is recognized in profit or loss, under income of non- operating income and expenses.

Interest income from investment in bond security is recognized in profit or loss under other income of non-operating income and expenses.

3) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables comprise trade receivables, other receivables, and investment in debt security with no active market. Such assets are recognized initially at fair value, plus, any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less, any impairment losses other than insignificant interest on short-term receivables. A regular way purchase or sale of financial assets shall be recognized and derecognized as applicable using trade-date accounting.

Interest income is recognized in profit or loss, and it is included in non-operating income and expenses.

4) Impairment of financial assets

A financial asset is impaired if, and only if, there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be estimated reliably.

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The objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults, or the disappearance of an active market for a security.

All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics. In assessing collective impairment, the Company uses historical trends of the probability of default, the timing of recoveries, and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or lesser than those suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversible in subsequent periods.

An impairment loss in respect of a financial asset is deducted from the carrying amount, except for trade receivables, for which an impairment loss is reflected in an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off from the allowance account. Any subsequent recovery of receivable written off is recorded in the allowance account. Changes in the amount of the allowance account are recognized in profit or loss.

Impairment losses on available for sale financial assets are recognized by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss.

If, in a subsequent period, the amount of the impairment loss of a financial asset measured at amortized cost decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the decrease in impairment loss is reversed through profit or loss to the extent that the carrying value of the asset does not exceed its amortized cost before impairment was recognized at the reversal date.

Impairment losses recognized on an available for sale equity security are not reversed through profit or loss. Any subsequent recovery in the fair value of an impaired available for sale equity security is recognized in other comprehensive income, and accumulated in other equity. If, in a subsequent period, the fair value of an impaired available for sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed, with the amount of the reversal recognized in profit or loss.

Impairment losses and recoveries are recognized in profit or loss. Recovery and loss on doubtful debts of account receivables is included in operating expense, others are included in non-operating income and expense.

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5) Derecognition of financial assets

The Company derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in profit or loss and it is included in non-operating income and expenses.

The Company separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income shall be recognized in profit or loss.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

Equity instruments refer to surplus equities of the assets after the deduction of all the debts for any contracts. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

Interest related to the financial liability is recognized in profit or loss, and included in non-operating income and expenses.

2) Financial liabilities at fair value through profit or loss

A financial liability is classified in this category if it is classified as held for trading or is designated as such on initial recognition.

Financial liabilities are classified as held for trading if acquired principally for the purpose of selling in the short term. The Company designates financial liabilities, other than those classified as held for trading, as at fair value through profit or loss at initial recognition under one of the following situations:

a) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses thereon on a different basis;

b) Performance of the financial liabilities is evaluated on a fair value basis; or

c) A hybrid instrument contains one or more embedded derivatives.

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Attributable transaction costs are recognized in profit or loss as incurred. Financial liabilities at fair value through profit or loss are measured at fair value, and changes therein, which take into account any interest expense, are recognized in profit or loss, and included in non-operating income and expenses.

3) Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise loans and borrowings, and trade and other payables, are measured at fair value, plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial recognition, they are measured at amortized cost calculated using the effective interest method other than insignificant interest on short-term loans and payables. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in non-operating income or expense.

4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligation has been discharged or cancelled, or expires. The difference between the carrying amount of a financial liability removed and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in non-operating income or expenses.

5) Offsetting of financial assets and liabilities

The Company presents financial assets and liabilities on a net basis when the Company has the legally enforceable right to offset and intends to settle such financial assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously.

(iii) Derivative financial instruments, including hedge accounting

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and included in non-operating income and expenses. When a derivative is designated as a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, and when the fair value is negative, it is classified as a financial liability.

Embedded derivatives are separated from the host contract and accounted for separately when the economic characteristics and risk of the host contract and the embedded derivatives are not closely related, and the host contract is measured as at fair value through profit or loss.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted average costing principle and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

(Continued)

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in subsidiaries

The Company evaluates a controlled investee company when preparing its parent-company-only financial statements. Under the equity method, the profit and other comprehensive income in the parent-company-only financial statements are the same as the profit and other comprehensive income belonging to the parent company in the consolidated financial statements. And the equity in the parent-company-only financial statements is the same as equity belonging to parent company in the financial statements on a consolidated basis.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(i) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently. The depreciation is computed along with the depreciable amount. The method, the useful life and the residual amount are the same with those of property, plant and equipment. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

When the use of a property changes such that it is reclassified as property, plant and equipment, the carrying amount at the date of reclassification becomes its cost for subsequent accounting.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, less, accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributed to the acquisition of the asset. Cost also includes foreign currency purchases of property, plant and equipment. The cost of the software is capitalized as part of the property, plant and equipment if the purchase of the software is necessary for the property, plant and equipment to be capable of operating.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately, unless the useful life and the depreciation method of a significant part of an item of property, plant and equipment are the same as the useful life and depreciation method of another significant part of that same item.

The gain or loss arising from the derecognition of an item of property, plant and equipment shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, and it shall be recognized as non-operating income and expense.

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(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of those parts that are replaced is derecognized. Ongoing repairs and maintenance are expensed as incurred.

(iii) Depreciation

The depreciable amount of an asset is determined after deducting its residual amount, and it shall be allocated on a systematic basis over its useful life. Items of property, plant and equipment with the same useful life may be grouped in determining the depreciation charge. The remainder of the items may be depreciated separately. The depreciation charge for each period shall be recognized in profit or loss.

Land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

1)	Buildings	2～55 years
2)	Machinery	2～10 years
3)	Furniture and fixtures	3～10 years
4)	Other equipment	1～10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date. If expectations differ from the previous estimates, the changes are accounted for as changes in an accounting estimate.

(iv) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from internal use to investment use.

(k) Lease

(i) The Company as lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. Incentives granted to the lessee to enter into the operating lease are spread over the lease term on a straight-line basis so that the lease income received is reduced accordingly.

(ii) Lessee

Leases in which the Company does not assume substantially all of the risks and rewards of ownership are classified as operating leases. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

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Payments made under an operating lease (excluding insurance and maintenance expenses) are recognized in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognized as an integral part of the total lease expense, over the term of the lease.

(l) Intangible assets

(i) Recognition and measurement

Intangible assets, other than goodwill, acquired are measured at cost, less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

The amortizable amount is the cost of an asset, less, its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible asset from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

1)	Patents	9～20 years
2)	Computer software cost	4 years

The residual value, amortization period, and amortization method for an intangible asset with a finite useful life shall be reviewed at least annually at each reporting date. Any change shall be accounted for as a change in accounting estimate.

(m) Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. If it is not possible to determine the recoverable amount for the individual asset, then the Company will have to determine the recoverable amount for the asset's cash generating unit (CGU).

The recoverable amount for an individual asset or a CGU is the higher of its fair value, less, costs to sell, and its value in use. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is accounted for as an impairment loss. An impairment loss shall be recognized immediately in profit or loss.

The Company assesses at the end of each reporting period whether there is any indication that an impairment loss recognized in prior periods for an asset other than goodwill may no longer exist or may have decreased. An impairment loss recognized in prior periods for an asset other than goodwill

(Continued)

shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount as a reversal of a previously recognized impairment loss.

(n) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Treasury stock

Repurchased shares are recognized under treasury shares (a contra-equity account) based on its repurchase price (including all directly accountable costs). Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Shares Transactions; Losses on disposal of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings. The carrying amount of treasury shares should be calculated using the weighted average different types of repurchase.

During the cancellation of treasury shares, Capital Reserve – Share Premiums and Share Capital should be debited proportionately. Gains on cancellation of treasury shares should be recognized under existing capital reserves arising from similar types of treasury shares; Losses on cancellation of treasury shares should be offset against existing capital reserves arising from similar types of treasury shares. If there are insufficient capital reserves to be offset against, then such losses should be accounted for under retained earnings.

(p) Revenue

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

The timing of the transfers of risks and rewards varies depending on the individual terms of the sales agreement. Export sales revenue is recognized at the date of shipment, at which date the related risks and rewards are transferred to the customers. Domestic sales revenue is recognized at the date of deliveries received by the customers.

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of the defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Company, the recognized asset is limited to the total of the present value of the economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. In order to calculate the present value of the economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Company. An economic benefit is available to the Company if it is realizable during the life of the plan, or on the settlement of the plan liabilities.

When the benefits of a plan are improved, the expense of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

Remeasurements of the net defined benefit liability (asset), which comprise (1) actuarial gains and losses, (2) the return on plan assets (excluding interest) and (3) the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income. The Company can reclassify the amounts recognized in other comprehensive income to retained earnings or other equity. If the amounts recognized in other comprehensive income are transferred to other equity, they shall not be reclassified to profit or loss or recognized in retained earnings in a subsequent period.

The Company recognizes gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment comprises any resulting change in the fair value of plan assets and the change in the present value of the defined benefit obligation.

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EMERGING DISPLAY TECHNOLOGIES CORP.

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(iii) Termination benefits

Termination benefits are recognized as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or provide termination benefits as a result of an offer made to encourage voluntary redundancy. The Company is required to recognize the termination benefits at the earlier of when the Company can no longer withdraw the offer of those benefits and when it recognizes any related restructuring costs. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

(iv) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(r) Share-based payment

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

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

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognized as an expense, with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in profit or loss.

(s) Income taxes

Income tax expenses include both current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

(Continued)

Current taxes include tax payables and tax deduction receivables on taxable gains (losses) for the year calculated using the statutory tax rate on the reporting date or the actual legislative tax rate, as well as tax adjustments related to prior years.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) Temporary differences arising from equity investments in subsidiaries or joint ventures where there is a high probability that such temporary differences will not reverse.

(iii) Initial recognition of goodwill.

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The entity has the legal right to settle tax assets and liabilities on a net basis; and

(ii) the taxing of deferred tax assets and liabilities fulfill one of the below scenarios:

1) levied by the same taxing authority; or

2) levied by different taxing authorities, but where each such authority intends to settle tax assets and liabilities (where such amounts are significant) on a net basis every year of the period of expected asset realization or debt liquidation, or where the timing of asset realization and debt liquidation is matched.

A deferred tax asset should be recognized for the carry-forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profit will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized. Such unused tax losses, unused tax credits, and deductible temporary differences shall also be revaluated every year on the financial reporting date, and they shall be adjusted based on the probability that future taxable profit that will be available against which the unused tax losses, unused tax credits, and deductible temporary differences can be utilized.

(t) Earnings per share

The Company discloses the basic and diluted earnings per share attributable to ordinary equity holders of the Company. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Company divided by the weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

(u) Operating segments

The Company discloses the operating segment information in the consolidated financial statements. Therefore, the Company does not disclose the operating segment information in the financial statement.

(5) Major sources of significant accounting assumptions, judgments, estimation uncertainty:

The preparation of the financial statements in conformity with the Regulations 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.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year is as follows:

(a) Impairment of trade receivable

When there is objective evidence of impairment loss, the Company takes into consideration the estimation of future cash flows, the amount of the impairment loss according to historical payment experiences, its current financial position and aging of receivables of its customers. The amount of the impairment loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding possible future credit losses) discounted at the financial asset’s original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. Refer to note 6(f) for further description of the impairment of trade receivable.

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Refer to note 6(g) for further description of the valuation of inventories.

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(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2017	December 31, 2016
Cash	$ 138	160
Demand deposits	210,632	448,667
Checking accounts	653	565
Time deposits	857,088	225,750
Notes under repurchase agreement	30,103	-
Cash and cash equivalents in the statement of cash flows	$ 1,098,614	675,142

Please refer to note 6(z) for the interest rate risk and sensitivity analysis of the financial assets of the Company.

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

	December 31, 2017	December 31, 2016
Financial assets at fair value through profit or loss		
Financial assets designated as at fair value through Profit or loss:		
Financial assets held for trading:		
Forward exchange contract	$ -	4,655

Please refer to note 6(x) for the recognition of gain or loss at fair value.

As of December 31, 2016, the financial assets at fair value through profit or loss of the Company were not pledged as collaterals.

As of December 31, 2016, The Company uses derivative instruments to hedge certain currency the Company is exposed to arising from its operating activities. The Company held the following derivative instruments presented as held-for-trading financial assets or liabilities:

	Contract amount (in thousands)	Currency	Maturity date
Forward exchange contract	USD 6,000	NTD to USD	2017.01.06~2017.02.24

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(c) Available-for-sale financial assets

		December 31, 2017	December 31, 2016
Stocks listed on domestic markets	$	126,443	161,045
Stocks listed on foreign markets		-	59,763
Open-end mutual funds		264,014	167,189
	$	390,457	387,997

Please refer to note 6(x) for the recognition of gain or loss of disposal of investment.

Please refer to note 6(y) for the recognition of other comprehensive gain (loss) at fair value.

For the purpose of increasing investment benefits, the Company entrusted part of the listed stocks to banks. In accordance with the contract, The Company did not lose control of those financial assets. Therefore, those financial assets had not been derecognized. As of December 31, 2017 and 2016, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to $31,898 and $14,050, respectively.

As of December 31, 2017 and 2016, the available-for-sale financial assets of the Company were not pledged as collaterals.

(d) Bond instrument investment without active market

		December 31, 2017	December 31, 2016
Restricted time deposits	$	4,423	420,428

As of December 31, 2017 and 2016, the bond investment without an active market of the Company had been pledged as collateral; please refer to note 8.

(e) Financial assets measured at cost

		December 31, 2017	December 31, 2016
Stocks unlisted on domestic markets	$	35,000	35,000

The aforementioned investments held by the Company are measured at cost less accumulated impairment losses on the reporting date. Without active market, the fair value of these investments cannot be measured reliably.

As of December 31, 2017 and 2016, the financial assets measured at cost of the Company were not pledged as collateral.

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(f) Accounts receivable and other receivables

	December 31, 2017	December 31, 2016
Accounts receivable	$ 259,313	190,827
Accounts receivable － related parties	352,080	304,585
Other receivable － current	16,689	19,550
Other receivable － deposits paid	4,036	4,040
Less: allowance for doubtful accounts	(22,606)	(22,344)
	$ 609,512	496,658
Recognized in:		
Account receivable, net	$ 588,787	473,068
Other receivable	16,689	19,550
Other financial assets－noncurrent	4,036	4,040
	$ 609,512	496,658

The aging analysis of accounts receivable and other receivables which were past due but not impaired was as follows:

	December 31, 2017	December 31, 2016
Overdue 1 to 30 days	$ 69,601	27,807
Overdue 31 to 90 days	11,449	1,340
Overdue 91 to 270 days	5,311	-
Overdue over271 days	-	-
	$ 86,361	29,147

The movement in the allowance for accounts receivable and other receivables was as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance on January 1, 2017	$ 22,344	-	22,344
Impairment loss recognized (Reversed)	-	262	262
Balance on December 31, 2017	$ 22,344	262	22,606
Balance on January 1, 2016	$ 22,344	-	22,344
Impairment loss recognized (Reversed)	-	-	-
Balance December 31, 2016	$ 22,344	-	22,344

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The Company considers any change in credit quality of accounts receivable and other receivables from the date credit was initially granted to the end of the reporting period when evaluating the collectability of accounts receivable and other receivables. The Company evaluates the customers' credit and collectible amounts to estimate the allowance for doubtful accounts. The individual receivables found not to be specifically impaired are further collectively assessed for impairment by group based on similar risk characteristics.

As of December 31, 2017 and 2016, the accounts receivable and other receivables of the Company were not pledged as collateral.

(g) Inventories

	December 31, 2017	December 31, 2016
Raw materials and supplies	$ 210,912	185,601
Work in process	288,846	299,867
Finished goods	144,383	149,713
Inventories in transit	7,439	4,803
	$ 651,580	639,984

For the years ended December 31, 2017 and 2016, the cost of inventories recognized as operating costs and expenses were $2,529,649 and $2,516,450, respectively. In 2017, the reversal of write-downs amounted to $9,535, as the Company sold its inventories which had been written down to net value. Therefore, the fact that inventories were written down below cost did not exist anymore. The reversal was recorded as a reduction of cost of sales. In 2016, the write-downs amounted to $3,580, and the reversal was recorded as cost of sales.

As of December 31, 2017 and 2016, the inventories of the Company were not pledged as collaterals.

(h) Other current assets

The details of other current assets were as follows:

	December 31, 2017	December 31, 2016
Tax refund receivable	$ 1,368	2,180
Prepayment for purchases	5,231	2,923
Other prepaid expenses	4,898	7,337
	$ 11,497	12,440

(i) Investments accounted for using equity method

A summary of the Company's financial information for equity-accounted investees at the reporting date is as follows:

	December 31, 2017	December 31, 2016
Subsidiaries	$ 298,093	295,829

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Please refer to the consolidated financial statements for the year ended December 31, 2017.

As of December 31, 2017 and 2016, the investments accounted for using equity method of the Company were not pledged as collaterals.

(j) Non-controlling interests' share of subsidiaries

Please refer to the consolidated financial statements for the year ended December 31, 2017.

(k) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Company for the years ended December 31, 2017 and 2016 were as follows:

		Buildings and construction	Machinery and equipment	Office equipment	Other	Total
Cost or deemed cost:						
Balance on January 1, 2017	$	926,796	2,371,785	19,285	153,489	3,471,355
Additions		1,796	3,032	-	17,444	22,272
Reclassification		-	14,250	-	(14,250)	-
Disposals		-	(24,784)	-	(65,184)	(89,968)
Balance on December 31, 2017	$	928,592	2,364,283	19,285	91,499	3,403,659
Balance on January 1, 2016	$	925,501	2,478,158	18,912	144,269	3,566,840
Additions		1,295	8,232	373	20,691	30,591
Reclassification		-	11,373	-	(11,373)	-
Disposals		-	(125,978)	-	(98)	(126,076)
Balance on December 31, 2016	$	926,796	2,371,785	19,285	153,489	3,471,355
Depreciation:						
Balance on January 1, 2017	$	700,015	2,258,750	16,974	112,546	3,088,285
Depreciation		13,437	50,982	890	14,863	80,172
Disposals		-	(24,784)	-	(64,526)	(89,310)
Balance on December 31, 2017	$	713,452	2,284,948	17,864	62,883	3,079,147
Balance on January 1, 2016	$	684,856	2,315,142	15,957	97,757	3,113,712
Depreciation		15,159	69,586	1,017	14,887	100,649
Disposals		-	(125,978)	-	(98)	(126,076)
Balance on December 31, 2016	$	700,015	2,258,750	16,974	112,546	3,088,285
Carrying amounts:						
Balance on December 31, 2017	$	215,140	79,335	1,421	28,616	324,512
Balance on January 1, 2016	$	240,645	163,016	2,955	46,512	453,128
Balance on December 31, 2016	$	226,781	113,035	2,311	40,943	383,070

Please refer to note 6(x) for gain (loss) on disposal of property, plant and equipment.

Property, plant and equipment pledged as collateral for long-term loans and finance as of December 31, 2017 and 2016, are disclosed in note 8.

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(l) Investment property

	Land	Building	Total
Cost or deemed cost:			
Balance on January 1, 2017	$ 10,079	21,670	31,749
Disposals	(10,079)	(21,670)	(31,749)
Balance on December 31, 2017	**$ -**	-	-
Balance on January 1, 2016	$ 10,079	21,670	31,749
Balance on December 31, 2016	**$ 10,079**	**21,670**	**31,749**
Depreciation and impairment loss:			
Balance on January 1, 2017	$ -	14,702	14,702
Depreciation	-	361	361
Reversal of impairment loss	-	(5,664)	(5,664)
Disposals	-	(9,399)	(9,399)
Balance on December 31, 2017	**$ -**	-	-
Balance on January 1, 2016	$ -	14,342	14,342
Depreciation	-	360	360
Balance on December 31, 2016	**$ -**	**14,702**	**14,702**
Carrying amounts:			
Balance on December 31, 2017	**$ -**	-	-
Balance on January 1, 2016	**$ 10,079**	**7,328**	**17,407**
Balance on December 31, 2016	**$ 10,079**	**6,968**	**17,047**
Fair value:			
Balance on December 31, 2016			**$ 20,475**

In June, 2017, the Company tested the cash generating unit (CGU) of investment property for impairment, and estimated the recoverable amount was higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized. Therefore, the Company reversed the increased amount, amounting to $5,664. The reversal was recognized in other gains and losses in accompanying statements of comprehensive income. When assessing the impairment of investment property, the Company calculated the recoverable amount base on its value-in-use. When measuring the value-in-use of investment property, the Company considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect the inherent risk of the net cash flows. The yield applied to the net annual rentals to determine the fair value of investment property was 1.845%

In November 2017, the Company sold aforementioned investment property for $46,906, with gain on disposal amounting to $24,556, which was recognized in other gains and losses in accompanying statements of comprehensive income. Before selling it, investment property was leased to third parties for factories. Each of the leases contains an initial non-cancellable period of five years. Subsequent renewals are negotiated with the lessee. No contingent rents were charged. See note 6(p) for further information (including rental income and other direct operation cost).

The fair value of investment property is measured by the finance department. The finance department has assessed the investment property based on its location and category. The fair value of the Company's investment property was determined by Level 3 fair value measurement inputs.

When measuring the fair value of investment property, the Company considered the present value of net cash flows to be generated from leasing the property. The expected net cash flows were discounted using the yield to reflect the inherent risk of the net cash flows. In 2016, the yields applied to the net annual rentals to determine the fair value of investment property was 2.826%.

As of December 31, 2016, the investment property of the Company had been pledged as collateral for short-term borrowings, please refer to note 8.

(m) Intangible assets

Initial cost and accumulated amortization for intangible assets were as follows:

	Patent and other	Computer software cost	Total amount
Initial cost			
Balance on January 1, 2017	$ 6,725	50,799	57,524
Individual acquisition	550	148	698
Disposal	(3,376)	(47,756)	(51,132)
Balance on December 31, 2017	**$ 3,899**	**3,191**	**7,090**
Balance on January 1, 2016	$ 6,454	49,662	56,116
Individual acquisition	271	1,137	1,408
Balance on December 31, 2016	**$ 6,725**	**50,799**	**57,524**
Amortization:			
Balance on January 1, 2017	$ 4,882	48,774	53,656
Amortization	391	750	1,141
Disposal	(3,376)	(47,756)	(51,132)
Balance on December 31, 2017	**$ 1,897**	**1,768**	**3,665**
Balance on January 1, 2016	$ 4,516	48,079	52,595
Amortization	366	695	1,061
Balance on December 31, 2016	**$ 4,882**	**48,774**	**53,656**

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	Patent and other	Computer software cost	Total amount
Carrying value			
Balance on December 31, 2017	$ 2,002	1,423	3,425
Balance on January 1, 2016	$ 1,938	1,583	3,521
Balance on December 31, 2016	$ 1,843	2,025	3,868

For the years 2017 and 2016, the amortization expenses of intangible assets included in the statement of comprehensive income were as follows:

	2017	2016
Operating costs	$ 639	667
Operating expenses	502	394
Total	$ 1,141	1,061

As of December 31, 2017 and 2016, the intangible assets of the Company were not pledged as collateral.

(n) Short-term borrowings

The short-term borrowings were summarized as follows:

	December 31, 2017	December 31, 2016
Unsecured bank loans	$ 557,000	330,000
Secured bank loans	-	382,000
Total	$ 557,000	712,000
Unused short-term credit lines	$ 1,130,126	1,236,686
Range of interest rates	0.88%~1.05%	0.88%~1.10%

Please refer to note 8 for assets pledged as collateral for short-term borrowings.

As of December 31, 2017 and 2016, the letters of credit which were accepted for purchase of raw materials amounted to $8,917 and $11,017.

(o) Long-term borrowings

	December 31, 2017	December 31, 2016
Secured bank loans	$ 400,000	-
Less: discount on long term borrowings	(1,754)	-
Total	$ 398,246	-
Unused long-term credit lines	$ 400,000	800,000
Range of interest rates	1.7895%	-

(Continued)

The Company signed a 3-year syndicated loan contract with Taishin International Bank and seven other Banks at November17, 2016. The line of credit was $800,000 in total. As of December 31, 2016, the line of credit had not been used. The Company borrowed $400,000 at August 15, 2017 Repayment will be made in three installments, every six months after two years from the borrowing date. The first and second repayments will be NT$80,000 respectively. The third repayment will be NT$240,000. Restrictions related to the contract are as follows:

Pursuant to the loan contract, for the duration of the loan, the Company must conform to the predetermined financial covenants involving special financial ratios calculated based on the annual consolidated financial statements. If the special financial ratios cannot meet the requirement, the Company should improve within the nine months after the end of the fiscal year. If the adjusted financial ratios reviewed by the certified accountant meet the requirements, it will not be regarded as breach of the contract. During the period for adjustment, unused lines of credit, excluding the revolving credit extension, will be suspended until such ratios are in compliance with the contract requirement. But during the said period, the interest rate would increase to 0.125% unless the majority of the consortium agreed the exemption proposed by the Company. The financial covenants were as follows:

(i) A maximum debt ratio of 150% should be maintained.

(ii) A minimum current ratio of 100% should be maintained.

(iii) A minimum times interest earned ratio of 2.5 should be maintained.

(iv) Minimum net tangible assets of $1,600,000 should be maintained.

For the year 2016, the repayments amounted to $291,200, of which $254,800 was repaid in advance because of financing strategies.

Assets pledged as collateral for long-term loans are disclosed in note 8.

(p) Operating lease

(i) The Company as leasee

Non-cancellable operating lease rentals that were payable were as follows:

	December 31, 2017	December 31, 2016
Less than one year	$ 2,366	3,769
Between one and five years	3,397	1,687
Over five years	2,434	-
	$ 8,197	**5,456**

The Company leases land under operating leases. The leases typically run for 10 years, with an option to renew the lease after that date. Lease payments are adjusted periodically to reflect market rentals.

The rental expenses of operating leases were $4,041 and $4,052 for each of the years ended December 31, 2017 and 2016, and were included in profit or loss.

(Continued)

EMERGING DISPLAY TECHNOLOGIES CORP.

Notes to the Parent-Company-Only Financial Statements

(ii) The Company as lessor

The Company leased out its investment property to third parties under operating leases before November, 2017. Please refer to note 6(l). As of December, 31 2016 the future minimum lease receivable under non-cancellable leases were as follows:

Less than one year	$	945
Between one and five years		1,890
	$	**2,835**

The rental income from investment property was $900 in both 2017 and 2016. The investment property did not have any significant maintenance expense.

(q) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan asset at fair value are as follows:

		December 31, 2017	**December 31, 2016**
Present value of defined benefit obligations	$	182,028	186,226
Fair value of plan assets		(99,030)	(97,721)
Net defined benefit liabilities (assets)	**$**	**82,998**	**88,505**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for its employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on the years of service and average salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company’s Bank of Taiwan labor pension reserve account balance amounted to $99,030 as of December 31, 2017. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

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Notes to the Parent-Company-Only Financial Statements

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	2017	2016
Balance at January 1	$ 186,226	180,918
Current service and interest cost	3,390	4,056
Remeasurement of the net defined benefit liabilities (assets)		
－Actuarial loss (gain) on financial assumptions change	(3,910)	4,201
－Experience	372	701
Employee benefits paid	(4,050)	(3,650)
Balance at December 31	**$ 182,028**	**186,226**

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Company were as follows:

	2017	2016
Balance at January 1	$ 97,721	96,147
Interest income	1,497	1,839
Remeasurement of the net defined benefit liabilities (assets)		
－Return on plan assets (excluding current interest cost)	(548)	(1,151)
Contributions made by employer	4,410	4,536
Employee benefits paid	(4,050)	(3,650)
Balance at December 31	**$ 99,030**	**97,721**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	2017	2016
Current service cost	$ 599	670
Interest cost on net defined benefit liabilities (assets)	1,294	1,547
	$ 1,893	**2,217**

(Continued)

EMERGING DISPLAY TECHNOLOGIES CORP.

Notes to the Parent-Company-Only Financial Statements

		2017	2016
Operating cost	$	1,484	1,760
Selling expenses		62	71
General and administrative expenses		194	218
Research and development expenses		153	168
	$	1,893	2,217
Actual return on assets	$	949	668

5) Remeasurement in net defined benefit liabilities (assets) recognized in other comprehensive income

The Company's remeasurement in net defined benefit liability (assets) recognized in other comprehensive income for the years ended December 31, 2017 and 2016 were as follows:

		2017	2016
Cumulative amount at January 1	$	(35,043)	(28,990)
Recognized during the period		2,991	(6,053)
Cumulative amount at December 31	$	(32,052)	(35,043)

6) Actuarial assumptions

a) The following are the Company's principal actuarial assumptions:

	December 31, 2017	December 31, 2016
Discount rate at December 31	1.625%	1.500%
Future salary increases	2.750%	2.750%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is $4,270.

The weighted-average lifetime of the defined benefits plans is 19.78 years.

7) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Influences of defined benefit obligations	
	Increased	Decreased
As of December 31, 2017		
Discount rate (changed 0.25%)	(7,500)	7,896
Future salary increasing rate (changed 0.25%)	7,701	(7,344)

(Continued)

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Notes to the Parent-Company-Only Financial Statements

	Influences of defined benefit obligations	
	Increased	**Decreased**
As of December 31, 2016		
Discount rate (changed 0.25%)	(7,971)	8,386
Future salary increasing rate (changed 0.25%)	8,175	(7,786)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2017 and 2016.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligations.

Details of the Company's pension costs, contributed to the Bureau of Labor Insurance, under the defined contribution method were as follows:

	2017	**2016**
Operating cost	$ 17,372	17,878
Selling expenses	1,265	1,313
General and administrative expenses	1,235	1,168
Research and development expenses	2,276	2,137
	$ 22,148	**22,496**

(r) Income taxes

(i) Income tax expenses

The amount of income tax expense was as follows:

	2017	**2016**
Current tax expense (benefit)		
Current period	$ 19,312	11,610
Adjustment for prior periods	185	133
	19,497	11,743

(Continued)

EMERGING DISPLAY TECHNOLOGIES CORP.

Notes to the Parent-Company-Only Financial Statements

	2017	2016
Deferred tax expense		
Origination and reversal of temporary differences	(3,575)	20,389
Change in unrecognized deductible temporary differences	(6,270)	(8,297)
	(9,845)	12,092
Income tax expenses	$ 9,652	23,835

No income tax was recognized directly in equity in 2017 and 2016.

The amount of income tax recognized in other comprehensive income for 2017 and 2016 was as follows:

	2017	2016
Items that will be reclassified subsequently to profit or loss:		
Unrealized gain (loss) on available-for-sale financial assets	$ (270)	(1,086)

Reconciliation of income tax and profit before tax for 2017 and 2016 is as follows:

	2017	2016
Income before income tax	$ 63,966	211,607
Income tax calculated based on the Company's tax rate	$ 10,874	35,973
Investment loss (gain) under equity method	96	(31)
Income tax already paid abroad	76	150
Tax-exempt income	(1,907)	(3,005)
Adjustment for prior year	185	133
Change in unrecognized temporary differences	(6,270)	(8,297)
Undistributed earnings additional tax at 10%	9,116	3,860
Investment tax credit	(3,900)	-
Others	1,382	(4,948)
Total	$ 9,652	23,835

(Continued)

EMERGING DISPLAY TECHNOLOGIES CORP.

Notes to the Parent-Company-Only Financial Statements

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	December 31, 2017	December 31, 2016
Unrealized inventory valuation and obsolescence loss	$ -	4,711
Pension expense	12,479	13,075
Temporary differences related to investment on subsidiaries	48,828	49,213
Others	-	963
	$ 61,307	67,962

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities were as follows:

Deferred tax liabilities:

	Unrealized exchange gain	Others	Total
Balance on January 1, 2017	$ 1,748	1,064	2,812
Recognized in profit or loss	(1,748)	(1,064)	(2,812)
Balance on December 31, 2017	$ -	-	-
Balance on January 1, 2016	$ 2,264	275	2,539
Recognized in profit or loss	(516)	789	273
Balance on December 31, 2016	$ 1,748	1,064	2,812

Deferred tax assets:

	Tax loss carry-forward	Inventory valuation loss	Unrealized sales profit	Unrealized loss	Others	Total
Balance on January 1, 2017	$ -	9,755	3,433	-	12,495	25,683
Recognized in profit or loss	-	3,090	(1,334)	5,270	7	7,033
Recognized in other comprehensive income	-	-	-	-	(270)	(270)
Balance on December 31, 2017	$ -	12,845	2,099	5,270	12,232	32,446
Balance on January 1, 2016	$ 19,794	881	4,171	-	13,742	38,588
Recognized in profit or loss	(19,794)	8,874	(738)	-	(161)	(11,819)
Recognized in other comprehensive income	-	-	-	-	(1,086)	(1,086)
Balance on December 31, 2016	$ -	9,755	3,433	-	12,495	25,683

(Continued)

EMERGING DISPLAY TECHNOLOGIES CORP.

Notes to the Parent-Company-Only Financial Statements

(iii) Examination and Approval

The Company's tax returns for the years through 2015 were examined and approved by the R.O.C tax authority.

(iv) Information related to the ICA is summarized as follows:

	December 31, 2017	December 31, 2016
Unappropriated earnings of 1997 and before	$ -	-
Unappropriated earnings of 1998 and after	-	220,322
	$ - (note)	220,322
Balance of the imputation credit account	$ - (note)	2,376

	2017 (expected)	2016 (actual)
Tax creditable ratio for earnings distribution to ROC residents	(note)	5.78%

The above stated information was prepared in accordance with information letter No. 10204562810 issued by the Ministry of Finance of the ROC on October 17, 2013.

Note: According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, effective January 1, 2018, companies will no longer be required to establish, record, calculate, and distribute their ICA due to the abolishment of the imputation tax system.

(s) Capital and other equities

(i) Ordinary shares

As of December 31, 2017 and 2016, the authorized share capital of the Company amounted to $3,500,000, comprising 350,000 thousand shares with a par value of New Taiwan dollars (TWD) 10 per share.

Reconciliation of shares issued by the Company is as follows:

	Ordinary shares	
Expressed in thousands of shares	2017	2016
Balance on January 1, 2017	194,908	214,908
Treasury stock retired	(11,500)	(20,000)
Balance on December 31, 2017	183,408	194,908

As of December 31, 2017 and 2016, the weighted-average numbers of shares of common stock outstanding excluded treasure stock and the common stock held by the Company's subsidiaries were 162,613 thousand shares and 174,113 thousand shares, respectively.

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Notes to the Parent-Company-Only Financial Statements

(ii) Capital surplus

The balances of capital surplus as of December 31, 2017 and 2016 were as follows:

	December 31, 2017	December 31, 2016
Treasury share transactions	$ 23,873	33,663

According to the Company Act, any realized capital surplus is initially used to cover any deficit, and the balance, if any, could be transferred to common stock as stock dividend or distributed as cash based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and endowments received by the Company. According to the “Regulations Governing the Offering and Issuance of Securities by Securities Issuers”, the combined amount of any portions capitalized in any one year may not exceed 10% of paid-in capital.

(iii) Retained Earning

The Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve. Only if the legal reserve have attained to the paid-in capital could be the exception, besides, special reserves are supposed to set aside or reversed in accordance with the relevant regulations or as required by the government. And then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

The Company’s industry is currently in a steady growth phase. The Company’s dividend policy is to pay dividends from surplus considering the future capital budget requirement and cash requirements, and taking into the extent of dilution on earnings per share and influence upon return on equity. Therefore, the future distribution of earnings shall be distributed in cash dividends and/or stock dividends. The ratio of cash dividends shall not be less than 50% of the Company’s total dividends for every year.

1) Legal reserve

In accordance with the Company Act, 10% of net income after tax should be set aside as legal reserve, until it is equal to share capital. If the Company experienced profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25% of the paid-in capital.

2) Special reserve

In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should equal to the current-period total net reduction of other shareholders’ equity. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and is not qualified for earnings distribution) to account for cumulative changes to other shareholders’ equity pertaining to prior periods. Amounts of

(Continued)

subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2017 and 2016, Resolutions were passed during the board meeting for the Company to reclassify $87,612 and $62,110, respectively, as a special earnings reserve.

In accordance with Ruling No. 1010047490 issued by the FCS on November 21, 2012, if the market value of the Company' s shares is lower than the carrying value of the Company' s shares held by the subsidiaries at year-end, the Company should retain a special reserve amounting to the difference between the market value and the carrying value, based upon the Company' s ownership percentage in the subsidiaries. When market value rebounds, the Company could reverse the special reserve. As of December 31, 2017 and 2016 Resolutions were passed during the board meeting for the Company to reclassify $36,098 and $34,338, respectively, as a special earnings reserve.

3) Earnings distribution

a) According to the resolutions of the annual stockholders' meetings held on June 8, 2017, and June 7, 2016, the appropriations of dividend from the distributable retained earnings of 2016 and 2015 were as follows:

	2016	2015
Dividends distributed to ordinary shareholders		
Cash	**$ 0.40852705** (note 1)	**0.31905693** (note 2)

(Note1) According to the resolutions of the annual stockholders meetings, the appropriation of dividend from the distributable retained earnings was $0.4 per share. However, it was adjusted to $0.40852705 because the repurchase of treasury stock affected shares outstanding.

(Note2) According to the resolutions of the annual stockholders meetings, the appropriation of dividend from the distributable retained earnings was $0.3036 per share. However, it was adjusted to $0.31905693 because the repurchase of treasury stock affected shares outstanding.

(iv) Other equity (net of tax)

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on available-for-sale financial assets	Total
Balance on January 1, 2017	$ (293)	(87,319)	(87,612)
The Company	(8,138)	10,305	2,167
Subsidiaries	(278)	10,851	10,573
Balance on December 31, 2017	**$ (8,709)**	**(66,163)**	**(74,872)**

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EMERGING DISPLAY TECHNOLOGIES CORP.

Notes to the Parent-Company-Only Financial Statements

	Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on available-for-sale financial assets	Total
Balance on January 1, 2016	$ 9,532	(108,533)	(99,001)
The Company	(8,311)	17,409	9,098
Subsidiaries	(1,514)	3,805	2,291
Balance on December 31, 2016	**$ (293)**	**(87,319)**	**(87,612)**

(v) Treasury shares

The movements of treasury shares of the Company were as follows:

(Unit: thousands)

Reason for repurchase	January 1	Shares repurchased	Shares retired	December 31
2017				
To maintain the Company's integrity and shareholder's equity	-	11,500	(11,500)	-
To transfer shares to the Company's employee	12,000	-	-	12,000
	12,000	**11,500**	**(11,500)**	**12,000**
2016				
To maintain the Company's integrity and shareholder's equity	14,000	6,000	(20,000)	-
To transfer shares to the Company's employee	-	12,000	-	12,000
	14,000	**18,000**	**(20,000)**	**12,000**

The Board of Directors has resolved during the board meeting held on January 5 and February 20, 2017, for the Company to repurchase 11,500 thousand shares of its stock as treasury stock, amounting to $115,000. The Company's Board of Directors approved resolutions to retire treasury stock amounting to 11,500 thousand shares on February 9 and May 9, 2017. The Board of Directors has resolved during the board meeting held on February 15, October 19, and November 9, 2016, for the Company to repurchase 18,000 thousand shares of its stock as treasury stock. The Company's Board of Directors approved resolutions to retire 20,000 thousand shares of treasury stock, amounting to $200,000, on January 14 and December 5, 2016. The related registration procedures had been completed.

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In accordance with Article 28-2 of the Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. The aforementioned repurchased shares and amount did not exceed statutory limit.

In accordance with the requirements of Securities and Exchange Act, treasury shares held by the Company should not be pledged, and do not hold any shareholder rights before their transfer.

Ying Dar Corp. and Bae Haw Corp., subsidiaries of the Company, held the Company's common stock. In 2017 and 2016, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose of any of the Company's shares. As of December 31, 2017 and 2016, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock. As of December 31, 2017 and 2016, their market values amounted to $87,944 and $86,185, respectively.

(t) Earnings per share

The calculation of basic earnings per share and diluted earnings per share for the year 2017 and 2016 are as follows:

	2017	2016
Basic earnings per share		
Profit (loss) attributable to ordinary shareholders of the Company	$ 54,314	187,772
Weighted-average number of ordinary shares (expressed in thousands of shares)	163,779	181,702
Expressed in New Taiwan dollars	$ 0.33	1.03
Diluted earnings per share		
Profit (loss) attributable to ordinary shareholders of the Company	$ 54,314	187,772
Weighted-average number of ordinary shares (expressed in thousands of shares)	163,779	181,702
Effect of potentially dilutive ordinary stock		
－Employee share bonus (expressed in thousands of shares)	533	1,399
Weighted-average number of ordinary shares – diluted (expressed in thousands of shares)	164,312	183,101
Expressed in New Taiwan dollars	$ 0.33	1.03

In computing basic earnings (loss) per share of ordinary stock the weighted-average numbers of shares of ordinary stock outstanding excluded 8,794 thousand shares of ordinary stock held by the Company's subsidiaries as treasury stock.

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Notes to the Parent-Company-Only Financial Statements

(u) Revenue

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

		2017	2016
Sales of goods	$	2,934,938	3,045,089

(v) Employee remuneration and directors' and supervisors' remuneration

(i) In accordance with the Articles of incorporation, the Company should contribute no less than 5% of the profit as employee remuneration and less than 3% 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 year ended December 31, 2017 and 2016, the Company estimated its employee remuneration amounting to $3,476 and $11,500, and directors' and supervisors' remuneration amounting to $2,086 and $6,900, 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. Related information would be available at the Market Observation Post System website. The aforementioned amounts are identical to those of the estimated amounts, as stated in the parent only financial statements 2017 and 2016.

(w) Net other income (expenses)

Net other income (expenses) consist of rental income.

(x) Non-operating income and expenses

(i) Other income

The details of other income were as follows:

		2017	2016
Interest income			
Bank deposits	$	11,707	3,289
Other loans and receivables		157	236
Dividend income		6,445	8,356
Others		295	3,802
	$	18,604	15,683

(Continued)

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(ii) Other gains and losses

The details of other gains and losses were as follows:

		2017	2016
Foreign exchange gains (losses)	$	(79,200)	(2,420)
Gains on disposal of investments and financial liabilities			
Net gains on disposal of available-for-sale financial assets		16,716	11,632
Others		-	(158)
Net gain (losses) on disposal of financial assets (liabilities) measured at fair value through profit or loss		(14,206)	10,954
Gain on disposal of investment property		24,556	-
Gain on disposal of property, plant and equipment		568	175
Gain on reversal of impairment loss on investment property		5,664	-
Others		-	(20)
	$	**(45,902)**	**20,163**

(iii) Finance costs

The details of finance costs were as follows:

		2017	2016
Interest expenses			
Bank loans	$	10,321	11,758
Management fee		517	-
	$	**10,838**	**11,758**

(y) Reclassification adjustments components of other comprehensive income

The details of reclassified adjustments of the components of other comprehensive income were as follows:

		2017	2016
Available-for-sale financial assets			
Net change in fair value	$	27,766	30,327
Net change in fair value reclassified to profit or loss		(17,191)	(11,832)
Net change in fair value recognized in other comprehensive income	**$**	**10,575**	**18,495**

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Notes to the Parent-Company-Only Financial Statements

(z) Financial Instruments

(i) Credit risk

1) Credit risk exposure

The Company's maximum exposure to credit risk was the carrying amount of financial assets.

2) Concentration of credit risk

To reduce the credit risk of accounts receivable, the Company continuously evaluates customers' financial condition, and requires customers to provide a guarantee if necessary. The Company periodically measures the possibility of collecting the accounts receivable and also records an allowance for doubtful accounts, which is always under the expectation of the management. As of December 31, 2017 and 2016, one customer accounted for 58% and 61%, respectively, of total accounts receivable.

(ii) Liquidity Risk

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

	Carrying amount	Contractual cash flows	Within 6 months	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2017							
Non-derivative financial liabilities							
Secured loans (floating rate)	$ 398,246	(418,411)	(3,550)	(5,393)	(86,617)	(322,851)	-
Unsecured loans (floating rate)	557,000	(557,461)	(557,461)	-	-	-	-
Accounts payable (no interest)	286,991	(286,991)	(286,991)	-	-	-	-
Accounts payable－related parties (no interest)	96,881	(96,881)	(96,881)	-	-	-	-
Notes payable (no interest)	1,141	(1,141)	(1,141)	-	-	-	-
Other payable (no interest)	66,670	(66,670)	(66,670)	-	-	-	-
Other payable－related parties (no interest)	4,409	(4,409)	(4,409)	-	-	-	-
Guarantee deposits (no interest)	34	(34)	-	-	(34)	-	-
	$ 1,411,372	**(1,431,998)**	**(1,017,103)**	**(5,393)**	**(86,651)**	**(322,851)**	**-**
December 31, 2016							
Non-derivative financial liabilities							
Secured loans (floating rate)	$ 382,000	(382,144)	(382,144)	-	-	-	-
Unsecured loans (floating rate)	330,000	(330,148)	(330,148)	-	-	-	-
Accounts payable (no interest)	293,301	(293,301)	(293,301)	-	-	-	-
Accounts payable－related parties (no interest)	106,250	(106,250)	(106,250)	-	-	-	-
Notes payable (no interest)	2,203	(2,203)	(2,203)	-	-	-	-
Other payable (no interest)	69,825	(69,825)	(69,825)	-	-	-	-
Other payable－related parties (no interest)	4,787	(4,787)	(4,787)	-	-	-	-
Guarantee deposits (no interest)	160	(160)	-	-	-	(160)	-
	$ 1,188,526	**(1,188,818)**	**(1,188,658)**	**-**	**-**	**(160)**	**-**

(Continued)

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

		December 31, 2017			December 31, 2016		
		Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets							
Monetary items							
USD	$	56,721	29.76	1,688,022	44,564	32.25	1,437,197
JPY		7,511	0.2642	1,984	47,505	0.2756	13,092
CNY		47	4.565	214	2,191	4.617	10,115
Non-Monetary items							
USD		8,280	29.76	246,400	6,635	32.25	213,985
Financial liabilities							
Monetary items							
USD		8,275	29.76	246,261	8,961	32.25	288,996
JPY		27,059	0.2642	7,149	22,992	0.2756	6,337

2) Sensitivity analysis

The foreign currency risk mainly arose from the translation of cash and cash equivalents, accounts receivable, other receivables, available-to-sale financial assets, loans, accounts payable, bonds payable, and other payables. As of December 31, 2017 and 2016, if the exchange rate of the TWD versus the USD, CNY, and JPY had increased or decreased by 1%, given no changes in other factors, profit after tax would have increased or decreased by $11,926 and $9,631, respectively.

3) Exchange gains and losses of monetary items

Since the Company has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For years 2017 and 2016, foreign exchanges loss (including realized and unrealized portions) amount to $79,200 and $2,420, respectively.

(iv) Interest rate analysis

For the Company’s financial assets and liabilities exposed to interest rate risk, please refer to the attached note about liquidity risk.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If interest rates on loans had increased or decreased by 1%, with all other variables held constant, profit after tax for the years 2017 and 2016 would have been decreased or increased by $105 and $58, respectively, mainly as a result of liabilities bearing floating interest rates.

(v) Other prices risks

If the prices of equity securities change at reporting date, with all other variables held constant, the influences were as follows:

	2017		2016	
Prices at reporting date	**Other comprehensive income after tax**	**Net income**	**Other comprehensive income after tax**	**Net income**
Increase by 3%	$ 10,456	-	10,572	-
Decrease by 3%	$ (10,456)	-	(10,572)	-

(vi) Fair value

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and available for sale financial assets, are measured on a recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy are stated below; however, except 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 :

	December 31, 2017				
	Carrying amount	Fair Value Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Stocks in listed companies	$ 126,443	126,443	-	-	126,443
Open-end mutual fund	264,014	264,014	-	-	264,014
Financial assets carried at cost	35,000	-	-	-	-
Subtotal	425,457				

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	December 31, 2017				
	Carrying	Fair Value			
	amount	Level 1	Level 2	Level 3	Total
Loans and receivables					
Cash and cash equivalents	1,098,614	-	-	-	-
Debt instrument without active market	4,423	-	-	-	-
Accounts receivable	588,787	-	-	-	-
Other receivable	16,689	-	-	-	-
Other receivable – refundable deposits (recognized in other assets – current)	4,036	-	-	-	-
Subtotal	1,712,549				
Total financial assets	**$ 2,138,006**				
Financial liabilities at amortized cost					
Bank loans	$ 955,246	-	-	-	-
Notes payable	1,141	-	-	-	-
Accounts payable	383,872	-	-	-	-
Other payable	71,079	-	-	-	-
Guarantee deposits	34	-	-	-	-
Total financial liabilities	**$ 1,411,372**				

	December 31, 2016				
	Carrying	Fair Value			
	amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or less					
Forward exchange contract	$ 4,655	-	4,655	-	4,655
Available-for-sale financial assets					
Stocks in listed companies	220,808	220,808	-	-	220,808
Open-end mutual fund	167,189	167,189	-	-	167,189
Financial assets carried at cost	35,000	-	-	-	-
Subtotal	422,997				
Loans and receivables					
Cash and cash equivalents	675,142	-	-	-	-
Debt instrument without active market	420,428	-	-	-	-
Accounts receivable	473,068	-	-	-	-
Other receivable	19,550	-	-	-	-
Other receivable – refundable deposits (recognized in other assets – current)	4,040	-	-	-	-
Subtotal	1,592,228				
Total financial assets	**$ 2,019,880**				

(Continued)

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	December 31, 2016				
	Carrying	Fair Value			
	amount	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Bank loans	$ 712,000	-	-	-	-
Notes payable	2,203	-	-	-	-
Accounts payable	399,551	-	-	-	-
Other payable	74,612	-	-	-	-
Guarantee deposits	160	-	-	-	-
Total financial liabilities	**$ 1,188,526**				

2) The Company strives to use market observable inputs when measuring assets and liabilities. Different levels of the fair value hierarchy to be used in determining the fair value of financial instruments are as follows:

- Level 1: quoted prices (unadjusted) in the active markets for identified assets or liabilities.

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3) Valuation techniques and assumptions unused in fair value determination

The Company's valuation techniques and assumptions used for financial instruments not measured at fair value are as follows:

For financial liabilities measured at amortized cost, if there is quoted price generated by transactions, the recent transaction price and quoted price data are used as the basic value measurement. However, if no quoted prices are available, the discounted cash flows are used to estimate fair values. Because of the short maturities of these instruments, the Company estimates that the carrying amount is a reasonable approximation of fair value.

4) Valuation techniques and assumptions used in fair value determination

Non-derivative instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchanges and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

A financial instrument is regarded as having a quoted price in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and if those prices represent actual and regularly occurring market transactions on an arm's-length basis. Otherwise, the market is deemed to be inactive.

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The fair values of the Company's bonds, listed securities, and open-end funds with standard terms and conditions and traded in active markets were determined by the quoted market prices.

Derivative instruments

The fair value of ~~forward exchange~~Swap contracts is based on quoted prices from the counterparty.

5) Transfer between level 1 to level 2

There was no transfer between the fair value hierarchy levels for the years ended December 31, 2017 and 2016.

(aa) Financial risk management

(i) Overview

The Company is exposed to the following risks arising from financial instruments：

1) Credit risk

2) Liquidity risk

3) Market risk

In this note expressed the information on risk exposure and objectives, policies and process of risk measurement and management. For detailed information, please refer to the related notes of each risk.

(ii) Structure of risk management

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework. Every department is responsible for planning and controlling the risk management of the Company's operation and reports to the Board of Directors regularly.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in products and services offered. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The supervisor of the Company oversees how the management monitors the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The supervisor is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

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(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities.

1) Accounts receivable and other receivables

The credit risk is impacted by the individual situation of each client. The Company continuously monitors the information concerning client credit risk factors, such as the default risk of the industries and countries in which the customers operate.

According to the credit policy, the Company has to evaluate the credit of each new customer before setting the payment and delivery terms. The evaluations include external credit ratings, if available, and bank references. The Company reviews credit limits periodically and requires customers to pay in advance when the customers' credit ratings do not meet the benchmark.

The Company established an impairment allowance that represents its estimate of incurred losses in respect of accounts receivable and other receivables. Major components of this impairment allowance are a specific loss component that relates to individually significant exposure and a collective loss component wherein the loss is incurred but not identified. The collective component is based on historical payment experience for similar financial assets.

2) Investment

The credit risk exposure in the bank deposits and derivative financial instruments is measured and monitored by the finance department. Since the Company's transactions were with financial institutions with good credit ratings, there were no noncompliance issues, and therefore, there is no significant credit risk. Investments in other financial instruments are measured and monitored by the finance department with the instruction from the chairman to ensure each risk of the investment target is under the Company's acceptable level.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

As of December 31, 2017 and 2016, the Company had unused credit lines amounting to $1,530,126 and $2,036,685, respectively.

(Continued)

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimizing the return.

The Company engages in derivative financial instrument trading in order to manage the market risk, thus generating financial liabilities or financial assets. The execution of those transactions was under the Board of Directors' instruction.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Company, primarily the TWD. The currencies used in these transactions are the TWD, USD and JPY.

At any point in time, the Company's principle is to hedge using the net values after offsetting payables and receivables or assets and liabilities which are generated by business operations The Company mainly hedges its currency risk using foreign exchange agreements wherein the maturity date is less than six months.

Interest is denominated in the same currency as borrowings. Generally, borrowings are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily the TWD and US dollars (USD).

When the assets and liabilities denominated in a currency other than a functional currency have a short-term imbalance, the Company should purchase or sell foreign currencies at the spot rate on the transaction date in order to maintain an acceptable exposure to currency risk.

2) Interest rate risk

The Company adopts a policy to ensure the exposure to changes in interest rates on borrowings is evaluated based on the trend in market interest rates. The Company can manage its interest rate risk through maintaining an appropriate portfolio of floating interest rates and fixed interest rates.

3) Other market price risk

The company is exposed to equity price risk due to the investments in equity instruments that contain unsure future prices. Therefore, the Company monitors and manages the equity investments by holding a varied investment portfolio and regularly updating the information on equity instruments.

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(ab) Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, non-redeemable preference shares, retained earnings, and non-controlling interests of the Company. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company manages its capital to safeguard the capacity to continue to operate, to continue to provide a return to shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares, or sell assets to settle any liabilities.

The Company and other entities in the same industry use the debt-to-equity ratio to manage their capital. This ratio is the total net debt divided by the total capital. The net debts from the balance sheet are derived from the total liabilities, less cash and cash equivalents, current available-for-sale financial assets, current, and financial assets at fair value through profit or loss, current. The total capital and equity include share capital, capital surplus, retained earnings, other equity, and non-controlling interest. As in 2017, the Company's capital management strategy is consistent with the prior year. The Company's debt-to-equity ratio at the end of the reporting period as of December 31, 2017 and 2016, is as follows:

	December 31, 2017	December 31, 2016
Net debt	$ 141,324	370,762
Total equity	$ 1,835,567	1,960,302
Debt-to-equity ratio	7.70%	18.91%

In 2017, cash and cash equivalent increased since restricted deposits decreased for repaying borrowing. As a result, net debt decreased on December 31, 2017; and debt to equity ratio was lower than which on December 31, 2016.

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that have had transactions with the company during the periods covered in the financial statements.

Name of related party	Relationship with the Company
Emerging Display Technologies Co., U.S.A. (EDTA)	Subsidiary
Emerging Display International (Samoa) Corp. (EDTS)	Subsidiary
EDT-Europe ApS (EDTE)	Subsidiary

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Name of related party	Relationship with the Company
Tremendous Explore Corp. (EDT-B.V.I)	Subsidiary
Emerging Display Technologies Korea (EDTK)	Subsidiary
EDT-Japan Corp. (EDTJ)	Subsidiary
Ying Dar Investment Development Corp. (Ying Dar Corp.)	Subsidiary
Bae Haw Investment Development Corp. (Bae Haw Corp.)	Subsidiary
Ying Cheng Investment Development Corp. (Ying Cheng Corp.)	Subsidiary
Dong Guan Emerging Display Limited (EDT-Dong Guan)	Sub-subsidiary

(b) Significant related party transactions

(i) Operating revenue

The amounts of significant sales transactions by the Company to related parties were as follows:

	2017	2016
Subsidiaries-EDTA	$ 1,187,060	1,371,463

As of December 31, 2017 and 2016, the unrealized profit from sales to related parties amounted to $12,338 and $20,186, respectively, which were included in investments accounted for using equity method in the accompanying balance sheets.

The selling prices for sales to subsidiaries were not significantly different from those for third-party customers. The collection terms were three months, which were not significantly different from those of other customers.

(ii) Receivables from relates parties

The receivables from related parties were as follows:

Account	Relationship	December 31, 2017	December 31, 2016
Accounts receivable	Subsidiaries-EDTA	$ 352,080	304,585

(iii) Consigned for processing

The Company’s sales of raw material (including the Company purchased on behalf of the related parties) and semi-finished products through EDT-B.V.I to EDT-Dong Guan were considered as contracted processing. The processing cost and material cost in 2017 and 2016 amounted to $340,128 and $360,022, respectively. As of December 31, 2017 and 2016, the

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payables resulting from the above transactions amounted to $96,881 and $106,250, respectively, and were included in accounts payable-related parties in the accompanying balance sheets.

(iv) Commission expense

The details of commission expense paid to subsidiaries for 2017 and 2016 were as follows:

	December 31, 2017	December 31, 2016
Subsidiaries		
EDTE	$ 48,415	47,433
EDTJ	8,824	11,804
Other subsidiaries	5,139	6,039
	$ 62,378	65,276

As of December 31, 2017 and 2016, the details of commission expense paid to subsidiaries, included in accounts payable-related parties in accompanying balance sheets, were as follows:

	December 31, 2017	December 31, 2016
Subsidiaries		
EDTE	$ 3,332	3,675
EDTJ	623	524
EDTA	454	588
	$ 4,409	4,787

(c) Key management personnel compensation

Key management personnel compensation comprised:

	2017	2016
Short-term employee benefits	$ 21,288	25,324
Post-employment benefits	490	578
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	$ 21,778	25,902

In 2017 and 2016, the Company provided six cars with carrying amount of $12,800 and five cars, which were worth $10,487, respectively, and another car with rental expense of $905 per year for key management personnel use.

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(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Purpose	December 31, 2017	December 31, 2016
Bond investments without active market-current-time deposits	Guarantee for customs	$ 1,521	1,014
Investment property	Guarantee for short-term borrowings	-	14,277
Bond investment without active market-current-time deposits	Guarantee for short-term borrowings	2,902	419,414
Property, plant and equipment-buildings	Guarantee for long-term borrowings	215,140	-
		$ 219,563	434,705

(9) Significant commitments and contingencies:

(a) As of December 31, 2017 and 2016, the Company’s unused letters of credit for purchases of raw materials, machinery and equipment amounted to $21,797 and $18,298, respectively.

(b) As of December 31, 2017 and 2016, the Company has signed contracts for the purchase of equipment. The unrecognized contingencies of those contracts amounted to $11,384 and $9,500, respectively.

(10) Losses due to major disasters: none

(11) Subsequent events:

(a) According to the amendments the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. This increase does not affect the amounts of the current or deferred income taxes recognized on December 31, 2017. However, it will increase the Company current tax charge accordingly in the future. On the other hand, if the new tax rate is applied in calculating the taxable temporary differences on December 31, 2017, the deferred tax assets would increase by $5,725.

(b) The Company's Board of Directors approved resolutions to repurchase 4,000 thousand shares of its shares as treasury shares from March to April on March 2, 2018. As of March 14, 2018, when financial statements were authorized for issuance by the Board of Directors, 1,486 thousand shares had been repurchased.

(Continued)

(12) Other:

The followings are the summary statement of current period employee benefits, depreciation and amortization expenses by function:

By function / By item	2017			2016		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary	307,419	94,330	401,749	333,227	107,489	440,716
Labor and health insurance	38,127	6,736	44,863	39,086	6,396	45,482
Pension	18,856	5,185	24,041	19,638	5,075	24,713
Others	24,657	4,472	29,129	25,590	4,422	30,012
Depreciation	76,940	3,593	80,533	96,948	4,061	101,009
Amortization	639	502	1,141	667	394	1,061

As of December 31, 2017 and 2016, the numbers of the Company's employees were 890 and 947, respectively.

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Company for 2017:

(i) Loans to other parties: none

(ii) Guarantees and endorsements for other parties: none

(iii) Securities held as of December 31, 2017 (excluding investment in subsidiaries, associates and joint ventures):

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	December 31,2016				Remarks
				Units (shares)	Carrying value	Ratio	Market value (or net equity value)	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets carried at cost-noncurrent	1,000,000	10,000	5.00%	-	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets carried at cost-noncurrent	1,000,000	25,000	2.17%	-	-
The Company	Innolux Corp. stock	-	Available-for-sale financial assets-current	1,147,089	14,224	0.01%	14,224	-
The Company	Fubon Financial Holding Co., Ltd. stock	-	Available-for-sale financial assets-current	300,000	15,210	-	15,210	-
The Company	Radiant Opto-Electronics Corp. stock	-	Available-for-sale financial assets-current	250,000	17,675	0.05%	17,675	-
The Company	Taiwan Cement Co., Ltd. stock	-	Available-for-sale financial assets-current	300,000	10,935	0.01%	10,935	-

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Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	December 31,2016				Remarks
				Units (shares)	Carrying value	Ratio	Market value (or net equity value)	
The Company	Synnex Technology International Co., Ltd. stock	-	Available-for-sale financial assets-current	474,600	19,245	0.03%	19,245	-
The Company	Pegatron Co., Ltd. stock	-	Available-for-sale financial assets-current	216,000	15,552	0.01%	15,552	-
The Company	Mega Financial Holding Co., Ltd. stock	-	Available-for-sale financial assets-current	555,000	13,348	-	13,348	-
The Company	Coasia Micoelectronis Corp. stock	-	Available-for-sale financial assets-current	441,508	6,622	0.32%	6,622	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Available-for-sale financial assets-current	480,000	13,632	0.78%	13,632	-
The Company	Edmond de Rothschild Europe Convertibles (B) USD	-	Available-for-sale financial assets-current	8,468.12	26,733	-	26,733	-
The Company	JPMorgan Asia Pacific Income Fud A (mth)	-	Available-for-sale financial assets-current	94,696.97	62,874	-	62,874	-
The Company	Fidelity Funds-Euro Balanced Fund-USD (hedge)	-	Available-for-sale financial assets-current	88,226.18	32,085	-	32,085	-
The Company	Yuanta Asia Pacific ex-Jpn Invt Grd Govt Bd Idx (A)	-	Available-for-sale financial assets-current	2,000,000	17,615	-	17,615	-
The Company	UBS (Luxembourg) High Yield Bond Fund-USD	-	Available-for-sale financial assets-current	3,700.00	31,283	-	31,283	-
The Company	BlackRock Global Funds - Emerging Markets Bond Fund A2-USD	-	Available-for-sale financial assets-current	56,561.09	30,753	-	30,753	-
The Company	Multiple Income Fund	-	Available-for-sale financial assets-current	11,490.71	62,671	-	62,671	-
Ying Dar Investment Development Corp.	Shian Yih Electronic Co., Ltd. stock	Parent Company	Available-for-sale financial assets-current	550,000.00	15,620	0.90%	15,620	-
Ying Dar Investment Development Corp.	AGV Products Corp. stock	-	Available-for-sale financial assets-current	101,500	761	0.02%	761	-
Ying Dar Investment Development Corp.	The Company's stock		Available-for-sale financial assets-current	5,346,672	53,467	2.92%	53,467	-
Bae Haw Investment Development Corp.	Everest Technology Inc. Corp. stock	-	Financial assets carried at cost-noncurrent	1,000,000	-	1.47%	(Note)	-
Bae Haw Investment Development Corp.	Shian Yih Electronic Co., Ltd. stock	-	Available-for-sale financial assets-current	380,000	10,792	0.62%	10,792	-
Bae Haw Investment Development Corp.	The Company's stock	Parent Company	Financial assets carried at cost-noncurrent	3,447,716	34,477	1.88%	34,477	-
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets carried at cost-noncurrent	6,000,000	150,000	13.03%	(Note)	-

(Note) Fair value cannot be estimated reliably.

(iv) Individual securities acquired or disposed of with accumulated amount in excess of $300 million or 20% of ~~Acbel Polytech Inc.'s~~ Group's issued share capital: none

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(v) Acquisition of individual real estate with amount in excess of $300 million or 20% of the capital stock: none

(vi) Disposal of individual real estate with amount in excess of $300 million or 20% of the capital stock: none

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(vii) Sales to and purchases from related parties in excess of $100 million or 20% of the capital stock:

Purchasing (selling) company	Counterparty	Relation-ship	Details of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	% of net Purchas-es (sales)	Credit line	Unit price	Payment terms	Balance	% of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Co., U.S.A.	Subsidiary of the Company	Sale	1,187,060	40.45%	3 months	Sales prices offered to Emerging Display Technologies Co., U.S.A. were not significantly different from those offered to other customers.	Considering the special trading practices in North American market, the Company set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	352,080	57.59%	-
The Company	Tremendous Explore Corp.	Subsidiary of the Company	Purchase (processing cost)	340,128	20.68%	1-3 months	Tremendous Explore Corp. is the only entity the subsidiary provides processing service to. There is no comparable transaction.	The Company is the only entity the subsidiary provides processing service to.	(96,881)	25.24%	-
Emerging Display Technologies Co., U.S.A.	The Company	Subsidiary of the Company	Purchase	1,187,060	100.00%	3 months	The Company is the major supplier for Emerging Display Technologies Co., U.S.A. There is no comparable transaction	The Company is the major supplier for Emerging Display Technologies Co., U.S.A.	(352,080)	100.00%	-
Tremendous Explore Corp.	The Company	Subsidiary of the Company	Sale (processing revenue)	340,128	100.00%	1-3 months	The Company is the only entity the subsidiary provides processing service to. There is no comparable transaction.	The Company is the only entity the subsidiary provides processing service to.	96,881	100.00%	-
Tremendous Explore Corp.	Dong Guan Emerging Display Limited	Subsidiary and sub- subsidiary of the Company, respectively	Purchase (processing cost)	342,550	100.00%	1-3 months	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to. There is no comparable transaction.	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to.	(65,241)	86.29%	-
Dong Guan Emerging Display Limited	Tremendous Explore Corp.	Subsidiary and sub-subsidiary of the Company, respectively	Sale (processing revenue)	342,550	100.00%	1-3 months	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to. There is no comparable transaction.	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to.	65,241	100.00%	-

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(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company that has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
The Company	Emerging Display Technologies Co., U.S.A.	Subsidiary of the Company	Accounts receivable of $352,080	3.62	-	-	168,030	-	-

(ix) Trading in derivative instruments:

The derivative financial instruments are intended to manage the market risk resulting from the fluctuations in the exchange rate in operating activities. Please refer to note 6(b).

(b) Information on investees:

The following is the information on investees for the year 2017 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Business scope	Original cost of investment		Balance as of December 31, 2017			Net income (loss) of the investee	Investment income (loss) recognized	Remarks
				December 31, 2017	December 31, 2016	Shares owned	Percentage owned	Carrying value			
The Company	Emerging Display Technologies Co., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	65,537 (Note 1)	377	(367)	Subsidiary
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	89,772	1,944	1,526	Subsidiary
The Company	EDT-Europe ApS	Denmark	Service	2,077	2,077	125,000	100.00%	1,720	224	224	Subsidiary
The Company	Tremendous Explore Corp.	BVI	Trading	-	-	50,000	100.00%	(7,382)	(3,181)	(3,181)	Subsidiary
The Company	Emerging Display Technologies Korea	Korea	Trading	1,677	1,677	58,212,500	100.00%	1,145	34	34	Subsidiary
The Company	EDT-Japan Corp.	Japan	Service	17,401	17,401	5,000	100.00%	2,855	(3,549)	(3,549)	Subsidiary
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	25,382	4,183	1,999 (Note 2)	Subsidiary
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	33,709	2,859	1,450 (Note 2)	Subsidiary
The Company	Ying Cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	85,355	2,476	1,300	Subsidiary
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	6,748	1,944	115	Subsidiary
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	13,050	1,944	222	Subsidiary

Note 1：Unrealized sales profit amounting to $12,338 was deducted.

Note 2：Cash dividends to subsidiaries, which were reclassified as capital surplus, were deducted.

(Continued)

EMERGING DISPLAY TECHNOLOGIES CORP.

Notes to Parent-Company-Only Notes to the Parent-Company-Only Financial Statements Financial Statements

(c) Information on investment in mainland China:

(i) Information on investment in Mainland China:

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of January 1, 2016	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of December 31, 2016	Net income of investee	The Company's direct or indirect investment ratio	Investment gain (loss) recognized by the Company	Book value of the investment as of December 31, 2016	Accumulated investment income repatriated to Taiwan as of December 31, 2016
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs	248,516 (USD$7,625,300)	Investing through a third country by establishing a holding company, Emerging Display International (Samoa) Corp., in a third country.	219,225 (USD$6,746,936) (Note 1)	-	-	219,225 (USD$6,746,936)	1,834	95.80% (Note 2)	1,757 Based on the investee's financial statements audited by the same auditor of the Company (Note 3)	100,575 (Note 4)	-

(Continued)

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Notes to the Parent-Company-Only Financial Statements

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by Investment Commission of Ministry of Economic Affairs	Upper Limit on investment in Mainland China by Investment Commission of Ministry of Economic Affairs
206,376 (Note 8) (USD$6,934,668) (Note 5)	415,204 (Note 8) (USD$13,951,732) (Note 6)	1,189,539 (Note 7)

Note 1：The amount includes $13,234 which was invested by Ying Dar Investment Development Corp. and $25,488 which was invested by Bae Haw Investment Development Corp.

Note 2：The ratio includes 5.90% which was held by Ying Dar Investment Development Corp. and 11.41% which was held by Bae Haw Investment Development Corp.

Note 3：The amount includes a gain of $108 which was recognized by Ying Dar Investment Development Corp. and a gain of $209 which was recognized by Bae Haw Investment Development Corp..

Note 4：The amount includes $6,194 which was invested by Ying Dar Investment Development Corp. and $11,979 which was invested by Bae Haw Investment Development Corp.

Note 5：The amount includes the remaining capital amounting to US$187,732 of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. remitted back after it had completed liquidation in 2009.

Note 6：The approved amount includes US$637,732 obtained from Ying Dar Investment Development Corp. and US$870,000 obtained from Bae Haw Investment Development Corp. The amount obtained from Ying Dar Investment Development Corp. includes the remaining capital amounting to US$187,732 of Emerging Technologies Int’l Trading (Shanghai) Co., Ltd. remitted back after it had completed liquidation in 2009.

Note 7：The amount includes $47,308 for Ying Dar Investment Development Corp. and $40,912 for Bae Haw Investment Development Corp.

Note 8：Transactions denominated in foreign currencies were recorded using the rate of exchange at December 31, 2017.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of the parent-company-only financial statements, are disclosed in “Information on significant transactions”.

(14) Segment information:

Please refer to the consolidated financial statements for the year ended December 31, 2017.