(English Translation of Financial Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2017 and 2016

(With Independent Auditors' Report Thereon)

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REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Emerging Display Technologies Corp.as of and for the year ended December 31, 2017, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, “Consolidated Financial Statements.”

In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Emerging Display Technologies Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Emerging Display Technologies Corp.

By
Ray Tseng
Chairman
March 14, 2018

Independent Auditors' Report

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

Opinion

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

In our opinion, the Group's consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated 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 and the International Financial Reporting Standards(IFRS), International Accounting Standards(IAS), IFRIC Interpretations(IFRIC), and SIC Interpretations(SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 consolidated financial report as follows:

1. **Valuation of inventory**

   Please refer to Note 4(h) Inventories and Note 5(b) of the consolidated financial statements for inventories and accounting estimate of inventory valuation, respectively. Information regarding the inventory is shown in Note 6(g) of the consolidated 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 Group is engaged in the manufacture and sale of liquid crystal displays and capacity touch panels. The Group 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 Group 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 provision of inventory valuation and obsolescence, reviewing the accuracy of prior year's inventory allowance 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 Group'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(g) and Note 5(a) of the consolidated financial statement for receivable and accounting estimate of receivable valuation, respectively. Information regarding the account receivable impairment assessment is shown in Note 6 (f) of the consolidated financial statement.

Description of key audit matters:

The Group'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 the 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; and considering the adequacy of the Group's disclosures in the accounts.

Other Matters

We have also audited the parent company only financial statement of Emerging Display Technologies Corp. as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 consolidated financial statements, the management is responsible for assessing the Group'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 Group or to cease its operations, there is no realistic alternative but to do so.

Those charged with governance including supervisors are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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:

a. Identify and assess the risks of material misstatement of the consolidated 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.

b. 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 Group's internal control.

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

d. 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

f. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on this consolidated 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 consolidated 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

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31,2017 and 2016

(Expressed in thousands of New Taiwan dollars)

ASSETS	2017.12.31 Amount	%	2016.12.31 Amount	%
CURRENT ASSETS：				
Cash and cash equivalent (Note 6(a))	$ 1,148,720	33	744,653	22
Financial assets at fair value through profit or loss-current (Note 6(b))	-	-	4,655	-
Current available for sale financial assets (Note 6(c))	417,630	12	408,905	12
Current investments in debt instrument without active market (Notes 6(d) and 8)	4,423	-	420,428	12
Accounts receivable, net (Note 6(f))	490,408	14	376,421	11
Other receivables (Note 6(f))	16,702	-	19,602	-
Current tax assets	1,419	-	2,782	-
Inventories (Note 6(g))	783,309	22	754,529	22
Other current assets (Note 6(h))	44,210	1	20,814	1
	2,906,821	82	2,752,789	80
NONCURRENT ASSETS:				
Financial assets carried at cost-noncurrent (Note 6(e))	185,000	6	185,000	6
Property, plant and equipment (Notes 6(j) and 8)	391,411	11	459,027	13
Investment Property (Notes 6(k) and 8)	-	-	17,047	-
Intangible assets (Note 6(l))	3,540	-	3,868	-
Deferred tax assets (Note 6(q))	32,691	1	25,898	1
Prepayments on purchase of equipment	6,368	-	377	-
Other non-current financial assets (Notes 6(d) and 6(f))	9,292	-	9,842	-
	628,302	18	701,059	20
TOTAL	**$ 3,535,123**	**100**	**3,453,848**	**100**

LIABILITIES AND EQUITY	2017.12.31 Amount	%	2016.12.31 Amount	%
CURRENT LIABILITY：				
Short-term loans (Notes 6(m) and 8)	$ 557,000	16	712,000	21
Notes payable	1,141	-	2,203	-
Accounts payable	343,654	10	344,224	10
Other payables	197,414	6	228,455	6
Current tax liabilities	18,235	-	13,485	-
Other current liabilities	18,839	-	21,335	1
	1,136,283	32	1,321,702	38
NONCURRENT LIABILITIES：				
Long-term loans (Notes 6(n) and 8)	398,246	11	-	-
Deferred tax liabilities (Note 6(q))	-	-	2,812	-
Net Defined Benefit liabilities-noncurrent	82,998	3	88,505	3
Guarantee Deposits Received	34	-	160	-
	481,278	14	91,477	3
Total liabilities	1,617,561	46	1,413,179	41
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note (r))：				
Capital stock	1,834,076	52	1,949,076	56
Capital surplus	23,873	1	33,663	1
Retained earnings	325,664	9	338,384	10
Other equity interest	(74,872)	(2)	(87,612)	(3)
Treasury stock	(273,209)	(8)	(273,209)	(7)
Total equity attributable to shareholders of the parent	1,835,532	52	1,960,302	57
Non-controlling interests(Note 6(i))	82,030	2	80,367	2
Total equity	1,917,562	54	2,040,669	59
TOTAL	**$ 3,535,123**	**100**	**3,453,848**	**100**

See accompanying notes to consolidated financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31,2017 and 2016

(Expressed in thousands of New Taiwan dollars, Except Earning Per Share)

	2017		2016	
	Amount	%	Amount	%
Operating revenue (Note 6(t))	$ 3,005,136	100	3,178,919	100
Operating cost (Note 6(g ,l ,p &u) and 12)	2,494,474	83	2,551,193	80
Gross profit	510,662	17	627,726	20
Operating expenses (Note 6(l, p &u) and 12):				
Selling expenses	186,388	7	200,572	6
General and administrative expenses	124,587	4	141,306	5
Research and development expenses	96,265	3	102,547	3
	407,240	14	444,425	14
Net other income (Note 6(v))	1,094	-	1,094	-
Operating profit	104,516	3	184,395	6
Non operating income and expenses(Note 6(w)):				
Other income	23,904	1	21,349	-
Other gains and losses	(50,357)	(2)	22,002	1
Finance costs	(10,855)	-	(11,762)	-
	(37,308)	(1)	31,589	1
Profit before tax	67,208	2	215,984	7
Income tax expense (note 6(q))	11,637	-	28,138	1
Net profit	55,571	2	187,846	6
Other comprehensive income:				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit plans	2,991	-	(6,053)	-
Income tax related to items that will not be reclassified subsequently	-	-	-	-
	2,991	-	(6,053)	-
Items that will be reclassified into profit or loss:				
Foreign currency translation difference (Note 6(r))	(8,484)	-	(10,193)	(1)
Unrealized gain (loss) on available-for-sale financial assets (Note 6(x))	21,900	-	22,719	1
Less: Income tax related to items that will be reclassified subsequently (Note 6(q))	270	-	1,086	-
	13,146	-	11,440	-
Other comprehensive income, net	16,137	-	5,387	-
Comprehensive income	**$ 71,708**	**2**	**193,233**	**6**
Profit (loss) attributable to				
Shareholders of the parent	$ 54,314	2	187,772	6
Non-controlling interests	1,257	-	74	-
Net Profit (loss)	**$ 55,571**	**2**	**187,846**	**6**
Comprehensive income attributable to				
Shareholders of the parent	$ 70,045	2	193,108	6
Non-controlling interests	1,663	-	125	-
Total comprehensive income	**$ 71,708**	**2**	**193,233**	**6**
Earnings per share (Note 6(s))(expressed in New Taiwan dollars)				
Basic earnings per share	**$**	**0.33**		**1.03**
Diluted earnings per share	**$**	**0.33**		**1.03**

See accompanying notes to consolidated financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Stockholders' Equity

For the years ended December 31,2017 and 2016

(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of parent										
			Retained earnings			Other equity interest					
	Common stock	Capital surplus	Legal capital reserve	Special capital reserve	Unappropriated earnings	Foreign Currency translation difference	Unrealized gain(loss) on available-for- sale financial assets	Treasury stock	Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
Balance as of January 1, 2016	$ 2,149,076	27,955	-	-	216,937	9,532	(108,533)	(259,140)	2,035,827	80,242	2,116,069
Net profit in 2016	-	-	-	-	187,772	-	-	-	187,772	74	187,846
Other comprehensive income in 2016	-	-	-	-	(6,053)	(9,825)	21,214	-	5,336	51	5,387
Total comprehensive income in 2016	-	-	-	-	181,719	(9,825)	21,214	-	193,108	125	193,233
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	21,614	-	(21,614)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	96,448	(96,448)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(60,272)	-	-	-	(60,272)	-	(60,272)
Repurchase of treasury stock	-	-	-	-	-	-	-	(211,167)	(211,167)	-	(211,167)
Cancellation of treasury stock	(200,000)	2,902	-	-	-	-	-	197,098	-	-	-
Cash dividends to subsidiaries	-	2,806	-	-	-	-	-	-	2,806	-	2,806
Balance as of December 31, 2016	1,949,076	33,663	21,614	96,448	220,322	(293)	(87,319)	(273,209)	1,960,302	80,367	2,040,669
Net profit in 2017	-	-	-	-	54,314	-	-	-	54,314	1,257	55,571
Other comprehensive income in 2017	-	-	-	-	2,991	(8,416)	21,156	-	15,731	406	16,137
Total comprehensive income in 2017	-	-	-	-	57,305	(8,416)	21,156	-	70,045	1,663	71,708
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	18,777	-	(18,777)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	27,262	(27,262)	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(70,025)	-	-	-	(70,025)	-	(70,025)
Repurchase of treasury stock	-	-	-	-	-	-	-	(128,382)	(128,382)	-	(128,382)
Cancellation of treasury stock	(115,000)	(13,382)	-	-	-	-	-	128,382	-	-	-
Cash dividends to subsidiaries	-	3,592	-	-	-	-	-	-	3,592	-	3,592
Balance as of December 31, 2017	$ 1,834,076	23,873	40,391	123,710	161,563	(8,709)	(66,163)	(273,209)	1,835,532	82,030	1,917,562

See accompanying notes to consolidated financial statements.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated 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 operating activities		
Profit before tax	$ 67,208	215,984
Adjustments :		
Adjustments to reconcile profit (loss):		
Depreciation expense	85,775	110,619
Amortization expense	1,179	1,065
Provision for bad debt expense	14	(144)
Net gain on financial assets or liabilities at fair value through profit or loss	4,655	(2,021)
Interest expense	10,855	11,762
Interest income	(13,217)	(3,856)
Dividend income	(7,726)	(8,647)
Gain on disposal of property, plant, equipment and investment property	(25,124)	(365)
Gain on disposal of investments	(19,173)	(11,632)
Unrealized foreign exchange loss (gain)	30,173	(5,403)
Reversal gain on impairment loss of Investment Property	(5,664)	-
Total adjustments to reconcile profit (loss)	61,747	91,378
Changes in operating assets and liabilities		
Net changes in operating assets:		
Accounts receivable	(134,319)	77,615
Other receivable	3,952	(1,136)
Inventories	(38,037)	71,224
Other current assets	(25,535)	10,182
Total net changes in operating assets	(193,939)	157,885
Net changes in operating liabilities:		
Notes payable	(1,062)	(990)
Accounts payable	5,273	(22,138)
Other payables	(26,883)	(32,574)
Other current liabilities	(2,129)	(3,655)
Net defined benefit liability	(2,516)	(2,319)
Total net change in operating liabiliaties	(27,317)	(61,676)
Total net change in operating asset and liabilities	(221,256)	96,209
Total adjustments	(159,509)	187,587
Cash generated from operating activities	(92,301)	403,571
Interest received	12,163	3,468
Dividends received	7,726	8,647
Interest paid	(10,097)	(10,345)
Income taxes paid	(15,645)	(4,170)
Net cash flows from operating activities	(98,154)	401,171
Cash flows from investing activities:		
Acquisition of financial assets designated upon initial recognition as at fair value through profit or loss	-	(16,187)
Proceeds from financial assets designated upon initial recognition as at fair value through profit or loss	-	63,683
Acquisition of available-for-sale financial assets	(206,517)	(32,464)
Proceeds from disposal of available-for-sale financial assets	238,864	272,644
Acquisition of Debt Instrument Without Active Market	415,973	(417,223)
Acquisition of property, plant and equipment	(27,347)	(31,959)
Proceeds from disposal of property, plant, equipment and investment property	48,132	365
Acquisition of intangible assets	(851)	(1,408)
Increase in other financial assets	476	(492)
Increase in prepayments on purchase of equipment	(5,991)	(377)
Net cash flows used in investing activities	462,739	(163,418)
Cash flows from financing activities:		
Increase in short-term loans (Decrease)	(155,000)	112,714
Increase in long-term loans	400,000	(291,200)
Decrease in guarantee deposits received	(126)	-
Cash dividends	(66,435)	(57,457)
Payments to acquire treasury shares	(128,382)	(222,266)
Net cash provided by (used in) financing activities	50,057	(458,209)
Effects of changes in foreign exchange rates	(10,575)	1,852
Net increase in cash and cash equivalents	404,067	(218,604)
Cash and cash equivalents at beginning of year	744,653	963,257
Cash and cash equivalents at end of year	$ 1,148,720	744,653

See accompanying notes to consolidated financial statements.

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

(1) Organization and Business Scope

Emerging Display Technologies Corp.(the Company) and its subsidiaries was incorporated as a limited liability Group 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 Consolidated financial statements comprise Emerging Display Technologies Corp. and its subsidiaries (jointly referred to as the Group). The Group is engaged in the manufacture and sale of Capacity Touch Panel and liquid crystal displays (LCDs).

(2) Financial Statements Authorization Date and Authorization Process

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

(3) Application of New and Revised International Financial Reporting Standards and Interpretations

(1) The impact of new and revised International Financial Reporting Standards and Interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

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 Account”	January 1, 2016
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS16 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: “Recoverable Amount Disclosures for Non-Financial Assets”	January 1, 2014

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to 2010~2012 and 2011~2013 cycle	July 1,2014
Annual Improvements to IFRSs 2012~2014 cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The above new standards and interpretations has not had any material impact on the Group's accounting policies.

(2) 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 "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
Amendments to IFRS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "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 IFRSs 2014-2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

A.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.

(a)Classification and Measurement-Financial assets

IFRS 9 contains a new classification and measurements 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 asset: measured at amortized cost, fair value through other comprehensive income（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 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 and 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.

Base on its assessment, the Group does not believe that the new classification requirements would have a material impact on its accounting for accounts receivables and debt instrument. As of December 31, 2017, the Group had equity investments classified as available-for sale with a fair value of 153,616 and financial assets measured at cost of 185,000. At initial application of IFRS 9, the Group would classify them as FVOCI. Therefore, all fair value gains and losses would be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses would be reclassified to profit or loss on disposal. As of December 31, 2017, the Group had open-end fund with a fair value of 264,014 classified as available-for sale financial asset. If continue to hold on the same purpose when adopting IFRS 9, it would be classified to fair value through profit or loss and the profit and loss of fair value afterward is recognized as profit and loss. The Group estimates the application of IFRS 9's classification requirements on January 1, 2018 will result in a decrease of $13,266 in other equity, a decrease of $8,314 in retained earnings, and a decrease of $14,820 in the non-controlling interests, respectively.

(b)Impairment-Financial assets and contract 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 at 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, lifetime ECL measurement always applies for accounts receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for accounts receivables and contract assets with a significant financing component.

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

(c)Hedging Accounting

When initial applying of IFRS 9, the Group can choose to continue the hedging accounting of IAS 39 instead of IFRS 9 as its accounting principle. The Group plan to continue the application of IAS 39.

(d)Disclosures

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

(e)Transition

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

•The Group plans to 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 as at 1 January 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.

B. IFRS 15 Revenue from Contracts with Customers

FRS 15 replaces IAS 18 Revenue, IAS 11 Construction Contracts, and the relevant interpretations. The standard provides a single model for determining whether an entity recognizes revenue in accordance with the method, timing and amount by applying the five-step mode.

(a)Sales of goods

The Group recognized revenue when delivered goods to customer's designated place, customer accepted the goods and the significant risks and rewards already transferred to customers. The Group recognized revenue at this stage was because revenue and cost can be measured reliably, amount can be high possibly collected and the Group no long engaged in the management of the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. The Group has performed a preliminary assessment when the timing of the related risks and rewards of the goods ownership transferred is similar to the timing when control transferred and the Group does not expect that there will be a significant impact on its consolidated financial statements.

(b)Transition

The Group expects to apply IFRS 15 by using Cumulative Impact Method. Hence, no need to redo previous year's comparison information. The cumulative Impact figures when first adopting this standard will be adjusted to retained earnings on January 1, 2018. The Group plans to use practical expedients for completed contracts. This means that a contract is deemed as completed contracts at the beginning of first adopting date (January 1, 2018) will not be restated.

C. 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.

The Group expects to provide the adjustment of initial and ending balance from liability of financing activities to meet aforementioned application.

D. Amendments to IAS 12 Recognition of Deferred Tax assets for Unrealized Losses

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

The Group is assessing the potential impact on its consolidated financial statements resulting from amendments. So for, the Group does not expect any significant impact.

E. IFRIC 22 Foreign Currency Transactions and Advance Consideration

The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of each payment or receipt date. The Group plans to apply IFRIC22 prospectively to all assets, profit and loss are recognized after the date of the initial application (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.

(3) Newly released or amended standards and interpretations not yet endorsed by the FSC
A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC.

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 maybe relevant to The Group are set out below:

Issuance/Release Dates	Standards or interpretation	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease in 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 interpretation	Content of amendment
June 7, 2017	IFRIC 23 "Uncertainty over Income Tax Treatments"	• The interpretation is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments. An entity is to assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. • If the entity concludes that it is probable that a particular tax treatment is accepted, the entity has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. If it's not probable that a particular tax treatment is accepted, the entity has to use the most likely amount or the expected value of the tax treatment to reflect the influence of the resolution of the uncertainty over income tax treatments.

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

(4) Summary of 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 consolidated 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 consolidated annual financial statements have prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter, referred to as the Regulations) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter, referred to as the IFRS endorsed by the FSC).

(b) Basis of preparation

(i) Basis of measurement

The consolidated financial statements have been prepared on a historical cost basis except for the following significant items:

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 pension fund assets.

(ii) Functional and presentation currency

The functional currency of each entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Group's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The Group consolidated financial statements include the accounts of the Company and all directly owned subsidiaries of the Company. The investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those return through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that the Group's control commences until the date that control ceases. InterGroup balances and transactions, and any unrealized income and expenses arising from interGroup transactions are eliminated in preparing the consolidated financial statements. Subsidiaries contribute total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

Financial statements of subsidiaries had been adjusted to use uniform accounting policies as the Group.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the parent.

(ii) Subsidiaries included in the consolidated financial statements are as follows:

Name of investor Name of investor	Name of the subsidiary	Business Activity	Percentage ownership 2017.12.31	2016.12.31	Remarks
The Company	Emerging Display Technologies Corp., U.S.A	Sale of CTP and LCDs	100.00%	100.00%	Major Subsidiary
The Company	Emerging Display International (Samoa) Corp.	Investment holding	78.49%	78.49%	
The Company	EDT-Europe ApS	Customer service and business support	100.00%	100.00%	
The Company	Tremendous Explore Corp.	Trading	100.00%	100.00%	
The Company	Emerging Display Technologies Korea	Sale of CTP and LCDs	100.00%	100.00%	
The Company	EDT-Japan Corp.	Customer service and business support	100.00%	100.00%	
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	
Emerging Display International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	

(iii) Subsidiaries which are not included in the consolidated financial statements: None.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the entities at the exchange rates at the dates of the transactions. Monetary assets and liabilities 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 amortized cost in the functional currency at the beginning of the period adjusted for the effective interest and payments during the period.

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 available-for-sale equity instrument which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustment arising on acquisition, are translated to New Taiwan dollar at exchange rates at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to New Taiwan dollar at the average rate. Foreign currency differences are recognized in other comprehensive income.

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 Group disposes of any part of its interest in a subsidiary, association or join venture that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned 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.

(e) 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:

1. The asset is expected to be realized or is intended to be sold or consumed in the normal operating cycle;
2. The asset is held primarily for the purpose of trading;
3. The asset is expected to be realized within twelve months after the reporting period; or
4. The asset is cash or a cash equivalent 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:

1. The liability is expected to be settled in the normal operating cycle;
2. The liability is held primarily for the purpose of trading;
3. The liability is due to be settled within twelve months after the reporting period;
4. The entity 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 issuance of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and demand deposits that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. The time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

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

(i) Financial assets

Financial assets are classified 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 or repurchase in the short term. A financial asset that meets one of the following conditions will be designated as measured at fair value through profit or loss:

a. Such designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases, or

b. The financial asset is managed and its performance is evaluated on a fair value basis, or

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 subsequently, and changes therein, which take into account any dividend and interest income, are recognized in profit or loss, and are accounted for under other gain and loss. 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.

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 Group'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 other income.

Interest income from bond investment 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 and other receivables and debt investments without an 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 is accounted for using trade-date accounting.

Interest income is recognized in profit or loss, under other income of non-operating income and expenses.

4. Impairment of financial assets

A financial asset which is not measured at fair value is impaired if, and only if, there is any objective evidence of impairment as a result of one or more events (a loss event) that occurred subsequent to the initial recognition of the asset and that loss event (or events) has an impact on the future cash flows of the financial assets that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, 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. Besides, for available-for-sale financial assets, a significant or prolonged decline in the fair value of the equity investment below its cost is also considered to be objective evidence of impairment.

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 carried at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at a similar asset's market rate of return. A subsequent reversal of such impairment loss is not allowed.

The carrying amount of a financial asset is reduced for an impairment loss except for trade receivables, whose impairment loss is reflected through an allowance account against the receivables. When it is determined a receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amounts of allowance account are recognized in profit or loss.

An impairment loss in respect of an available-for-sale financial instrument is recognized in profit or loss to the extent of the amount of accumulated gain or loss recognized in equity.

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 loss was recognized, then the impairment loss is reversed and recognized in profit or loss to the extent of the amount of impairment loss recognized in prior years.

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 is accumulated in 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 to the extent of the amount of the reversal recognized in profit or loss.

Any subsequent recovery of a written-off receivable is charged to the allowance account. Changes in the allowance account are recognized in profit or loss. Impairment losses and recoveries are recognized in profit or loss under administrative expenses for accounts receivable and others are included in non-operating income and expense.

5. Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the asset are terminated, or when all the risks and rewards of ownership of the financial assets are substantially transferred.

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 other comprehensive income and presented in other equity is recognized in profit or loss, and is included in non-operating income and expense.

On partial derecognition of a financial asset, the difference between the carrying amount allocated to the part derecognized and the sum of the consideration received or receivable for the part derecognized and any cumulative gain or loss that had been recognized in other comprehensive income shall be recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts.

(ii) Financial liabilities and equity instruments

1. Classification of debt or equity instruments

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

Equity instruments include shares and any other instrument that evidences a residual interest in any entity. Equity instruments issued are recognized as the amount of consideration received, less, the direct cost of issuing.

Interest related to a financial liability is recognized in profit or loss, and is included in finance costs or other gains or losses.

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 if it is designated as such on initial recognition.

Financial liabilities are classified as held-for-trading if they are acquired principally for the purpose of selling or repurchasing in the short term. A financial liability that meets one of the following conditions will be designated as measured at fair value through profit or loss:

a. Such designation eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as an ˊaccounting mismatchˊ) that would otherwise arise form measuring assets or liabilities or recognizing the gains and losses on them on different bases. or

b. The liability is managed and its performance is evaluated on a fair value basis, or

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

Financial liabilities in this category are measured at fair value at initial recognition. 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 subsequently, and changes therein, which take into account any interest expense, are recognized in profit or loss, and are included in other gains and losses.

3. Other financial liabilities

Financial liabilities not classified as held-for-trading or designated as at fair value through profit or loss, which comprise borrowings, accounts payable and other payables, are measured at fair value plus, any directly attributable transaction cost at the time of initial recognition. Subsequent to initial, recognition, these financial liabilities are measured at amortized cost calculated using the effective interest method. Interest expense not capitalized as capital cost is recognized in profit or loss, and is included in finance costs.

4. Derecognition of financial liabilities

A financial liability is derecognized when its contractual obligation has been discharged or cancelled or has expired. The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss, and is included in other gains and losses.

5. Offsetting of financial assets and liabilities

Financial assets and liabilities are presented on a net basis when the Group has legally enforceable rights 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

Derivative financial instruments are held to hedge 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 as other gains and losses in profit or loss. For hedge derivatives determined to be an effective hedge, the timing of recognition of related gain or loss is determined based on the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset; otherwise, 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.

(h) Inventories

Inventories are measured individually at the lower of cost and net realizable value. The cost of inventories includes all necessary costs of purchase, costs of conversion, and other costs in bringing the inventories to a salable and useable location and condition. The production overhead is allocated to the finished goods and work in progress based on the normal capacity of production facilities.

Net realizable value is determined based on the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses at the end of the period.

(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 at fair value.

The depreciable amount of an asset is determined after initial measurement. Depreciation methods, useful lives, and residual values are measured in conformity with the regulation 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, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(j) Property, plant and equipment

(i) Recognition and measurement

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 includes expenditure that is directly attributable to the acquisition of the investment property.

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 the 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.

(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 Group. 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 the asset’s 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:

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

Depreciation methods, useful lives, and residual values are reviewed at each fiscal year-end. If expectations differ from the previous estimates, the change is accounted for as a change 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 private to investment property.

(k) Leases

(i)The Group as Lessor

Lease income from an operating lease is recognized in income on a straight-line basis over the lease term. The total incentive benefits provided to the lessee in order to fulfill the lease arrangement, are deemed as part of the total lease income, and shall be recognized using the straight-line method, as a reduction in lease income during the lease term.

(ii)The Group as Lessee

Leases in which the Group 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.

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 assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Patents	9～20	years
Computer software cost	1～4	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 reporting date. Any change shall be accounted for as changes in accounting estimates.

(m) Impairment of non-derivative 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 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) Provision

A provision is recognized if, as a result of a past event, the Group 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 their repurchase price (including all directly accountable costs), net of tax. Gains on disposal of treasury shares should be recognized under Capital Reserve – Treasury Share 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 of 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 made 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 Group’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 Group’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 Group, 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 Group 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 Group 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 Group 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.

(iii) Termination benefits

Termination benefits are recognized as an expense when the Group 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 Group is required to recognize the termination benefits at the earlier of when the Group 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 when the related service is provided. A liability is recognized for the amount expected to be pain under short-term cash bonus or profit-sharing plans if the Consolidated Group 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 whose related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized 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

Tax expense (tax income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax. Current and deferred tax shall be recognized as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from a transaction or event which is recognized, in the same or a different period, outside profit or loss, either in other comprehensive income or directly in equity or a business combination.

Current tax liabilities (assets) for the current and prior periods shall be measured at the amount expected to be paid to (recovered from) the taxation authorities using the tax rates that have been enacted or substantively enacted by the end of the reporting period. Net taxes payable (recoverable) include tax payable, tax refundable, and adjustments of tax payable for prior years.

Deferred tax is the amount of income taxes payable/receivable in future periods in respect of taxable temporary differences.

A deferred tax shall be recognized for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

(a) The initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss); or

(b) Deductible temporary differences arising from investments in subsidiaries, associates, and interests in joint ventures where there is a high probability that such temporary differences will not reverse in the foreseeable future; or

(c) The 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.

The Group shall offset deferred tax assets and deferred tax liabilities if, and only if:

(a) The Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) The same taxable entity; or

2) Different taxable entities, but where each such entity 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 to realize the assets and settle the liabilities simultaneously.

A deferred tax asset shall be recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. At the end of each reporting period, an entity reassesses unrecognized deferred tax assets.

(t) Earnings per share

The Group 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, such as convertible bonds.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with other components of the Group. Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

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

The preparation of the consolidated financial statements in accordance with the IFRSs endorsed by the FSC requires management to make judgments, estimates and assumptions that may affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Management is required to constantly examine the fairness of those estimates and assumptions. The effect of change in accounting estimate shall be recognized prospectively by including it the profit or loss in the current period or future periods.

Information about assumptions and estimation uncertainties have significant risk of resulting in material adjustments within the next year:

(a) Impairment Assessment of Accounts Receivable

When there is objective evidence that shows signs of impairment, the Consolidated Group shall consider estimation of future cash flow. The amount of impairment loss shall take into consideration factors such as customers' past arrears records, analysis of their current financial situation, analysis of their accounts receivable aging, etc., and be measured based on the difference between the asset's book value and discounted present value by estimation the future cash flow according to cash flow in the future is less than the expected amount, it may result in significant impairment loss. For provision of impairment, please refer to Note 6(f).

(b) Inventory Valuation

As inventory shall be measured based on the lower of cost or realizable value, if on the Consolidated Group's evaluation report date, the inventory has suffered normal wear and tear, is outdated or has no market value, the inventory cost shall be offsetted to net realizable value. The assessment of the inventory valuation is mainly based on the product requirements within a specific future period. Hence, it may have significant changes due to rapid industrial changes. For inventory valuation, please refer to Note 6(g).

(6) Explanation of Significant Accounts

(a) Cash and cash equivalents

	2017.12.31	2016.12.31
Cash and cash equivalents	$ 248	331
Demand deposits	258,634	505,746
Check deposits	2,647	3,552
Time deposits	857,088	235,024
Repurchase agreement	30,103	-
Total	$ 1,148,720	744,653

Please refer to note 6(y) for the analysis of fair value sensitivity and interest rate risk of the financial assets and liabilities.

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

	2017.12.31	2016.12.31
Details were as follows:		
Financial asset held for trade:		
Swap contract	$ -	4,655

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

As of December 31, 2016, the Group had no financial assets at fair value through profit or loss pledged as collateral for loans.

As of December 31, 2016, the Group uses derivative instruments to hedge certain currency the Group is exposed to arising from its operating activities, The Group doesn't apply to hedge accounting and held the following derivative instruments presented as held-for-trading financial assets or liabilities:

	2016.12.31		
	Contract amount (Thousand Dollar)	Currency	Maturity period
Swap contract	USD 6,000	TWD to USD	2017.01.06~2017.02.24

(c) Available-for-sale financial assets

	2017.12.31	2016.12.31
Listed stocks in Taiwan	$ 153,616	181,953
Foreign listed stocks	-	59,763
Open-end mutual funds	264,014	167,189
Total	$ 417,630	408,905

Please refer to note 6(w) for disposal of investment profit and loss.

Please refer to note 6(x) for the recognition of other comprehensive income at fair value.

For the purpose of increasing investment benefits, the Group entrusts partial listed companies as the beneficiary. According to the terms of the contract, the Group does not lose control on these financial assets, and they are hence not 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 Group were not pledged as collaterals.

(d) Debt instrument without active market

		2017.12.31	2016.12.31
Restricted Time Deposit-current	$	4,970	421,535
Current	$	4,423	420,428
Non-current (recorded in other non-current financial assets)		547	1,107
Total	$	4,970	421,535

As of December 31, 2017 and 2016, bond investment without an active market pledged as collateral for loans are disclosed in note (8).

(e) Financial assets measured at cost

		2017.12.31	2016.12.31
Unlisted stocks	$	185,000	185,000

The aforementioned investments held by the Group are measured at cost less impairment losses on reporting date. It belongs to trade without active market ,therefore, the Group management had determined that the fair value cannot be measured reliably.

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

(f) Accounts receivable and other receivables

		2017.12.31	2016.12.31
Account receivable	$	513,052	399,069
Other receivables-current		19,530	22,666
Other receivables- deposits paid		8,745	8,735
Less: allowance for doubtful accounts		(25,472)	(25,712)
	$	515,855	404,758
Book as :			
Net account receivables	$	490,408	376,421
Other receivables		16,702	19,602
Other financial assets-non-current		8,745	8,735
	$	515,855	404,758

The aging analysis of unimpaired overdue receivables and other receivables were as follows:

	2017.12.31	2016.12.31
1~30 days	$ 77,067	51,215
31~90 days	18,920	4,509
91~270 days	5,335	318
More than 271 days	32	50
	$ 101,354	56,092

The movement in the provision for impairment with respect to account receivables and other receivables during the year was as follows:

	Individually assessed for impairment	Collectively assessed for impairment	Total
Balance at January 1, 2017	$ 25,409	303	25,712
Recognition(reversal) of impairment loss	-	14	14
The Effects of Changes in Foreign Exchange Rates	(237)	(17)	(254)
Balance at December 31, 2017	$ 25,172	300	25,472
Balance at January 1, 2016	$ 41,940	487	42,427
Recognition(reversal) of impairment loss	31	(175)	(144)
Offset uncollected amount	(16,226)	-	(16,226)
The effects of Changes in Foreign Exchange Rates	(336)	(9)	(345)
Balance at December 31, 2016	$ 25,409	303	25,712

The Group 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 recognizing the collectability of accounts receivable and other receivables. The Group evaluates the customers' credit and collectible amounts to estimate the uncollectable amounts, then accrues 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, accounts receivable and other receivables were not pledged as collateral.

(g) Inventories

	2017.12.31	2016.12.31
Raw materials	$ 216,886	188,683
Work in process	301,857	310,053
Finished goods	257,127	250,990
Inventories in transit	7,439	4,803
Total	$ 783,309	754,529

For the years ended December 31, 2017 and 2016, the cost of inventories recognized as operating costs and expense were $2,478,314 and $2,514,344, respectively. In 2017, the previous write-down inventories was sold, therefore, the net realizable value of inventories lowered than cost was no longer existed. The reversal of write-downs amounted to $10,319 was recorded as a reduction of operating costs. In 2016 , the write-down amounted to $4,037, and the reversal was recorded as operating costs.

As of December 31, 2017 and 2016, inventories were not pledged as collateral.

(h) Other current assets:

The details of other current assets are as follows:

		2017.12.31	2016.12.31
Income tax refund receivable	$	1,655	2,526
Prepayment for purchases		5,274	4,094
Prepaid expense		8,221	9,096
Prepaid sales tax		29,060	5,098
	$	44,210	20,814

(i) Non-controlling interests' share of subsidiaries

Significant to the Group of the non-controlling interest subsidiaries are as follows:

Name of subsidiaries	Principal place of business	Proportion of non-controlling interest voting equity	
		2017.12.31	2016.12.31
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	4.2%

Summarize above subsidiaries financial information as below which had prepared based on International Financial Reporting Standards endorsed by FSC. The below financial information was prior to the offset amount with the Group.

Summarized financial information for Ying Cheng Investment Corp. is as follows:

		2017.12.31	2016.12.31
Current Asset	$	12,762	9,171
Non-Current Asset		150,000	150,000
Current Liability		(180)	(60)
Non-Current liability		-	-
Net Asset	$	162,582	159,111
Non-Controlling equity closing book amount	$	77,227	75,578

	2017 Year	2016 Year
Operating revenue	$ 2,720	62
Net profit(Net Loss)	$ 2,476	(63)
Other comprehensive income	995	881
Comprehensive income	$ 3,471	818
Profit attributable to non-controlling interes	$ 1,176	(30)
Comprehensive income attributable to non-controlling interest	$ 1,649	389

	2017 Year	2016 Year
Cash flow from operating activities	$ 140	(47)
Cash flow from investing activities	7,518	-
Cash flow from financing activities	-	-
Net increase in cash and cash equivalents	$ 7,658	(47)

Summarized financial information for Emerging Display International(Samoa) Corp. is as follows:

	2017.12.31	2016.12.31
Current Asset	$ 135,885	127,372
Non-Current Asset	10,666	14,176
Current Liability	(32,179)	(27,511)
Non-Current liability	-	-
Net Asset	$ 114,372	114,037
Non-Controlling equity closing book amount	$ 4,803	4,789

	2017 Year	2016 Year
Operating revenue	$ 342,550	352,333
Net profit(Net Loss)	$ 1,944	2,459
Other comprehensive income	(1,608)	(8,740)
Comprehensive income	$ 336	(6,281)
Profit attributable to non-controlling interest	$ 81	104
Comprehensive income attributable to non-controlling interest	$ 14	(264)

	2017 Year	2016 Year
Cash flow from operating activities	$ (15,348)	7,334
Cash flow from investing activities	(1,092)	(2,787)
Cash flow from financing activities	-	-
Effects of changes in foreign exchange rates	(239)	(1,338)
Increase in cash and cash equivalents	$ (16,679)	3,209

(j) Property, plant and equipment

The cost and depreciation of the property, plant and equipment of the Group were as follows:

		Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
Cost or deemed cost:							
Balance at January 1, 2017	$	51,334	994,153	2,580,349	31,970	160,152	3,817,958
Additions		-	1,796	3,153	18	18,642	23,609
Reclassification		-	-	14,250	-	(14,250)	-
Disposals		-	-	(24,784)	(88)	(66,222)	(91,094)
Effect of movements in exchange rates		(3,964)	(2,027)	(2,582)	(609)	(26)	(9,208)
Balance at December 31, 2017	$	47,370	993,922	2,570,386	31,291	98,296	3,741,265
Balance at January 1, 2016	$	52,249	995,983	2,705,564	32,418	151,520	3,937,734
Additions		-	2,365	8,232	424	22,560	33,581
Reclassification		-	-	11,373	-	(11,373)	-
Disposals		-	-	(126,049)	(340)	(2,046)	(128,435)
Effect of movements in exchange rates		(915)	(4,195)	(18,771)	(532)	(509)	(24,922)
Balance at December 31, 2016	$	51,334	994,153	2,580,349	31,970	160,152	3,817,958
Depreciation:							
Balance at January 1, 2017	$	-	752,899	2,460,290	28,948	116,794	3,358,931
Depreciation for the year		-	15,090	53,859	1,050	15,415	85,414
Disposals loss		-	-	(24,784)	(88)	(65,564)	(90,436)
Effect of movements in exchange rates		-	(1,042)	(2,465)	(564)	16	(4,055)
Balance at December 31, 2017	$	-	766,947	2,486,900	29,346	66,661	3,349,854
Balance at January 1, 2016	$	-	737,759	2,529,764	28,524	103,877	3,399,924
Depreciation for the year		-	18,928	74,614	1,282	15,435	110,259
Disposals loss		-	-	(126,049)	(340)	(2,046)	(128,435)
Effect of movements in exchange rates		-	(3,788)	(18,039)	(518)	(472)	(22,817)
Balance at December 31, 2016	$	-	752,899	2,460,290	28,948	116,794	3,358,931
Carrying amounts:							
Balance at December 31,2017	$	47,370	226,975	83,486	1,945	31,635	391,411
Balance at January 1, 2016	$	52,249	258,224	175,800	3,894	47,643	537,810
Balance at December 31,2016	$	51,334	241,254	120,059	3,022	43,358	459,027

Please refer to Note 6(w) for detail of disposal gain and loss.

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

(k) Investment property

The details of investment property were as follows:

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

In June, 2017, the Group re-tested the impairment of the cash generating unit, estimated its recoverable amount was higher than book amount which was previous recognized impairment loss amount deducted depreciation, therefore, the reversal of recoverable amount was $5,664. Reversal of impairment loss was recognized in the consolidated statements of comprehensive Income. The Group conducted investment property assessment based on value in use as recoverable amount. The calculation of value in use is according to the expected cash flow generating form the future rental and is discounted by the rete of return that reflects the inherent risk of the net cash flow. The discount rate was 1.845%.

In November, 2017, the company sold aforementioned investment property for $46,906, with gain on disposal in the amount of $24,556, which was recognized in other gains and losses in the consolidated statements of comprehensive income. Before selling the investment property, it was leased to third parties for factory. Each of the leases contains an initial non-cancellable period of 5 year. Subsequent renewals are negotiated with the lessee. No contingent rents are charged. See note 6(o) for further information (including rental income and other direct operating 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 Group's investment property was determined by Level 3 fair value measurement inputs.

When measuring the fair value of investment property, the Group 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 were 2.826%.

As of December 31, 2016, the investment property had been pledged as collateral for finance are disclosed in note 8.

(l) Intangible assets

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

	Patent and other	Computer software cost	Total amount
Initial cost：			
Balance as of January 1, 2017	$ 6,725	55,021	61,746
Individual acquisition	550	301	851
Disposals	(3,376)	(50,926)	(54,302)
Effects of changes in foreign exchange rates	-	(81)	(81)
Balance as of December 31, 2017	$ 3,899	4,315	8,214
Balance as of January 1, 2016	$ 6,454	54,162	60,616
Individual acquisition	271	1,137	1,408
Effects of changes in foreign exchange rates	-	(278)	(278)
Balance as of December 31, 2016	$ 6,725	55,021	61,746
Amortization:			
Accumulated balance as of January 1, 2017	$ 4,882	52,996	57,878
Amortization	391	788	1,179
Disposals	(3,376)	(50,926)	(54,302)
Effects of changes in foreign exchange rates	-	(81)	(81)
Accumulated balance as of December 31, 2017	$ 1,897	2,777	4,674
Accumulated balance as of January 1, 2016	$ 4,516	52,575	57,091
Amortization	366	699	1,065
Effects of changes in foreign exchange rates	-	(278)	(278)
Accumulated balance as of December 31, 2016	$ 4,882	52,996	57,878
Book value：			
Balance as of December 31, 2017	$ 2,002	1,538	3,540
Balance as of January 1, 2016	$ 1,938	1,587	3,525
Balance as of December 31, 2016	$ 1,843	2,025	3,868

The amortization expenses of intangible assets included in statement of comprehensive income were as follows:

	2017	2016
Operating cost	$ 639	667
Operating expense	540	398
	$ 1,179	1,065

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

(m) Short-term loans

The details of short-term loans were as follows:

	2017.12.31	2016.12.31
Unsecured bank loans	$ 557,000	330,000
Secured bank loans	-	382,000
Total	$ 557,000	712,000
Unused lines of credit	$ 1,130,126	1,236,686
Range of interest rates	0.88%~1.05%	0.88%~1.10%

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

As of December 31, 2017 and 2016, The Group's acceptance credit for purchases of raw materials amounted to $8,917 and $11,017, respectively.

(n) Long-term loans

The details of long-term loans were as follows:

	2017.12.31	2016.12.31
Secured bank loans	$ 400,000	-
Less: discount on long-term loan	(1,754)	-
Total	$ 398,246	-
Unused long-term credit lines	$ 400,000	800,000
Range of interest rates	1.7895%	-

On November 17, 2016, The Group entered into a syndicated loan agreement with eight banks leaded by Tai Shin Bank for the period from the date of first borrowing to the end of the three-year term. The financial facility amounted to $800,000. As of December 31, 2016, the Group has not utilized this loan amount. On August 15, 2017, an amount of $400,000 was borrowed. Repayment will be made in three installments, every six months after the expiration of two years from the borrowing date. The first and second repayments will be $80,000 respectively. The third repayment will be $240,000.

The concerned restricted terms are as follows:

During the term of this loan, The Group promises that the annual consolidated financial report should maintain the following financial ratios. If the following requirements are not met, The Group should adjust them within nine months after the end of the fiscal year. If the adjusted financial ratios verified by a certified public accountant agree with the requirements, it would not be regarded as a breach of the agreement. During the adjustment period, the unused credit line shall be suspended until the concerned financial ratios are met. However, the renewing of concerned revolving credit line is not the case, therefore, from the next interest payment date after the management bank notifies the non-compliance with the required financial ratios to the next interest payment date after the concerned financial ratios are adjusted to meet the requirements, the lending interest rate of each loan in this agreement should be increased by 0.125%. After the majority of concerned banks resolve to grant the exemption requested by the Group, the aforementioned interest rate increase would be waived.

(1)Debt ratio (debt / net worth) remains below 150% (inclusive).

(2)Current ratio (current assets / current liabilities) remains above 100%.

(3)Interest coverage ratio (pre-tax income + interest expense + depreciation + amortization / interest expense)/) maintains 2.5 times (inclusive) or more.

(4)Minimum net tangible net worth (net worth-intangible assets) remains above TWD1,600,000 (inclusive).

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.

(o) Operating lease

(i)The Group as lessee

Based on current lease terms, future rental commitments of non-cancellable lease are as follows:

	2017.12.31	2016.12.31
Less than one year	$ 7,748	14,072
Between one and five years	8,845	11,547
Over five years	2,434	-
	$ 19,027	25,619

The Group leases land, several offices, warehouses and factory facilities under operating leases. The leases typically run for a period of 1 to 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 lease recognized in profit or loss were $15,598 and $15,928 for the years ended December 31, 2017 and 2016, respectively.

(ii)The Group as lesser

AS of November, 2017, the Group leased out its investment properties to third parties under operating lease please refer to note6 (k). On December 31, 2016, the future minimum lease receivable under non-cancellable leases is as follows:

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

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

(p) Employee benefits

(i) Defined benefit plan

The defined benefit obligation was as follows:

		2017.12.31	2016.12.31
Present value of defined benefit obligations	$	182,028	186,226
Fair value of plan assets		(99,030)	(97,721)
Net liabilities of defined benefit obligations	$	82,998	88,505

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plan (covered by the Labor Standards Law) entitles a retired employee to receive a lump-sum payment based on years of service and average salary for the six months prior to retirement.

1. Composition of plan assets

The Group set aside pension funds in accordance with the legislation from the Ministry of Labor and managed by the Bureau of Labor Funds. The annual budget for the allocation of the minimum income cannot be lower than the income calculated based on the interest rate of the banks' two-year time deposit in accordance with the legislation "Management and Utilization of the Labor Pension Funds".

The Group's labor pension reserve account balance in Bank of Taiwan amounted to $99,030 as of December 31, 2017. The utilization of the labor pension fund assets includes the asset allocation and yield of the fund. Please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2. Changes in present value of the defined benefit obligation 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 liability			
－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. Changes in present value of plan assets were as follows:

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

4. Cost recognized in profit or loss

		2017	2016
Current service cost	$	599	670
Interest cost on net defined benefit liability (asset)		1,294	1,547
	$	1,893	2,217
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 of the net defined benefit liability (assets) recognized in other comprehensive income

The remeasurement of the net defined benefit liability (assets) recognized in other comprehensive income was 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

The following are the Group's principal actuarial assumptions:

	2017.12.31	2016.12.31
Discount rate at December 31	1.625%	1.500%
Future salary increases	2.750%	2.750%

The expected amount of contributions for the following year after the reporting date is $4,270. The weighted-average duration of the defined benefit obligation 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:

	Present value of defined benefit obligation	
	Increase	**Decrease**
December 31, 2017		
Discount rate (change of 0.25%)	(7,500)	7,896
Change in future salary (change of 0.25%)	7,701	(7,344)
December 31, 2016		
Discount rate (change of 0.25%)	(7,971)	8,386
Change in future salary (change of 0.25%)	8,175	(7,786)

The sensitivity analysis above analyzing the effects of changes in single assumptions is based on other assumptions remaining unchanged. In actuality, changes in some assumptions may be linked together. The sensitivity analysis and calculation of the net pension liability on the balance sheet were performed using the same approach.

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

(ii) Defined contribution plan

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

The pension benefit of Dong Guan Emerging Display Limited, Emerging Display Technologies Co., USA, EDT-Europe ApS, Emerging Display Korea and EDT-Japan Corp. are based on their respective local regulation of defined contribution plan. The accrued expenses should be recognized as current expenses. Besides, Ying Dar Investment Development Corp., Bae Haw Investment Development Corp., Ying Cheng Investment Corp., Emerging Display International (Samoa) Corp. and Tremendous Explore Corp do not have any employee and pension plan. Therefore, there is no pension benefit obligation required.

Details of the Group’s pension costs under the defined contribution method were as follows:

	2017	**2016**
Operating Cost	$ 22,814	22,528
Selling expenses	4,989	5,356
General and administrative expenses	1,999	1,883
Research and development expenses	2,276	2,137
	$ 32,078	**31,904**

(q)Income tax

(i) The amounts of income tax expense (benefit) were as follows:

		2017	2016
Current tax expense(loss)			
Current	$	21,328	13,990
Adjust previous current tax		184	2,108
		21,512	16,098
Deferred tax expense			
Origination and reversal of temporary differences		(3,605)	20,337
Change in unrecognized deductible temporary differences		(6,270)	(8,297)
		(9,875)	12,040
Income tax expense	**$**	**11,637**	**28,138**

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

The amounts of income tax recognized in other comprehensive income were as follows:

		2017	2016
Unrealized gain (loss) on available-for-sale financial assets	**$**	**(270)**	**(1,086)**

Reconciliation of income tax and profit before tax is as follows:

		2017	2016
Income before income tax	**$**	**67,208**	**215,984**
Income tax calculated based on the Group’s tax rate	$	11,425	36,717
Effect of overseas income tax differences		841	457
Income tax already paid abroad		76	150
Tax-exempt income		(3,154)	(3,531)
Adjustment for prior year		184	2,108
Change in unrecognized temporary differences		(6,270)	(8,297)
10% income tax imposed on retained earnings		9,116	3,870
Investment tax credits		(3,900)	-
Others		3,319	(3,336)
Total	**$**	**11,637**	**28,138**

(ii) Deferred tax assets and liabilities

1.Unrecognized deferred tax assets

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

	2017.12.31	2016.12.31
Unrealized inventory valuation and obsolescence loss	$ -	4,711
Pension cost	12,479	13,075
Temporary variances related to invest 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 Group can utilize the benefits therefrom.

2. Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2017 and 2016 were as follows:

Deferred tax liabilities:

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

Deferred tax assets:

	Tax loss carry-forward	Inventory valuation loss	Unrealized sales profit	Unrealized foreign exchange loss	Others	Total
Balance at January 1, 2017	$ -	9,755	3,433	-	12,710	25,898
Recognized in profit or loss	-	3,090	(1,334)	5,270	37	7,063
Recognized in other comprehensive income	-	-	-	-	(270)	(270)
Balance at December 31, 2017	$ -	12,845	2,099	5,270	12,477	32,691
Balance at January 1, 2016	$ 19,794	881	4,171	-	13,905	38,751
Recognized in profit or loss	(19,794)	8,874	(738)	-	(109)	(11,767)
Recognized in other comprehensive income	-	-	-	-	(1,086)	(1,086)
Balance at December 31, 2016	$ -	9,755	3,433	-	12,710	25,898

(iii) Approval of income tax

The Group's income tax returns for all fiscal years up to 2015 have been examined and approved by the R.O.C. tax authority.

(iv) The components of the Group's unappropriated retained earnings were as follows:

	2017.12.31	2016.12.31
1997 and prior years	$ -	-
1998 and thereafter	-	220,322
	$ - (Note)	**220,322**
Balance of imputation credit	**$ -** (Note)	**2,376**

	2017(Expected)	2016(Actual)
Tax creditable ratio for earnings distributed to residents in R.O.C.	**(Note)**	**5.78%**

The aforementioned information has been prepared in accordance Tai-Tsai-Suei Letter no. 10204562810 dated October 17, 2013, issued by the Ministry of Finance.

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.

(r) Share capital and other equities

(i) Common stock

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 TWD10 per share.

Issued shares are as follows:

	Common Stock	
(Expressed in thousand of shares)	**2017**	**2016**
Balance at January 1, 2017	194,908	214,908
Cancellation of treasury shares	(11,500)	(20,000)
Balance at December 31, 2017	**183,408**	**194,908**

As of December 31, 2017, and 2016, excluding shares of treasury stock that had been purchased by the Company and shares of stock held by the subsidiaries, outstanding shares of stock are 162,613 thousand shares and 174,113 thousand shares, respectively.

(ii) Capital surplus

Capital surplus was as follows:

	2017.12.31	2016.12.31
Treasury stock	**$ 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 earnings

Base on the regulations of our Company, if the Company's annual final accounts show surplus, it shall first pay the taxes, offset past annual loss, and then set 10% as regulatory surplus reserve. However, it is not applicable if the statutory surplus reserve has reached our Company's paid-up capital. Also based on the Company's operational needs and regulatory requirements, provisions shall be make for special reserve. If there are still surplus, the board of directors shall draft a surplus distribution proposal by combining it with the undistributed surplus at the beginning of period., on not more than 80% of the year's distributable surplus, and submit to the shareholders meeting for approval.

The Company's industry is in a stable growth phase. It has adopted a residual dividend policy based on its future capital budget plan and operating capital needs. The Company also takes the effects of dilutive potential shares and the effect on ROE into consideration in calculating EPS. Therefore, the distribution policy gives priority to cash dividends and then share dividends. However, the cash dividend distribution should not be lower than 50 percent of the total dividend distribution of the current year.

a. Legal reserve

According to the ROC Company Act, the Company must retain 10% of its annual income as a legal reserve until such retention equals the amount of paid-in capital. When a Company incurs no loss, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve by issuing new shares or distributing cash for the portion in excess of 25% of the paid-in capital.

b. Special reserve

In accordance the Ruling NO.1010012865 issued by the Financial Supervisory Commission on April 6, 2012, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholder's equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholder's equity for additional distributions. As of December 31, 2017, and 2016, the special reserve $87,612 and $62,110 have been approved by the annual shareholders' meeting, respectively.

In accordance with Ruling No. 1010047490 issued by the Financial Supervisory Commission 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, the special reserve $36,098 and $34,338 have been approved by the annual shareholders' meeting, respectively.

c.Earnings distribution

The appropriation from the retained earnings of 2016 and 2015 have been approved by the annual shareholders meeting on June 8, 2017 and June 7, 2016. The appropriation and dividend per share were as follows:

	2016	2015
Dividends distributed to ordinary shareholders		
Cash dividend to shareholders (TWD)	$ 0.40852705 (Note1)	0.31905693(Note2)

Note1: The Company's shareholders meeting resolved to pay dividends $0.4 per share but adjusted to TWD0.40852705 per share due to treasury stock affected outstanding shares

Note2: The Company's shareholders meeting resolved to pay dividends $0.3036 per share but adjusted to TWD0.31905693 per share due to treasury stock affected outstanding shares

(iv) Other equity

	Foreign exchange differences arising from foreign operation	Unrealized gains and losses from available-for-sale investment	Total
January 1, 2017	$ (293)	(87,319)	(87,612)
Changes of the Group	(8,416)	21,156	12,740
Balance as of December 31,2017	$ (8,709)	(66,163)	(74,872)
January 1, 2016	$ 9,532	(108,533)	(99,001)
Changes of the Group	(9,825)	21,214	11,389
Balance as of December 31,2016	$ (293)	(87,319)	(87,612)

(v) Treasury stock

The changes of treasury stocks were as follows:

Reason to buy back	Beginning shares	Increase shares	Decrease shares	Ending shares
2017				
Maintain the Company's credit and stockholders' equity	-	11,500	(11,500)	-
Transfer to employees	12,000	-	-	12,000
	12,000	11,500	(11,500)	12,000
2016				
Maintain the Company's credit and stockholders' equity	14,000	6,000	(20,000)	-
Transfer to employees	-	12,000	-	12,000
	14,000	18,000	(20,000)	12,000

Resolutions were passed during the board meetings held on January 5, February 20, 2017, respectively for the Company to repurchase 11,500 shares of its stock with face value$115,000, which were completed. The Company's Board of Directors approved to retire 11,500 thousand shares of treasury stock on February 9 and May 9, 2017 and repurchase 18,000 thousand shares of it stock on February 15, October 19, November 9, 2016, which were completed. Resolution passed during the board meeting held on January 14, December 5, 2016, to retire 20,000 thousand shares of its treasury stock with a face value$200,000. The related registration procedures had been finished.

In accordance with the requirements under section 28(2) of the Securities and Exchange Act, the number of shares repurchased should not exceed 10 percent of all common shares issued. Also, the value of repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. The above amount did not exceed the statutory limit.

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

Ying Dar Corp. and Bae Haw Corp., 100%-owned 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.

(s) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	2017	2016
Basic earnings per share		
Profit (loss) attributable to owners of parent	$ 54,314	187,772
Weighted-average number of common shares at end of year (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 owners of parent	$ 54,314	187,772
Weighted-average number of common shares (expressed in thousands of shares)	163,779	181,702
Effect of potentially dilutive common stock:		
－Employee bonus (expressed in thousands of shares)	533	1,399
Weighted-average number of common 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 common stock for the years ended December 31, 2017 and 2016, the weighted-average numbers of shares of common stock outstanding excluded 8,794 thousand shares of common stock held by the Group’s subsidiaries as treasury stock.

(t) Revenue

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

		2017	2016
Sales of goods	$	3,005,136	3,178,919

(u) Employee compensation, and directors’ and supervisors’ remuneration

According to the Company’s articles of association, the Company should contribute no less than 5% of the profit as employee compensation and a maximum of 3% as directors’ and supervisors’ remuneration when there is profit for the year. However, certain amounts of the earnings should be reserved if there is an accumulated loss from operations in previous years in advance of the appropriation of the employee bonuses. The aforementioned employee bonuses will be distributed in cash or stock to employees who satisfy certain specifications of the Company and its affiliates.

For the year ended December 31, 2017 and 2016, the Company accrued the compensation of employees amounted to $3,476 and $11,500, respectively and the remuneration of directors' and supervisors' amounted to $2,086 and $6,900, respectively. The compensation of employees, remuneration of directors and supervisors were estimated as the Company’s net income before tax, excluding compensation of employees and remuneration of directors and supervisors, multiplied by the appropriate percentage in compliance with the Company’s articles. These expenses were recognized in operating costs and operating expenses for the respective period. The previous distribution of compensation to employees, remuneration of directors and supervisors approved by Board of Directors had no difference with the accrued amount for year 2017 and 2016 consolidated financial reports. For related information, please go to website: http://emops.twse.com.tw.

(v) Other operating income and expenses

Other operating income and expenses were rental revenue.

(w) Non-operating income and expenses

(i) Other income

Details of other income were as follows:

		2017	2016
Interest income			
Bank deposits	$	13,217	3,615
Other loans and receivables		157	241
Dividend Income		7,726	8,647
Others		2,804	8,846
	$	23,904	21,349

(ii) Other gains and losses

Details of other gains and losses were as follows:

		2017	2016
Foreign exchange gains (losses), net	$	(82,968)	828
Net gains on disposal of investments and financial liability			
Net gains on disposal of Available-for-sale financial assets		19,173	11,632
Others		-	(158)
Net gains on disposal of financial assets at fair value through profit or loss		(14,206)	10,954
Net gains on disposal of investment property		24,556	-
Net gains on disposal of fixed asset		568	365
Gain on reversal of impairment loss on investment property		5,664	-
Others		(3,144)	(1,619)
	$	(50,357)	22,002

(iii) Finance costs

Details of finance costs were as follows:

		2017	2016
Interest expenses			
Bank loans	$	10,338	11,762
Management fee of syndicated loan		517	-
	$	10,855	11,762

(x) Reclassified adjustments of the components in other comprehensive income

Details of the Reclassified adjustments of the components in other comprehensive income were as follows:

		2017	2016
Available-for-sale financial assets			
Net change in fair value occurred in current year	$	39,091	34,551
Net change in fair value reclassified to income		(17,191)	(11,832)
Net change in fair value recognized in other comprehensive income	$	21,900	22,719

(y) Financial instruments

(i) Credit risk

1. Exposure to credit risk

The Group’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 Group continuously evaluates customers’ financial condition, and requires customers to provide a guarantee if necessary. The Group 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. The Group has no significant concentration of its accounts receivable as of December 31, 2017 and 2016.

(ii) Liquidity risk

Details of financial liabilities categorized by due dates were as follows. The amounts include interest expenses but exclude the impacts of negotiated net amounts.

	Carry amount	Contracted cash flows	Due within 6 months	Due in 6-12months	Due in 1-2 years	Due in 2-5 year	Due in 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(non-interest bearing)	343,654	(343,654)	(343,654)	-	-	-	-
Notes payable (non-interest bearing	1,141	(1,141)	(1,141)	-	-	-	-
Other payable (non-interest bearing)	81,396	(81,396)	(81,396)	-	-	-	-
Guarantee deposits received (non-interest bearing)	34	(34)	-	-	(34)	-	-
	$ 1,381,471	(1,402,097)	(987,202)	(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(non-interest bearing)	344,224	(344,224)	(344,224)	-	-	-	-
Notes payable (non-interest bearing)	2,203	(2,203)	(2,203)	-	-	-	-
Other payable (non-interest bearing)	87,760	(87,760)	(87,760)	-	-	-	-
Guarantee deposits received (non-interest bearing)	160	(160)	-	-	-	(160)	-
	$ 1,146,347	(1,146,639)	(1,146,479)	-	-	(160)	-

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

(iii) Foreign currency risk

1. Exposure to foreign currency risk

Significant financial assets and liabilities exposed to foreign currency risk were as follows:

	2017.12.31			2016.12.31		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
Financial assets						
Monetary items						
USD	$ 59,972	29.76	1,725,249	46,679	32.25	1,505,389
JPY	7,511	0.2642	1,984	47,505	0.2756	13,092
CNY	47	4.565	214	4,165	4.617	19,231
Non-monetary items						
USD	8,280	29.76	246,400	6,635	32.25	213,985
Financial liabilities						
Monetary items						
USD	8,852	29.76	263,445	8,961	32.25	288,996
JPY	28,159	0.2642	7,440	22,992	0.2756	6,337
TWD	4,752	1	4,752	-	-	-

2. Sensitivity analysis

The foreign currency risk was mainly incurred 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, the exchange rate of the TWD versus the USD, CNY, and JPY increases or decreases by 1%, given no changes in other factors, profit after tax will increase or decrease by $12,038 and $10,234, respectively.

3.Exchange gain or loss

The Group has variety kinds of functional currencies, hence we use summarized method to disclose exchange gain(loss) of monetary items. For year 2017 and 2016, foreign exchange loss (including realized and unrealized) amount to $82,968 and gain $828, respectively.

(iv) Interest rate analysis

Please refer to liquidity risk management for the detail of the Group's financial assets and financial liabilities' interest exposure.
The sensitivity analysis of interest was made based on the interest rate of derivative and non-derivative instruments at the reporting date. The analysis of liabilities bearing floating interest rates was prepared based on the assumption that the outstanding amount at the reporting date had existed for the whole year.

The rate of change used by the Consolidated Group as interest to report to the management lever is ±1% of the interest rate. This also represents the management's assessment of the reasonable scope of 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 price risk

If the equity securities price changes on the reporting date (adopt the same basis of analysis for both period, with the assumption that other variable factors remain unchanged), the impact on the comprehensive gain or loss items are as follows:

	2017		2016	
Equity price at reporting date	**After tax amount of other comprehensive income**	**After tax profit/loss**	**After tax amount of other comprehensive income**	**after tax profit/loss**
Increase3%	$ 11,271	-	11,199	-
Decrease 3%	$ (11,271)	-	(11,199)	-

(vi) Fair value

1. Categories and fair values of financial instruments

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information on financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value and on investments in equity instruments which do not have any quoted price in an active market.

	2017.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Stocks in listed companies	$ 153,616	153,616	-	-	153,616
Open-end fund	264,014	264,014	-	-	264,014
Financial assets carried at cost	185,000	-	-	-	-
	602,630				
Loans and receivables					
Cash and Cash equivalent	1,148,720	-	-	-	-
Debt instrument without active market	4,970	-	-	-	-
Account Receivables	490,408	-	-	-	-
Other Account Receivables	16,702	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	8,745	-	-	-	-
	1,669,545				
Total financial assets	$ 2,272,175				
Financial liabilities at amortized cost					
Bank loans	$ 955,246	-	-	-	-
Notes payable	1,141	-	-	-	-
Account payable	343,653	-	-	-	-
Other payable	81,396	-	-	-	-
Guarantee deposits received	34	-	-	-	-
Total financial liabilities	$ 1,381,470				

	2016.12.31				
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
SWAP Contract	$ 4,655	-	4,655	-	4,655
Available-for-sale financial assets					
Stocks in listed companies	241,716	241,716	-	-	241,716
Open-end fund	167,189	167,189	-	-	167,189
Financial assets carried at cost	185,000	-	-	-	-
	593,905				
Loan and receivables					
Cash and Cash equivalent	744,653	-	-	-	-
Debt instrument without active market	421,535	-	-	-	-
Account Receivables	376,421	-	-	-	-
Other Account Receivables	19,602	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	8,735	-	-	-	-
	1,570,946				
Total financial assets	$ 2,169,506				
Financial liabilities at amortized cost					
Bank loans	$ 712,000	-	-	-	-
Notes payable	2,203	-	-	-	-
Account payable	344,224	-	-	-	-
Other payable	87,760	-	-	-	-
Guarantee deposits received	160	-	-	-	-
Total financial liabilities	$ 1,146,347				

2. The Group measures its assets and liabilities use input observable market data. The fair value hierarchy categorizes the inputs used in valuation techniques 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 methodology and assumptions used by the Group to estimate without using fair-value measures are as follows:

   For financial liabilities measured at amortized coat, if there is a quotation for a transaction or market marker, the latest transaction price and quotation information are used as a basis for assessing the fair value; if no market balue for reference, use evaluation method to estimate. The estimate and assumptions used in the evaluation method are to estimate the fair value according to the discounted value of the cash flow. Because of the short maturities of these instruments, the Group 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.

   The fair values of the Group'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 Swap contracts is based on quoted prices from the counterparty.

5. Transfer between level 1 and level 2

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

(z) Financial risk management

(i) Overview

The extent of risk exposure arising from the use of financial instruments was as follows:
1) Credit risk
2) Liquidity risk
3) Market risk

The Group's risk management objective, policies and procedures and the exposure risk arising from the aforementioned risks are disclosed below. For more quantitative information, please refer to other notes to the consolidated financial statements.

(ii) Risk management framework

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

The Group’s risk management policies are established to identify and analyze the risks faced by the Group, 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, products and services offered. The Group, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The supervisor of the Group oversees how the management complies in monitoring the Group’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The supervisor is assisted in its oversight role by an internal Audit. An 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.

(iii) Credit risk

Credit risk is the risk of financial loss of the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, which arises principally from the Group’s accounts receivable, bank deposits and foreign exchange derivative instruments.

(1) Accounts receivable and other receivables

The credit risk is impacted by the individual situation of each client. The Group 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 Group 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 Group reviews credit limits periodically and requires customers to pay in advance when the customers’ credit ratings did not meet the benchmark.

The Group 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 specific loss component that relates to individually significant exposure and collective loss component, wherein, the loss is incurred but not identified. The collective component is based on historical payment experience of similar financial assets.

(2) Investments

The credit risk exposure in the bank deposits and derivative financial instruments are measured and monitored by the finance department. Since the Group’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 investment target is under the Group’s affordable level.

(iv) Liquidity risk

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

As of December 31, 2017 and 2016, the Group has unused credit facilities for short-term amounting to $1,530,126 and $2,036,685, respectively.

(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 Group'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 Group engages in derivative financial instruments trading in order to manage the market risk, thus, generating financial liabilities or financial assets, all the execution of those transactions were under the Board's instruction.

(1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan dollar TWD), US dollar (USD), Japan Yen (JPY), Danish Krone (DKK), China Yuan (CNY) and Korean Won (KRW). The currencies used in these transactions are the TWD, USD, JPY and CNY.

At any point of time, the Group's principle is to hedge using the net values after offsetting payables and receivables or assets and liabilities which are generated by business operation. The Group mainly hedges its currency risk using the foreign exchange agreements wherein the maturity date is less than 6 months.
The 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 Group, primarily the New Taiwan Dollars (TWD) and US Dollars (USD).

When the assets and liabilities denominated in a currency other than a functional currency had a short-term imbalance, the Group 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 risk

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

(3) Other market price risk

The Group is exposed to equity price risk due to the investments in equity instruments that contain unsure future prices. Therefore, the Group monitors and manages the equity investments by holding different investment portfolio and regularly updating the information of equity instruments.

(aa) Capital management

The Board's 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 Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group meets its objectives in managing its capital to safeguard the capacity to continue to operate, to continue to provide a return on shareholders and 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 Group 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 Group 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, 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. In 2017, the Company’s capital management strategy is consistent with the prior year. The Group’s debt-to-equity ratio at the end of the reporting period as at December 31, 2017 and 2016, is as follows:

	2017.12.31	2016.12.31
Net debt	$ 51,211	254,966
Total equity	$ 1,917,562	2,040,669
Debt-to-equity ratio	2.67%	12.49%

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 is lower than which on December 31, 2016.

(7) Transactions with Related Parties

Compensation of key management personnel

The information on key management personnel compensation was as follows:

	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 of its own cars with carrying amount of $12,800, and five of its own cars with carrying amount of $10,487,respectively, and another rental car with rental expense of $905 per year for key management personnel use.

(8) Pledged Assets

The details and carrying values of pledged assets were as follows:

Pledged assets	Purpose	2017.12.31	2016.12.31
Bond investments without active market－current－time deposits	Guarantee for customs and government grants	$ 1,521	1,014
Investment property	Guarantee for short-term borrowings	-	14,277
Bond investments without active market－current－time deposits	Guarantee for short-term borrowings	2,902	419,414
Other financial assets－noncurrent－time deposits	Guarantee Letter of Credit for lease contracts	547	1,107
Property, plant and equipment－buildings	Guarantee for long-term borrowings	215,140	-
		$ 220,110	435,812

(9) Commitments and Contingencies

(a) As of December 31, 2017 and 2016, The Group'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 Group has signed contracts for the purchase of equipments.

The unrecognized contingencies of contracts for the purchase of property, plant and equipment amounted to $11,384 and $9,500, respectively.

(10) Losses Due to Major Disaster: None

(11) Significant Subsequent Event:

(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.

(12)Others

The details of the Group's employee benefits, depreciation, and amortization were as follows:

	2017			**2016**		
	Recorded as operating cost	**Recorded as operating expenses**	**Total**	**Recorded as operating cost**	**Recorded as operating expenses**	**Total**
employee benefits:						
Salaries and wages	360,784	178,696	539,480	385,170	196,459	581,629
Labor and health insurance	39,688	13,616	53,304	40,584	13,086	53,670
Pension expense	24,298	9,673	33,971	24,288	9,833	34,121
Other personnel cost	27,609	5,860	33,469	28,304	5,872	34,176
Depreciation	81,087	4,688	85,775	104,599	6,020	110,619
Amortization	639	540	1,179	667	398	1,065

(13) Supplementary Disclosure Requirements

(a) Information on significant transactions:

In accordance with the ROC "Guidelines Governing the Preparation of Financial Reports by Securities Issuers", the required disclosures for the year ended December 31, 2017 were as follows:

(1) Loans extended to other parties: None

(2) Guarantees provided to other parties: None

(3) Securities owned as of December 31, 2017 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship between the Investee and the company	Financial statement account	December 31.2017				Highest ratio during the year	Remarks
				Units (shares)	Carrying value	Ratio	Market value (or net equity value)	Ratio	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets carried at cost－noncurrent	1,000,000	10,000	5.00%	(Note 1)	5.00%	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets carried at cost－noncurrent	1,000,000	25,000	2.17%	(Note 1)	2.17%	-
The Company	Innolux Corp. stock	-	Available-for-sale financial assets－current	1,147,089	14,224	0.01%	14,224	0.01%	-
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	0.05%	-
The Company	Taiwan Cement Corp., Ltd. Stock	-	Available-for-sale financial assets－current	300,000	10,935	0.01%	10,935	0.01%	-
The Company	Synnex Technology International Co. , Ltd. Stock	-	Available-for-sale financial assets－current	474,600	19,245	0.03%	19,245	0.03%	-
The Company	Pegatron Co., Ltd. stock	-	Available-for-sale financial assets－current	216,000	15,552	0.01%	15,552	0.01%	-
The Company	Mega Financial Holding Co., Ltd stock	-	Available-for-sale financial assets－current	555,000	13,348	-	13,348	-	-
The Company	Coasia Microelectronics Corp.	-	Available-for-sale financial assets－current	441,508	6,622	0.32%	6,622	0.32%	-
The Company	Shian Yih Electronic Co., Ltd. Stock	-	Available-for-sale financial assets－current	480,000	13,632	0.78%	13,632	0.78%	-
The Company	Edmond de Rothschild Europe Convertibles)	-	Available-for-sale financial assets－current	8,468.12	26,733	-	26,733	-	-
The Company	JPMorgan Asia Pacific Income Fund A (mth)	-	Available-for-sale financial assets－current	94,696.97	62,874	-	62,874	-	-
The Company	Fidelity Funds - Euro Balanced Fund	-	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	-	Available-for-sale financial assets－current	2,000,000	17,615	-	17,615	-	-
The Company	UBS US High Yield Fund(USD)	-	Available-for-sale financial assets－current	3,700.00	31,283	-	31,283	-	-
The Company	BlackRock Emerging Market Bond Fund A2 (USD)	-	Available-for-sale financial assets－current	56,561.09	30,753	-	30,753	-	-
The Company	JPM Global Income A (acc)	-	Available-for-sale financial assets－current	11,490.71	62,671	-	62,671	-	-
Ying Dar Investment Development Corp.	Shian Yih Electronic Co., Ltd. stock	-	Available-for-sale financial assets－current	550,000	15,620	0.90%	15,620	0.90%	-
Ying Dar Investment Development Corp.	AGV Products Corporation stock	-	Available-for-sale financial assets－current	101,500	761	0.02%	761	0.02%	-
Ying Dar Investment Development Corp.	The Company's stock	The Group	Available-for-sale financial assets－noncurrent	5,346,672	53,467	2.92%	53,467	2.74%	(Note 2)
Bae Haw Investment Development Corp.	Everest Technology Inc.	-	Financial assets carried at cost－noncurrent	1,000,000	-	1.47%	(Note 1)	1.47%	-
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	0.62%	-
Bae Haw Investment Development Corp.	The Company's stock	The Group	Available-for-sale financial assets－noncurrent	3,447,716	34,477	1.88%	34,477	1.88%	(Note 2)
Ying Cheng Investment Corp	Chenfeng Optronics Corp. stock	-	Financial assets carried at cost－noncurrent	6,000,000	150,000	13.03%	(Note 1)	13.03%	-

Note 1: Fair value can't be reasonably estimated and reliably measured.
Note 2: It was eliminated in the consolidation.

(4) Accumulated trading amount of a single security in excess of $300 million or 20% of the Group's issued share capital: None

(5) Acquisition of property, plant and equipment in excess of $300 million or 20% of issued share capital: None.

(6) Disposal of property, plant and equipment in excess of $300 million or 20% of issued share capital: None.

(7) Sales to and purchases from related parties in excess of $100 million or 20% of issued share capital was as follows:

Purchasing (selling) Group	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 purchases (sales)	Credit line	Unit price	Period for credit	Balance	% of notes and accounts receivable (payable)	
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Sale	1,187,060	40.45%	3 months	Sales prices offered to Emerging Display Technologies Corp., U.S.A. was not significantly different from those offered to other customers.	Considering the special trading practices in North American market, the Group 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%	(Note)
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.	The Group is the only entity the subsidiary provides processing service to.	(96,881)	25.24%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	1,187,060	100%	3 months	The Group is the major supplier for Emerging Display Technologies Corp., U.S.A.	The Group is the major supplier for Emerging Display Technologies Corp., U.S.A.	(352,080)	100%	(Note)
Tremendous Explore Corp.	The Company	Subsidiary of the Company	Sale (processing revenue)	340,128	100%	1-3 months	The Group is the only entity the subsidiary provides processing service to.	The Group is the only entity the subsidiary provides processing service to.	96,881	100%	(Note)
Tremendous Explore Corp.	Dong Guan Emerging Display Limited	Subsidiary of the Company	Purchase (processing cost	342,550	100%	1-3 months	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to.	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to.	(65,241)	86.29%	(Note)
Dong Guan Emerging Display Limited	Tremendous Explore Corp.	Subsidiary of the Company	Sale (processing revenue	342,550	100%	1-3 months	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to.	Tremendous Explore Corp. is the only entity Dong Guan Emerging Display Limited provides processing service to.	65,241	100%	(Note)

Note: It was eliminated in the consolidation.

(8) Receivables from related parties in excess of $100 million or 20% of issued share capital were as follows:

Name of Group	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	-	(Note)

Note: It was eliminated in the consolidation.

(9) Derivative financial instrument transactions:

Please refer to note 6(b).

(10) Significant inter-Group transactions:

No.	Name	Counterparty	Relationship (Note)	Details of transaction			
				Subjects	Amount	Term of trading	% of total consolidated revenue or total asset
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Sales revenue Accounts receivable	1,187,060 352,080	Considering the special trading practices in North American market, the Group set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets. The price in North American market is not significantly different from that in general market.	39.50% 9.96%
0	The Company	Tremendous Explore Corp.	1	processing cost Accounts payable	340,128 96,881	No non-related-party transaction to compare to	11.32% 2.74%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Selling expenses -Commission Other payable	1,087 454	No non-related-party transaction to compare to	0.04% 0.01%
0	The Company	EDT-Europe ApS	1	Selling expenses -Commission Other payable	48,415 3,332	No non-related-party transaction to compare to	1.61% 0.09%
0	The Company	Emerging Display Technologies Korea	1	Selling expenses -Commission	4,052	No non-related-party transaction to compare to	0.13%
0	The Company	EDT-Japan Corp.	1	Selling expenses -Commission Other payable	8,824 623	No non-related-party transaction to compare to	0.29% 0.02%
1	Tremendous Explore Corp.	Dong Guan Emerging Display Limited	3	Processing revenue Accounts receivable	342,550 65,241	No non-related-party transaction to compare to	11.40% 1.85%
1	Tremendous Explore Corp.	Dong Guan Emerging Display Limited	3	Purchase material	161,755	No non-related-party transaction to compare to	5.38%

Note: Relationship notes as follows,
1. Parent Group to subsidiary
2. Subsidiary to parent Group
3. Subsidiary to subsidiary

(b) Information on investees

Relevant information about investees is as follows: (excluding investments in Mainland China)

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Highest Ratio during the year	Net income (loss) of the investee	Investment income (less) recognized	Remarks
				December 31, 2017	December 31, 2016	Number of shares	Percentage owned	Carrying value				
The Company	Emerging Display Technologies Corp., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	65,537 (Note1)	100.00%	377	(367)	Subsidiary (Note 3)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	89,772	78.49%	1,944	1,526	Subsidiary (Note 3))
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00%	1,720	100.00%	224	224	Subsidiary (Note 3)
The Company	Tremendous Explore Corp.	BVI	Trading	-	-	50,000	100.00%	(7,382)	100.00%	(3,181)	(3,181)	Subsidiary (Note 3)
The Company	Emerging Display Technologies Korea	Korea	Trading	1,677	1,677	58,212,500	100.00%	1,145	100.00%	34	34	Subsidiary (Note 3)
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	2,855	100.00%	(3,549)	(3,549)	Subsidiary (Note 3)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	25,382	100.00%	4,183	1,999 (Note2)	Subsidiary (Note 3)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	33,709	100.00%	2,859	1,450 (Note2)	Subsidiary (Note 3)
The Company	Ying cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	85,355	52.50%	2,476	1,300	Subsidiary (Note 3)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	6,748	5.90%	1,944	115	Subsidiary (Note 3)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	13,050	11.41%	1,944	222	Subsidiary (Note 3)

Note 1: It was deducted unrealized profit from sales $12,338.

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

Note 3: It was eliminated in the consolidation.

(c) Information on investments in Mainland China:

(1) Related information regarding investments in Mainland China

The related information regarding the Group's investments in Mainland China is summarized as follows:

Investee Group	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan. 1, 2017	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of Dec. 31, 2017	Net income of investee	The Group's direct or indirect investment ratio	Highest ratio during the year	Investment gain (loss) recognized by the Group	Book value of the investment as of Dec. 31, 2017	Accumulated investment income repatriated to Taiwan as of Dec. 31, 2017
					Remittance	Repatriation							
Dong Guan Emerging Display Limited	Manufacturing of LCDs and Touch panel	248,516 (US$ 7,625,300)	Investing through a third country by establishing a holding Group in a third country.	219,225 (US$6,746,936) (Note1)	-	-	219,225 (US$6,746,936)	1,834	95.80% (Note2)	95.80%	1,757 Based on the investee's financial statements audited by the same auditor as the Group (Note 3)	100,575 (Note4)	-

(2) Upper limit on investment in Mainland China

Accumulated investment amount remitted from Taiwan to Mainland China as of December 31, 2017	Investment amount approved by the Investment Commission, Ministry of Economic Affairs	Limit on investment in Mainland China set by the Investment Commission, Ministry of Economic Affairs
206,376(Note 8) (US$6,934,668)(Note5)	415,204(Note 8) (US$13,951,732)(Note6)	1,189,539(Note7)

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 $6,589 (US$187,732) of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. didn't remit back after it had completed liquidation in 2009 due to net loss.

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 $6,589 (US$187,732) of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. didn't remit back after it had completed liquidation in 2009 due to net loss.

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.

(3) Significant transactions:

The significant inter-Group transactions with the subsidiary in Mainland China, which were eliminated in the preparation of the consolidated financial statements, are disclosed in "Information on significant transactions".

(14)Segment Information

(a) General information

The Group has three reportable segments: the domestic segment, the North America segment and the mainland China segment. The domestic segment includes sales division, research develop division and manufacturing division. It engages in designing, manufacturing and selling of liquid crystal displays modules and capacitive touch panel, and functions as operating headquarters of the Group. The North America segment engages mainly in expanding the North American trading business and implements marketing function in North America. The North America segment engages in the sale of liquid crystal displays provided by the domestic segment. The mainland China segment engages in the manufacture of processing raw materials and supplies provided by the domestic segment and it deals mainly in the business of manufacturing liquid crystal display modules and capacitive touch panel.

(b) Information which should be reported includes the segment income, segment assets, and segment liabilities, and their measurement basis and reconciliation information

The reported amounts are consistent with the management reports adopted by decision makers. There was no material inconsistency between the accounting policies of reportable segments and the accounting policies described in note 4. The reportable segments' income was measured using the operating income before tax, which was also used as the basis for performance evaluation. Sales and other transactions among consolidated entities were considered as transactions with third parties and they are measured based on the market value.

Reportable segment information is as follows:

2017	Domestic	North America	Mainland China	Other operating department	Adjustments and elimination	Total
Revenue						
Sales to customers other than consolidated entities	$ 1,747,878	1,256,925	-	333	-	3,005,136
Sales among consolidated entities	1,187,060	1,087	340,128	61,291	(1,589,566)	-
Interest revenue	13,298	2	42	32	-	13,374
Total revenue	$ 2,948,236	1,258,014	340,170	61,656	(1,589,566)	3,018,510
Interest expenses	$ 10,838	-	-	17	-	10,855
Depreciation and amortization	$ 81,674	662	4,417	202	-	86,955
Segment income	$ 64,002	361	(1,040)	(3,219)	7,104	67,208
Segment assets	$ 3,379,433	438,078	137,507	15,588	(435,483)	3,535,123
Segment liabilities	$ 1,643,070	360,385	71,544	9,868	(467,306)	1,617,561

2016	Domestic	North America	Mainland China	Other operating department	Adjustments and elimination	Total
Revenue						
Sales to customers other than consolidated entities	$ 1,673,626	1,504,230	-	1,063	-	3,178,919
Sales among consolidated entities	1,371,463	1,828	360,022	63,448	(1,796,761)	-
Interest revenue	3,787	11	37	21	-	3,856
Total revenue	$ 3,048,876	1,506,069	360,059	64,532	(1,796,761)	3,182,775
Interest expenses	$ 11,758	-	-	4	-	11,762
Depreciation and amortization	$ 102,070	748	8,647	379	(160)	111,684
Segment income	$ 214,486	(3,136)	6,464	(1,713)	(117)	215,984
Segment assets	$ 3,305,133	399,735	170,394	18,313	(439,727)	3,453,848
Segment liabilities	$ 1,438,965	315,942	69,836	8,905	(420,469)	1,413,179

The following is the explanation of material reconciliation item:

1. For the years ended December 31, 2017 and 2016, the operating segments revenue eliminated from the consolidated entities were $1,589,566 and 1,796,761, respectively.
2. For the years ended December 31, 2017 and 2016, the operating segments depreciation and amortization eliminated from the consolidated entities were $0 and 160, respectively.
3. For the years ended December 31, 2017 and 2016, the operating segments profit and loss eliminated from the consolidated entities were $7,104 and 117, respectively.

4. For the years ended December 31, 2017 and 2016, the operating segments assets eliminated from the consolidated entities were $435,483 and 439,727, respectively.
5. For the years ended December 31, 2017 and 2016, the operating segments liabilities eliminated from the consolidated entities were $467,306 and 420,469, respectively.

(c) Products and services information

Sales to customers other than consolidated entities, classified by products and services, were as follows:

Production		**2017**	**2016**
Liquid crystal display modules	$	1,952,434	2,122,797
Capacitive touch panel and capacitive touch panel Module		1,030,670	1,016,096
Other		22,032	40,026
	$	3,005,136	3,178,919

(d) Geographic information

Sales to customers other than consolidated entities, classified by location of customers, were as follows:

Geographic Area		**2017**	**2016**
Mainland China	$	666,807	756,898
Europe		1,136,396	1,077,995
USA		689,302	930,017
Japan		104,064	117,805
Taiwan		316,517	237,232
Korea		43,744	30,911
Other		48,306	28,061
	$	3,005,136	3,178,919

Non-current assets, classified by location of assets, were as follows:

Taiwan	$	334,305	404,362
Mainland China		7,707	11,183
USA		58,910	64,541
Europe		348	170
Other		49	63
	$	401,319	480,319

Non-current assets included in Property, plant and equipment, investment property, intangible assets and other assets, excluding financial instrument and deferred tax assets.

(e) Major customers' information

		2017	**2016**
A from location USA	$	293,407	334,908
B from location Taiwan	$	404,143	404,912