(English Translation of Financial Report Originally Issued in Chinese)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Financial Statements

December 31, 2018 and 2017

(With Independent Auditors' Report Thereon)

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

Table of contents

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, 2018, 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 8, 2019

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, 2018 and 2017, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, 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.

Emphasize Matters

As stated in Note 3(a), the Group initially adopt the IFRS 9, "Financial Instruments" on January 1, 2018, but need not restate prior periods. Our opinion is not modified in respect of this matter.

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(i) 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 products which may result to have an impact on its inventory cost. As a result, there is a risk that the net realizable value of inventory may turn out to be lower than 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 assessing the reasonableness of the provision. Moreover, we assess 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, we also assessed the appropriateness of the provisions and disclosures made by the management.

2. **Valuation of receivables**

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 (g) of the consolidated financial statements.

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 and collection with customers; analyzing the receivable aging report; assessing the reasonableness of the provision of receivable by reviewing the historical receipt and bad debt records, industrial economy, and concentration of credit risk, and considering the adequacy of the Group's disclosures in the accounts in order to evaluate the appropriateness of loss allowances recognized under default risk and expected credit loss model.

Other Matters

We have also audited the parent company only financial statements of Emerging Display Technologies Corp. as of and for the year ended December 31, 2018 and 2017, on which we have issued an unmodified opinion plus an emphasis of matter paragraph.

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 misstatements, 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:

1. 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.

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

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

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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, we have 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.

5. 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.

6. 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 8, 2019

Notes to Readers

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

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

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31,2018 and 2017

(Expressed in thousands of New Taiwan dollars)

Assets	2018.12.31 Amount	%	2017.12.31 Amount	%
Current assets：				
Cash and cash equivalents (Note 6(a))	$ 1,029,113	30	1,148,720	33
Financial assets at fair value through profit or loss, current (Note 6(b))	126,459	4	-	-
Financial assets at fair value through other comprehensive income, current (Note 6(c))	203,906	6	-	-
Available-for-sale financial assets, current (Note 6(d))	-	-	417,630	12
Investments in debt instrument without an active market, current (Notes 6(e) and 8)	-	-	4,423	-
Accounts receivable, net (Note 6(g) and 6 (v))	468,844	14	490,408	14
Other receivables (Note 6(h))	15,840	-	16,702	-
Income tax assets	630	-	1,419	-
Inventories (Note 6(i))	844,538	25	783,309	22
Other current assets (Note 6(j) and 8)	55,271	2	44,210	1
Total current assets	2,744,601	81	2,906,821	82
Non-current assets:				
Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	152,526	5	-	-
Financial assets carried at cost, non-current (Note 6(f))	-	-	185,000	6
Property, plant and equipment (Notes 6(l) ,8 and 9)	455,838	13	391,411	11
Intangible assets (Note 6(n))	2,471	-	3,540	-
Deferred income tax assets (Note 6(s))	28,132	1	32,691	1
Prepayments for business facilities	-	-	6,368	-
Other non-current financial assets (Notes 6(e) , 6(h), 6(j) and 8)	10,500	-	9,292	-
Total non-current assets	649,467	19	628,302	18
TOTAL	$ 3,394,068	100	3,535,123	100

Liabilities AND EQUITY	2018.12.31 Amount	%	2017.12.31 Amount	%
CURRENT liabilities：				
Short-term loans (Notes 6(o) and 6(ae))	$ 370,000	11	557,000	16
Notes payable	720	-	1,141	-
Accounts payable	459,356	14	343,654	10
Other payables	237,415	7	197,414	6
Income tax liabilities	14,199	-	18,235	-
Other current liabilities (Notes 6(v))	14,909	-	18,839	-
Total current liabilities	1,096,599	32	1,136,283	32
Non-current liabilities：				
Long-term loans (Notes 6(p), 6(ae) and 8)	398,888	12	398,246	11
Deferred income tax liabilities (Note 6(s))	932	-	-	-
Net defined benefit liabilities, non-current (Note 6(r))	88,226	3	82,998	3
Guarantee deposits received	264	-	34	-
Total non-current liabilities	488,310	15	481,278	14
Total liabilities	1,584,909	47	1,617,561	46
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Note 6 (t))：				
Capital stock	1,744,076	51	1,834,076	52
Capital surplus	28,226	1	23,873	1
Retained earnings	355,707	10	325,664	9
Other equity interest	(112,570)	(3)	(74,872)	(2)
Treasury stock	(273,209)	(8)	(273,209)	(8)
Total equity attributable to shareholders of the parent	1,742,230	51	1,835,532	52
Non-controlling interests(Note 6(k))	66,929	2	82,030	2
Total equity	1,809,159	53	1,917,562	54
TOTAL	$ 3,394,068	100	3,535,123	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 31,2018 and 2017

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

	2018		2017	
	Amount	%	Amount	%
Operating revenue (Note 6(v) and 6(w))	$ 2,818,735	100	3,005,136	100
Operating cost (Note 6(i , n, r & x) and 12)	2,339,384	83	2,494,474	83
Gross profit	479,351	17	510,662	17
Operating expenses (Note 6(g, n, r & x) and 12):				
Selling expenses	188,586	7	186,388	7
General and administrative expenses	127,386	4	124,587	4
Research and development expenses	103,245	4	96,265	3
Expected credit loss	1,244	-	-	-
Total operating expenses	420,461	15	407,240	14
Net other income (expenses) (Note 6(y))	2,078	-	1,094	-
Operating profit	60,968	2	104,516	3
Non-operating income and expenses(Note 6(z)):				
Other income	34,829	1	23,904	1
Other gains and losses	43,098	2	(50,357)	(2)
Finance costs	(12,266)	-	(10,855)	-
Total Non-operating income and expenses	65,661	3	(37,308)	(1)
Profit before income tax	126,629	5	67,208	2
Income tax expense (Note 6(s))	14,466	1	11,637	-
Profit	112,163	4	55,571	2
Other comprehensive income:				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit obligation **(Note 6(r))**	(7,672)	-	2,991	-
Unrealized losses on investments in equity instruments at fair value through other comprehensive income	(21,734)	(1)	-	-
Income tax related to items that will not be reclassified subsequently **(Note 6(s))**	-	-	-	-
	(29,406)	(1)	2,991	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation	337	-	(8,484)	-
Unrealized gains on available-for-sale financial assets (Note 6(aa))	-	-	21,900	-
Less: Income tax related to items that will be reclassified subsequently (Note 6(s))	-	-	270	-
	337	-	13,146	-
Other comprehensive income, net	(29,069)	(1)	16,137	-
Comprehensive income	**$ 83,094**	**3**	**71,708**	**2**
Profit (loss) attributable to				
Shareholders of the parent	$ 111,926	4	54,314	2
Non-controlling interests	237	-	1,257	-
Net Profit (loss)	**$ 112,163**	**4**	**55,571**	**2**
Comprehensive income attributable to				
Shareholders of the parent	$ 82,274	3	70,045	2
Non-controlling interests	820	-	1,663	-
Total comprehensive income	**$ 83,094**	**3**	**71,708**	**2**
Earnings per share (Note 6(u))(expressed in New Taiwan dollars)				
Basic earnings per share	**$**	**0.71**		**0.33**
Diluted earnings per share	**$**	**0.71**		**0.33**

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 31,2018 and 2017

(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	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains(losses) on available-for-sale financial assets	Treasury stock	Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
Balance at January 1, 2017	$ 1,949,076	33,663	21,614	96,448	220,322	(293)	-	(87,319)	(273,209)	1,960,302	80,367	2,040,669
Profit	-	-	-	-	54,314	-	-	-	-	54,314	1,257	55,571
Other comprehensive income	-	-	-	-	2,991	(8,416)	-	21,156	-	15,731	406	16,137
Total comprehensive income	-	-	-	-	57,305	(8,416)	-	21,156	-	70,045	1,663	71,708
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	18,777	-	(18,777)	-	-	-	-	-	-	-
Special reserve	-	-	-	27,262	(27,262)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(70,025)	-	-	-	-	(70,025)	-	(70,025)
Purchase of treasury stock	-	-	-	-	-	-	-	-	(128,382)	(128,382)	-	(128,382)
Retirement of treasury stock	(115,000)	(13,382)	-	-	-	-	-	-	128,382	-	-	-
Cash dividends to subsidiaries	-	3,592	-	-	-	-	-	-	-	3,592	-	3,592
Balance at 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
Effects of retrospective application	-	-	-	-	(8,314)	-	(79,429)	66,163	-	(21,580)	(14,820)	(36,400)
Balance at January 1,2018 after adjustments	1,834,076	23,873	40,391	123,710	153,249	(8,709)	(79,429)	-	(273,209)	1,813,952	67,210	1,881,162
Profit	-	-	-	-	111,926	-	-	-	-	111,926	237	112,163
Other comprehensive income	-	-	-	-	(7,672)	438	(22,418)	-	-	(29,652)	583	(29,069)
Total comprehensive income	-	-	-	-	104,254	438	(22,418)	-	-	82,274	820	83,094
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	5,431	-	(5,431)	-	-	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	(68,349)	-	-	-	-	(68,349)	-	(68,349)
Reversal of special reserve	-	-	-	(14,498)	14,498	-	-	-	-	-	-	-
Purchase of treasury stock	-	-	-	-	-	-	-	-	(89,237)	(89,237)	-	(89,237)
Retirement of treasury stock	(90,000)	763	-	-	-	-	-	-	89,237	-	-	-
Cash dividends to subsidiaries	-	3,590	-	-	-	-	-	-	-	3,590	-	3,590
Cash dividends distribution of subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,101)	(1,101)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	2,452	-	(2,452)	-	-	-	-	-
Balance at December 31, 2018	$ 1,744,076	28,226	45,822	109,212	200,673	(8,271)	(104,299)	-	(273,209)	1,742,230	66,929	1,809,159

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 31,2018 and 2017

(expressed in thousands of New Taiwan dollars)

	2018	2017
Cash flows from (used in) operating activities		
Profit before tax	$ 126,629	67,208
Adjustments :		
Adjustments to reconcile profit (loss):		
Depreciation expense	66,363	85,775
Amortization expense	3,190	1,179
Expected credit loss / Provision for bad debt expense	1,244	14
Loss on financial assets or liabilities at fair value through profit or loss	7,139	4,655
Interest expense	12,266	10,855
Interest income	(17,316)	(13,217)
Dividend income	(12,926)	(7,726)
Gain on disposal of property, plant, equipment and investment property	(4,152)	(25,124)
Gain on disposal of investments	-	(19,173)
Unrealized foreign exchange loss (gain)	(5,410)	30,173
Gain on reversal of an impairment loss for investment property	-	(5,664)
Total adjustments to reconcile profit	50,398	61,747
Changes in operating assets and liabilities		
Changes in operating assets:		
Accounts receivable	28,170	(134,319)
Other accounts receivable	779	3,952
Inventories	(58,698)	(38,037)
Other current assets	(9,924)	(25,535)
Total net changes in operating assets	(39,673)	(193,939)
Net changes in operating liabilities:		
Notes payable	(421)	(1,062)
Accounts payable	115,954	5,273
Other payables	37,634	(26,883)
Other current liabilities	(4,826)	(2,129)
Net defined benefit liability	(2,444)	(2,516)
Total net change in operating liabilities	145,897	(27,317)
Total net change in operating assets and liabilities	106,224	(221,256)
Total adjustments	156,622	(159,509)
Cash inflow generated from (used in) operating activities	283,251	(92,301)
Interest received	17,399	12,163
Dividends received	12,926	7,726
Interest paid	(11,457)	(10,097)
Income taxes paid	(12,164)	(15,645)
Net cash flows from (used in) operating activities	289,955	(98,154)
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through profit or loss	(58,780)	-
Proceeds from disposal of financial assets at fair value through profit or loss	189,195	-
Acquisition of financial assets at fair value through other comprehensive income	(98,356)	-
Proceeds from disposal of financial assets at fair value through other comprehensive income	22,405	-
Acquisition of available-for-sale financial assets	-	(206,517)
Proceeds from disposal of available-for-sale financial assets	-	238,864
Acquisition of debt instrument without an active market	-	415,973
Acquisition of property, plant and equipment	(118,670)	(27,347)
Proceeds from disposal of property, plant, equipment and investment property	4,214	48,132
Prepayments on long-term equity investment	(2,700)	-
Acquisition of intangible assets	(2,121)	(851)
Decrease in other financial assets	4,350	476
Increase in prepayments on purchase of equipment	-	(5,991)
Net cash flows from (used in) investing activities	(60,463)	462,739
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(187,000)	(155,000)
Increase in long-term loans	-	400,000
Increase (Decrease) in guarantee deposits received	225	(126)
Cash dividends	(65,859)	(66,435)
Payments to acquire treasury shares	(89,237)	(128,382)
Net cash flows from (used in) financing activities	(341,871)	50,057
Effects of changes in foreign exchange rates	(7,228)	(10,575)
Net increase (decrease) in cash and cash equivalents	(119,607)	404,067
Cash and cash equivalents at beginning of year	1,148,720	744,653
Cash and cash equivalents at end of year	**$ 1,029,113**	**1,148,720**

See accompanying notes to consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES
Notes to consolidated financial statements
For the years ended December 31, 2018 and 2017
(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 8, 2019.

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

(a) 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, 2018:

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
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendment to IAS 12 “ Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 40 “Transfers of Investment Property”	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 “Foreign Currency Transactions and Advance Consideration”	January 1, 2018

Except for the following items, the 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 follows:

(i) IFRS 9 "Financial Instruments"

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

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 "Financial Instruments: Disclosures" that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The significant changes in accounting policies due to the application of IFRS 9 are as follows:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. 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. 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. Please refer to Note 4(g) for an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9.

The adoption of IFRS 9 did not have any significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Please refer to Note 4(g) for an explanation of impairment of financial assets under IFRS 9.

3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below: Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in retained earnings and other equity interest as of January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed 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.
- When initial applying date of IFRS 9, the Group may determine that credit risk of debt securities has not increased significantly if the asset has low credit risk.

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018. (There were no changes on the measurement categories and carrying amounts of financial liabilities.)

	IAS39		IFRS9	
	Measurement categories	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Financial Assets				
Cash and cash equivalents	Loans and receivables	$ 1,148,720	Amortized cost	1,148,720
Debt instruments	Available-for-sale (Note 1)	264,014	measured at FVTPL	264,014
Investments in debt instrument without an active market	Loans and receivables (Note 2)	4,970	Amortized cost	4,970
Equity instruments	Available-for-sale (Note 3)	153,616	measured at FVOCI	153,616
	Carried at cost (Note 4)	185,000	measured at FVOCI	148,600
	Carried at cost	-	measured at FVTPL	-
Accounts receivable, net	Loans and receivables (Note 5)	507,110	Amortized cost	507,110
Other financial assets (refundable deposits)	Loans and receivables (Note 5)	8,745	Amortized cost	8,745

Except Cash and cash equivalents, Investments in debt instrument without active market, Accounts receivable, and other financial assets (refundable deposits), the following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying amount	2018.1.1 Retained earnings	2018.1.1 Other equity	2018.1.1 Non-controlling interests	Remarks
Financial assets at FVTPL								
Debt instruments：								
From available-for-sale	$ -	264,014	-	264,014	(8,314)	8,314	-	(Note 1)
FVTPL Total	$ -	264,014	-	264,014	(8,314)	8,314	-	
Financial assets at FVOCI								
Equity instruments：								
Available-for-sale	$ 153,616	-	-	153,616	-	-	-	
From Financial assets carried at cost	-	185,000	(36,400)	148,600	-	(21,580)	(14,820)	(Note 4)
Debt instruments：								
From available-for-sale to FVTPL	264,014	(264,014)	-	-	-	-	-	
Total	$ 417,630	(79,014)	(36,400)	302,216	-	(21,580)	(14,820)	
FVOCI Total	$ 417,630	185,000	(36,400)	566,230	(8,314)	(13,266)	(14,820)	

Note 1：Under IAS 39, these debt instruments (open-end mutual funds) were designated as available for sale financial assets. The Group holds the portfolio to acquire the dividends but might sell these debt instruments during the normal operation to meet its liquidity demand. The Group thinks the business model to invest the funds is not solely to receive cash flow and sell financial asset. These funds were managed on a fair value basis and their performance was monitored on this basis. These assets have been classified as measured at FVTPL under IFRS 9. An increase of $8,314 in other equity and a decrease of $8,314 in retained earnings were recognized at initial application of IFRS 9 on January 1, 2018.

Note 2：Under IAS 39, restricted time deposits were designated as debt instrument without an active market are now classified as Loans and receivables. As permitted by IFRS 9, these assets were reclassified as financial assets measured at amortized cost. The Group intends to hold these assets to maturity date to receive contract cash flow. The cash flow of financial assets is to pay principal and outstanding interest of the principal.

Note 3：As permitted by IFRS 9, the Group has designated these available for sale financial assets at the date of initial application as mandatorily measured at FVOCI.

Note 4：These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Accordingly, a decrease of $36,400 in carrying amount of financial assets carried at cost, and the decrease of $21,580 and $14,820 in other equity interest and non-controlling interests were recognized on January 1, 2018.

Note 5：Accounts receivables (including related parties), other receivables and refundable deposits that were classified as loans and receivables under IAS 39 are now recognized at amortized cost of financial assets.

(ii) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 replaces the existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”. The Group applies this standard retrospectively with the cumulative effect, it needs not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. Please refer to Note 4(p) for an explanation of the related accounting policies of revenue under IFRS 15.

The Group believes 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 except for those disclosed in notes and does not expect that there will be a significant impact on its consolidated financial statements.

(iii) Amendments to IAS 7 “Disclosure Initiative”

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

To satisfy the new disclosure requirements, the Group presents a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities as stated in note 6(ae).

(iv) Amendments to IAS 12 “Recognition of Deferred Tax assets for Unrealized Losses”

The amendments clarify the accounting for deferred tax assets for unrealized losses and calculation of "future taxable income".

The Group estimates the application of the abovementioned amendments would change the estimate of deferred tax asset. However, there was no material impact on the consolidated financial statements for the year ended 2018.

(v) 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 (January 1, 2018). However, there was no material impact on the consolidated financial statements for the year ended 2018.

(b) The impact of IFRS endorsed by the 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, 2019 in accordance with Ruling No.1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	**Effective date per IASB**
IFRS 16 “Leases”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendment to IFRS 9 “Prepayment features with negative compensation”	January 1, 2019
Amendment to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendment 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

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 follows:

(i) IFRS 16 "Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases－Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease".

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group can choose to apply either of the following:

- IFRS 16 definition of a lease to all its contracts; or
- a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Group is assessing the potential impact of using the IFRS 16 definition of a lease to all its contracts.

2) Transition

As a lessee, the Group can apply the standard using either of the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

The Group plans to initially apply IFRS 16 using the modified retrospective approach. The right-of-use assets measured at the lease liabilities, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of on January 1,2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing to elect the following practical expedients:

- apply a single discount rate to a portfolio of leases with similar characteristics；
- apply the exemption not to recognize the right-of-use assets and liabilities to leases with lease term that ends within 12 months of the date of initial application.
- exclude the initial direct costs om measuring the right-of-use assets at the date of initial application.
- use hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for the operating leases of office, factory facilities, and warehouses. The Group estimated that both the right-of-use assets and the lease liabilities with increase by $90,510 on January 1, 2019. Besides, the Group does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant.

(ii) 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 making those examinations.

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.

So far, the Group estimates that the above amendments will not have a significant impact on the consolidated financial statements.

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

(c) 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 have yet to be endorsed by the FSC.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020
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 17 “Insurance contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material"	January 1, 2020

Those which may be relevant to the Group are set out below:

Release Dates	New, Revised or Amended Standards	Content of amendment
October 31, 2018	Amendments to IAS 1 and IAS 8 “Definition of Material”	The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

The Group is evaluating the impact on its financial position and financial performance upon its 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 and note 4(g and p), 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 been 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) Fair value through other comprehensive income (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 the subsidiary	Business Activity	Percentage ownership 2018.12.31	Percentage ownership 2017.12.31	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 following accounts of financial assets at fair value through other comprehensive income (Available for sale financial assets) 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:

(i) The asset is expected to be realized or is intended to be sold or consumed in the normal operating cycle;

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

(iii) The asset is expected to be realized within twelve months after the reporting period; or

(iv) 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:

(i) The liability is expected to be settled in the normal operating cycle;

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

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

(iv) 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**

(i) Financial assets (applicable after January 2018)

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

• it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost, less impairment losses, using the effective interest method. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade-date accounting.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

• it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets；and

• its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment’ s fair value in other comprehensive income. This election is made on an investment-by-investment basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, derived from debt investments are recognized in profit or loss; whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss. A regular way purchase or sale of financial assets is accounted for using trade-date accounting. A regular way purchase or sale of financial assets is recognized and derecognized, as applicable, using trade-date accounting.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which otherwise meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss. A regular way purchase or sale of financial assets is accounted for using trade-date accounting.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits and other financial assets) and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL：

- debt instruments that are determined to have low credit risk at the reporting date; and
- other debt instruments and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets is always measured at an amount equal to lifetime ECL.

Lifetime ECL is the ECL that results from all possible default events over the expected life of a financial instrument.

12-month ECL is the portion of ECL that results from default events that is possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available (without undue cost or effort). This includes both quantitative and qualitative information and analysis, based on the Group's historical experience, informed credit assessment and including forward-looking information.

If there is a low risk of default on financial asset, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations, the financial asset would be considered low credit risk.

When the contract amount is past due or the borrower is unlikely to pay its credit obligations to the Group in full, the Group considers the credit risk on a financial asset has increased significantly or a financial asset to be in default.

ECLs are a probability-weighted estimate of the expected lifetime credit losses on financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the Group in accordance with the contracts and the cash flow the Group expects to receive). ECLs are discounted based on the effective rate of financial assets.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt instruments at FVOCI, the loss allowance is recognized in other comprehensive income, and the amount of loss allowances (or reversal) is charged to profit or loss.

The gross carrying amount of a financial asset is written off either partially or in full to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets to other company.

On derecognition of a debt instrument 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 – unrealized gains or losses on fair value through other comprehensive income” is recognized in profit or loss.

On partial derecognition of a debt instrument in its entirety, the Group separates the carrying amount into the part of debt instrument that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss. The cumulative gain or loss that had been recognized in other comprehensive income would be separated into the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts.

(ii) **Financial instruments** (applicable before January 2018)

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. The Group designates financial assets, 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.

(iii) 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.

Financial liability is reclassified to equity at the time of conversion, and the conversion does not generate profit or loss.

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 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.

(iv) Derivative financial instruments

The Group to held derivative financial instruments is 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	3 month～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 Group 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

(i) Revenue from contracts with customers (applicable after January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer.

The accounting policies for the Group's main types of revenue are explained below.

1) Sale of good

The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group provides standard warranties for goods sold and has obligation to refund payments for the defective goods, in which the Group has recognized provisions for warranties to fulfill the obligation.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

Contract liability is primarily generated from advanced receipts of commodity sales contract. The Group will recognize revenue when deliver commodity to customers.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Revenue from contracts with customers (applicable before January 1, 2018)

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.

(iii) Contract cost with customers (Applicable after January 1, 2018)

1) Incremental cost of obtaining a contract

If the Group is expected to receive the incremental cost of obtaining customer's contract, the cost should recognize as asset. Incremental costs are costs that would not have been incurred had that individual contract not been obtained. Any other costs of obtaining a contract are expensed when incurred, unless they are explicitly chargeable to the customer regardless of whether the contract is obtained. As a practical expedient, incremental costs of obtaining a contract can be expensed if the amortization period would be one year or less.

2) Costs to fulfil a contract

In accounting for costs to fulfil a contract, the Group must first assess whether the costs fall within the scope of another IFRS (eg IAS 2 Inventories, IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets) and, if so, account for them in accordance with that standard. The Group can only recognize the cost as an asset only if they:

- Relate directly to a contract, or to an anticipated contract that can be specifically identified
- Generate or enhance resources to be used to satisfy performance obligations in future, and
- Are expected to be recovered.

General and administrative costs that are not explicitly chargeable to the customer and the costs of wasted materials, labor and other resources that were not reflected in the price of the contract do not qualify. Costs relating to satisfied or partially satisfied performance obligations must be expensed.

(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 is 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:

(i) 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

(ii) 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

(iii) 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:

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

(ii) 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 assumptions and judgments, and major sources of estimates 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) L**oss allowance of receivables**

The Group has estimated the loss allowance of receivables that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values please refer to note 6(g).

(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 offset 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(i).

(6) Explanation of Significant Accounts

(a) Cash and cash equivalents

	2018.12.31	2017.12.31
Cash and cash equivalents	$ 268	248
Demand deposits	220,110	258,634
Check deposits	440	2,647
Time deposits	777,363	857,088
Repurchase agreement	30,932	30,103
Total	$ 1,029,113	1,148,720

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

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

Current financial assets mandatorily measured at fair value through profit or loss:

	2018.12.31	2017.12.31
Open-end mutual funds	$ 126,080	-
Swap contract	379	-
Total	$ 126,459	$ -

Please refer to Note 6(z) for the recognition of gain or loss at fair.

The abovementioned financial assets were not pledged as collateral.

The Group entered into derivative instruments to manage exposure to currency risk arising from operating activities and doesn't applicable to hedge accounting. As of December 31, 2018,details were as follows:

	Contract amount (Thousand Dollar)	Currency	Maturity period
Swap contract	USD 3,000	TWD to USD	2019.01.22~2019.03.04

Please refer to Note 6(ab) for credit risk and market risk.

(c) **Financial assets at fair value through other comprehensive income**

	2018.12.31
Equity instruments at fair value through other comprehensive income-current:	
Common stocks listed on domestic markets	$ 203,906
Equity instruments at fair value through other comprehensive income-noncurrent:	
Common stocks unlisted on domestic markets	$ 151,668
Preference stocks listed on domestic markets	858
	$ 152,526

Please refer to Note 13(a)(iii) for the details of equity instruments.

The purpose that the Group invests in the abovementioned equity instruments is for long-term strategies, but rather for trading purpose. Therefore, those equity securities are designated as at FVOCI, whereas, were presented under available-for-sale financial assets and financial assets carried at cost as of December 31, 2017. Please refer to note 6(d) and 6(f).

The abovementioned financial assets were not pledged as collateral.

In 2018, the Group has recognized dividend income $12,926 from the abovementioned equity instruments designated at fair value through other comprehensive income, respectively.

With the objective of investment and financial management, the Group has sold its share held in Synnex Technology International Corp. at fair value of $22,496 on 2018, and accumulated gain on disposal of investments was $2,452 which had been reclassified from other equity interest to retained earnings.

Please refer to Note 6(ab) for market risk.

With the objective of investment and financial management, the Group as the beneficiary entrusts partial listed companies to bank. According to the terms of the contract, the Group does not transfer risk and remuneration of these financial assets, and they are hence not derecognized. As of December 31, 2018, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to $32,275.

(d) Available-for-sale financial assets

	2017.12.31
Stocks listed on domestic markets	$ 153,616
Open-end mutual funds	264,014
Total	$ 417,630

Please refer to Note 6(ab) for credit risk and market risk.

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

The abovementioned financial assets were not pledged as collateral.

These investments were recognized as financial assets at FVOCI on December 31, 2018, please refer to note 6(c).

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 transfer risk and remuneration of these financial assets, and they are hence not derecognized. As of December 31, 2017, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to $31,898.

(e) Debt instrument without an active market

	2017.12.31
Restricted Time Deposit-current	$ 4,970
Current	$ 4,423
Non-current (recorded in other non-current financial assets)	547
Total	$ 4,970

The abovementioned financial assets were recognized as other financial assets in other current assets and non-current assets as of December 31, 2018. Please refer to note 6(j).

The abovementioned financial assets pledged as collateral for loans are disclosed in Note 8.

(f) Financial assets measured at cost

	2017.12.31
Unlisted stocks	$ 185,000

The abovementioned investments held by the Group were measured at cost less impairment as of December 31, 2017. Due to it belongs to trade without active market, therefore, the Group management had determined that the fair value cannot be measured reliably. The assets were recognized as financial assets measured at FVOCI-non-current as of December 31, 2018. Please refer to note 6(c).

Please refer to Note 6(ab) for market risk.

The abovementioned financial assets were not pledged as collateral.

(g) Accounts receivable

		2018.12.30	2017.12.31
Accounts receivables-measured at amortized cost	$	489,171	513,052
Allowance for impairment		(20,327)	(22,644)
	$	468,844	490,408

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables on December 31, 2018. To measure the expected credit losses, accounts receivables have been grouped based on past default experience of the customers and shared credit risk characteristics, as well as incorporate forward looking information, including macroeconomic and relevant industry information. The loss allowance provision as of December 31, 2018 was determined as follows：

		Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	$	359,833	-	-
Overdue less than 90 days		106,282	1%	545
Overdue 91~180 days		3,285	1%	11
Overdue 181~270 days		77	100%	77
Overdue 271~365 days		-	100%	-
Overdue over 365 days		19,694	100%	19,694
	$	489,171		20,327

As of December 31, 2017, the Group measured the loss allowance for accounts receivable using the incurred credit loss model. As of December 31, 2017, the aging analysis of unimpaired overdue receivables was as follows:

		2017.12.31
Overdue less than 30 days	$	77,067
Overdue 31~90 days		18,920
Overdue 91~270 days		5,335
Overdue over 271 days		32
	$	101,354

The movement in the provision for impairment loss with respect to trade receivables was as follows:

	2018	2017 Individually assessed for impairment	2017 Collectively assessed for impairment
Balance at January 1, per IAS 39	$ 22,644	22,344	303
Adjustments on initial application of IFRS 9	-		
Balance at January 1, per IFRS 9	22,644		
Recognition(reversal) of impairment loss	1,244	-	14
Effect of changes in foreign currency exchange rates	12	-	17
Written off unrecoverable amount	(3,573)	-	-
Ending balance	$ 20,327	22,344	300

In 2018, allowance for accounts receivables decreased by $3,573 subject to write-off.

As of December 31, 2017, the Group applies the loss allowance for accounts receivable using the incurred credit loss model. The Group considers any change in credit quality of accounts receivable from the date credit was initially granted to the end of the reporting period when recognizing the collectability of accounts receivable. 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.

The abovementioned financial assets were not pledged as collateral.

Please refer to Note 6(ab) for credit risk.

(h) Other receivables and Refundable deposits

	2018.12.31	2017.12.31
Other receivables	$ 15,840	19,530
Refundable deposits	7,234	8,745
Allowance for impairment	-	(2,828)
	$ 23,074	25,447
Book as :		
Other receivables, net	$ 15,840	16,702
Other financial assets－noncurrent	7,234	8,745
	$ 23,074	25,447

The Group had no other receivables which were overdue but not impaired as of December 31, 2017.

The Group movement in the provision for individually assessed for impairment loss with respect to other receivables for 2017 was as follows:

		Amount
Balance at January 1, 2017	$	3,065
Effect of changes in foreign currency exchange rates		(237)
Ending balance	$	2,828

Please refer to Note 6(ab) for credit risk.

(i) Inventories

		2018.12.31	2017.12.31
Raw materials and supplies	$	276,384	216,886
Work in process		284,561	301,857
Finished goods		273,436	257,127
Inventories in transit		10,157	7,439
Total	$	844,538	783,309

For the years ended December 31, 2018 and 2017, the cost of inventories recognized as operating costs and expense were $2,359,248 and $2,516,355(including not amortized manufacturing expenses of $25,934 and $38,041, respectively).In addition, In 2018 and 2017, the previous write-down inventories were sold, therefore, the net realizable value of inventories lowered than cost was no longer existed, the reversal of write-downs amounted to $15,139 and $10,319 ,was recognized as a reduction of operating costs.

Inventories were not pledged as collaterals.

(j) **Other current assets:**

The details of other current assets are as follows:

		2018.12.31	2017.12.31
Income tax refund receivable	$	2,217	1,655
Prepayment for purchases		30,987	5,274
Prepaid expense		6,110	8,221
Prepaid sales tax		11,458	29,060
Restricted time deposits		2,102	-
Prepaid investment		2,700	-
Assets for right to recover product to be returned		2,963	-
	$	58,537	44,210
Book as :			
Other current assets	$	55,271	44,210
Other financial assets－non-current		3,266	-
	$	58,537	44,210

The abovementioned other financial assets was certificate deposit recognized as debt investment without an active market as of December 31, 2017. Please refer to Note 6(e). The abovementioned other financial assets pledged as collateral for loans were disclosed in Note 8.

(k) 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	
		2018.12.31	2017.12.31
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:

	2018.12.31	2017.12.31
Current asset	$ 10,206	12,762
Non-current asset	120,240	150,000
Current liability	(50)	(180)
Net asset	$ 130,396	162,582
Non-controlling equity closing book amount	$ 61,939	77,227

	2018 Year	2017 Year
Operating revenue	$ 6	2,720
Net profit(loss)	$ (108)	2,476
Other comprehensive income	1,440	995
Comprehensive income	$ 1,332	3,471
Profit attributable to non-controlling interest	$ (51)	1,176
Comprehensive income attributable to non-controlling interest	$ 633	1,649

	2018 Year	2017 Year
Cash flow from operating activities	$ (239)	140
Cash flow from investing activities	-	7,518
Cash flow from financing activities	(2,317)	-
Net increase(decrease) in cash and cash equivalents	$ (2,556)	7,658

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

		2018.12.31	2017.12.31
Current asset	$	133,725	135,885
Non-current asset		13,225	10,666
Current liability		(28,132)	(32,179)
Net asset	$	118,818	114,372
Non-controlling equity closing book amount	$	4,990	4,803

		2018 Year	2017 Year
Operating revenue	$	278,749	342,550
Net profit(loss)	$	6,872	1,944
Other comprehensive income		(2,426)	(1,608)
Comprehensive income	$	4,446	336
Profit attributable to non-controlling interest	$	288	81
Comprehensive income attributable to non-controlling interest	$	187	14

		2018 Year	2017 Year
Cash flow from operating activities	$	6,947	(15,348)
Cash flow from investing activities		(1,832)	(1,092)
Cash flow from financing activities		-	-
Effects of changes in foreign exchange rates		(131)	(239)
Net increase(decrease) in cash and cash equivalents	$	4,984	(16,679)

(l) 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, 2018	$	47,370	993,922	2,570,386	31,291	98,296	3,741,265
Additions		25,343	19,698	5,944	392	77,014	128,391
Reclassification		-	14,410	7,479	-	(21,889)	-
Disposals		-	(1,742)	(181,205)	(3,605)	(4,363)	(190,915)
Effect of movements in exchange rates		1,996	(111)	(4,514)	86	(127)	(2,670)
Balance at December 31, 2018	$	74,709	1,026,177	2,398,090	28,164	148,931	3,676,071
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

Depreciation:						
Balance at January 1, 2018	$ -	766,947	2,486,900	29,346	66,661	3,349,854
Depreciation for the year	-	14,656	30,777	828	20,102	66,363
Reclassification	-	11,390	-	-	(11,390)	-
Disposals	-	(1,742)	(181,143)	(3,605)	(4,363)	(190,853)
Effect of movements in exchange rates	-	(689)	(4,432)	73	(83)	(5,131)
Balance at December 31, 2018	$ -	790,562	2,332,102	26,642	70,927	3,220,233
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	-	-	(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
Carrying amounts:						
Balance at December 31,2018	$ 74,709	235,615	65,988	1,522	78,004	455,838
Balance at January 1, 2017	$ 51,334	241,254	120,059	3,022	43,358	459,027
Balance at December 31,2017	$ 47,370	226,975	83,486	1,945	31,635	391,411

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

Property, plant and equipment pledged as collateral for long-term loans and finance were disclosed in note 8.

(m) 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	$ -	-	-
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	$ -	-	-
Carrying amounts:			
Balance at December 31, 2017	$ -	-	-
Balance at January 1, 2017	$ 10,079	6,968	17,047

In June, 2017, the Group re-tested the impairment of the cash generating unit, and estimated its recoverable amount was higher than its carrying amount, therefore, reversed reversal of impairment amount $5,664. Reversal of impairment loss was recognized as other gain or loss 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 rate 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.

(n) 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, 2018	$	3,899	4,315	8,214
Individual acquisition		279	1,842	2,121
Disposals		(37)	(358)	(395)
Effects of changes in foreign exchange rates		-	20	20
Balance as of December 31, 2018	$	4,141	5,819	9,960
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
Amortization:				
Accumulated balance as of January 1, 2018	$	1,897	2,777	4,674
Amortization		578	2,612	3,190
Disposals		(37)	(358)	(395)
Effects of changes in foreign exchange rates		-	20	20
Accumulated balance as of December 31, 2018	$	2,438	5,051	7,489
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
Book value：				
Balance as of December 31, 2018	$	1,703	768	2,471
Balance as of January 1, 2017	$	1,843	2,025	3,868
Balance as of December 31, 2017	$	2,002	1,538	3,540

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

	2018	2017
Operating cost	$ 792	639
Operating expense	2,398	540
	$ 3,190	1,179

Intangible assets were not pledged as collateral.

(o) Short-term loans

The details of short-term loans were as follows:

	2018.12.31	2017.12.31
Unsecured bank loans	$ 370,000	557,000
Unused lines of credit	$ 1,315,911	1,130,126
Range of interest rates	0.95%~1.05%	0.88%~1.05%

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

As of December 31, 2018 and 2017, The Group's acceptance credit for purchases of raw materials amounted to $6,374 and $8,917, respectively.

(p) Long-term loans

The details of long-term loans were as follows:

	2018.12.31	2017.12.31
Secured bank loans	$ 400,000	400,000
Less: discount on long-term loan	(1,112)	(1,754)
Total	$ 398,888	398,246
Unused long-term credit lines	$ 400,000	400,000
Range of interest rates	1.8019%	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 three-year term with cycle use lines of credit. The credit line will decrease every 6 months since two years after the first appropriation date. The first and second phase will decrease by 20% of the effective credit line, and the third phase will decrease by 60%. The Company will repay the total borrowing upon maturity. The Company borrowed $400,000 thousand at August 15, 2017. Restrictions related to the contract 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.

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

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

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

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

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

(q) Operating lease

(i) The Group as lessee

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

	2018.12.31	2017.12.31
Less than one year	$ 15,678	7,748
Between one and five years	25,265	8,845
Over five years	9,349	2,434
	$ 50,292	19,027

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 $16,047 and $15,598 for the years ended December 31, 2018 and 2017, 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 (m). The rental income from investment properties were both $900 in 2017. The investment properties did not have any significant maintenance expense in note 6(m).

(r) Employee benefits

(i) Defined benefit plan

The defined benefit obligation was as follows:

	2018.12.31	2017.12.31
Present value of defined benefit obligations	$ 193,445	182,028
Fair value of plan assets	(105,219)	(99,030)
Net liabilities of defined benefit obligations	$ 88,226	82,998

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 $105,219 as of December 31, 2018. 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:

		2018	2017
Balance at January 1	$	182,028	186,226
Current service and interest cost		3,538	3,390
Remeasurement of the net defined benefit liability			
－Actuarial loss (gain) on financial assumptions change		7,720	(3,910)
－Experience		2,270	372
Employee benefits paid		(2,110)	(4,050)
Balance at December 31	$	193,446	182,028

3) Changes in present value of plan assets were as follows:

		2018	2017
Balance at January 1	$	99,030	97,721
Plan expected return		1,642	1,497
Remeasurement of net defined benefit liability (assets)			
－Return on plan assets (excluding current interest cost)		2,318	(548)
Contributions made by employer		4,339	4,410
Employee benefit paid		(2,110)	(4,050)
Balance at December 31	$	105,219	99,030

4) Cost recognized in profit or loss

		2018	2017
Current service cost	$	583	599
Interest cost on net defined benefit liability (asset)		1,313	1,294
	$	**1,896**	**1,893**
Operating cost	$	1,464	1,484
Selling expenses		65	62
General and administrative expenses		204	194
Research and development expenses		163	153
	$	**1,896**	**1,893**
Actual return on assets	**$**	**3,960**	**949**

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:

		2018	2017
Cumulative amount at January 1	$	(32,052)	(35,043)
Recognized during the period		(7,672)	2,991
Cumulative amount at December 31	**$**	**(39,724)**	**(32,052)**

6) Actuarial assumptions

The following are the Group's principal actuarial assumptions:

	2018.12.31	2017.12.31
Discount rate at December 31	1.375%	1.625%
Future salary increases	2.750%	2.750%

The expected amount of contributions for the following year after the reporting date is $4,325. The weighted-average duration of the defined benefit obligation is 18.98 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	
	Increased	Decrease
December 31, 2018		
Discount rate (change of 0.25%)	(7,721)	8,102
Change in future salary (change of 0.25%)	7,863	(7,551)
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)

The above sensitivity analysis 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 2018 and 2017.

(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 Corp., U.S.A., 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:

	2018	2017
Operating Cost	$ 22,538	22,814
Selling expenses	5,229	4,989
General and administrative expenses	2,072	1,999
Research and development expenses	2,334	2,276
	$ 32,173	32,078

(s) Income tax

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, the corporate income tax rate was adjusted from 17% to 20% effective in 2018.

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

	2018	2017
Current tax expense		
Current	$ 12,683	21,328
Adjust previous current tax	(3,708)	184
	8,975	21,512
Deferred tax expense		
Origination and reversal of temporary differences	8,493	(3,605)
Change in tax rate	(5,725)	-
Change in unrecognized deductible temporary differences	2,723	(6,270)
	5,491	(9,875)
Income tax expense	**$ 14,466**	**11,637**

No income tax was recognized directly in equity in 2018.

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

	2018	2017
Item would be reclassified subsequently to profit or loss:		
Unrealized gain (loss) on available-for-sale financial assets	**$ -**	**(270)**

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

	2018	2017
Income before income tax	**$ 126,629**	**67,208**
Income tax calculated based on the Group's tax rate	$ 25,325	11,425
Effect of overseas income tax differences	895	841
Change in tax rate	(5,725)	-
Income tax already paid abroad	-	76
Tax-exempt income for dividend income	(3,303)	(3,154)
Adjustment for prior year	-	184
Change in unrecognized temporary differences	2,723	(6,270)
10% income tax imposed on retained earnings	-	9,116
Investment tax credits	(2,800)	(3,900)
Others	(2,649)	3,319
Total	**$ 14,466**	**11,637**

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

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

		2018.12.31	2017.12.31
Pension cost	$	15,202	12,479
Temporary variances related to invest subsidiaries		46,642	48,828
	$	**61,844**	**61,307**

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 were as follows:

Deferred tax liabilities:

		Unrealized exchange gain	Others	Total
Balance at January 1, 2018	$	-	-	-
Recognized in profit or loss		856	76	932
Balance at December 31, 2018	$	**856**	**76**	**932**
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	$	-	-	-

Deferred tax assets:

		Inventory valuation loss	Unrealized sales profit	Unrealized foreign exchange loss	Others	Total
Balance at January 1, 2018	$	12,845	2,099	5,270	12,477	32,691
Recognized in profit or loss	$	(1,041)	(162)	(5,270)	1,914	(4,559)
Balance at December 31, 2018	$	**11,804**	**1,937**	-	**14,391**	**28,132**
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**

(iii) Approval of income tax

The Company's income tax returns for all fiscal years up to 2016 have been examined and approved by the R.O.C. tax authority.

(t) Share capital and other equities

(i) Common stock

As of December 31, 2018, and 2017, 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:

(Expressed in thousand of shares)

	Common Stock	
	2018	**2017**
Balance at January 1, 2018	183,408	194,908
Retirement of treasury shares	(9,000)	(11,500)
Balance at December 31, 2018	**174,408**	**183,408**

As of December 31, 2018, and 2017, 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 153,613 thousand shares and 162,613 thousand shares, respectively.

(ii) Capital surplus

Capital surplus was as follows:

	2018.12.31	**2017.12.31**
Treasury stock	**$ 28,226**	**23,873**

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.

1) 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.

2) 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 were for additional distributions. As of December 31, 2018, and 2017 the special reserve $74,873 and $87,612, 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, 2018, and 2017, the special reserve $34,339 and $36,098 have been approved by the annual shareholders' meeting, respectively.

3) Earnings distribution

The appropriation from the retained earnings of 2017 and 2016, have been approved by the annual shareholders meeting on June 12, 2018 and June 8, 2017. The appropriation and dividend per share were as follows:

	2017	2016
Dividends distributed to ordinary shareholders		
(New Taiwan Dollar)		
Cash	**$ 0.40827680** (Note1)	**0.40852705**(Note2)

Note1: The Company's shareholders meeting resolved to pay dividends NTD 0.4 per share but adjusted to NTD 0.40827680 per share due to treasury stock affected outstanding shares

Note2: The Company's shareholders meeting resolved to pay dividends NTD 0.4 per share but adjusted to NTD 0.40852705 per share due to treasury stock affected outstanding shares

(iv) Other equity

		Foreign exchange differences arising from foreign operation	Unrealized gains (losses) on financial assets measured at FVOCI	Unrealized gains (losses) on available-for-sale financial assets	Total
Balance at January 1, 2018	$	(8,709)	-	(66,163)	(74,872)
Adjustments on initial application of new standards		-	(79,429)	66,163	(13,266)
Balance at January 1, 2018 after adjustments		(8,709)	(79,429)	-	(88,138)
－Changes of the Group		438	(22,418)	-	(21,980)
－Disposal of investments in equity instrument at FVOCI		-	(2,452)	-	(2,452)
Balance at December 31, 2018	**$**	**(8,271)**	**(104,299)**	**-**	**(112,570)**
Balance at January 1, 2017	$	(293)	-	(87,319)	(87,612)
－Changes of the Group		(8,416)	-	21,156	12,740
Balance at December 31, 2017	**$**	**(8,709)**	**-**	**(66,163)**	**(74,872)**

(v) Treasury stock

The changes of treasury stocks were as follows:

(Expressed in thousand of shares)

Reason to buy back	Beginning shares	Increase shares	Decrease shares	Ending shares
2018				
Maintain the Company's credit and stockholders' equity	-	9,000	(9,000)	-
Transfer to employees	12,000	-	-	12,000
	12,000	**9,000**	**(9,000)**	**12,000**
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**

The Company's Board of Directors held on March 2 and August 3, 2018, respectively, approved to repurchase 9,000 thousand shares, which were completed. The Company's Board of Directors approved to retire 9,000 thousand shares. Resolutions were passed during the board meetings held on January 5 and February 20, 2018, respectively for the Company to repurchase 11,500 thousand shares, 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. 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 2018 and 2017, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose of any of the Company's shares. As of December 31, 2018, and 2017, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock. As of December 31, 2018 and 2017, their market values amounted to $83,547 and $87,944, respectively.

(u) Earnings per share

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

	2018	2017
Basic earnings per share		
Profit (loss) attributable to owners of parent	$ 111,926	54,314
Weighted-average number of common shares at end of year (expressed in thousands of shares)	157,803	163,779
Expressed in New Taiwan dollars	$ 0.71	0.33
Diluted earnings per share		
Profit (loss) attributable to owners of parent	$ 111,926	54,314
Weighted-average number of common shares (expressed in thousands of shares)	157,803	163,779
Effect of potentially dilutive common stock:		
－Employee bonus (expressed in thousands of shares)	774	533
Weighted-average number of common shares - diluted (expressed in thousands of shares)	158,577	164,312
Expressed in New Taiwan dollars	$ 0.71	0.33

In computing basic earnings (loss) per share of common stock for the years ended December 31, 2018 and 2017, 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.

(v) Revenue from Contracts with Customers

(i) Disaggregation of revenue

	2018				
	Domestic	**North America**	**Mainland China**	**Other operating department**	**Total**
Primary geographical markets:					
Europe	$ 1,132,845	4,585	-	589	1,138,019
USA	-	692,794	-	-	692,794
Others	493,725	494,001	-	196	987,922
Total	**$ 1,626,570**	**1,191,380**	**-**	**785**	**2,818,735**
Major products:					
Liquid crystal display modules	**$ 945,865**	**801,468**	**-**	**-**	**1,747,333**
Capacitive touch panel and capacitive touch panel module	**647,658**	**388,970**	**-**	**-**	**1,036,628**
Other	**33,047**	**942**	**-**	**785**	**34,774**
Total	**$ 1,626,570**	**1,191,380**	**-**	**785**	**2,818,735**

Please refer to note 6(w) for net revenue for 2017.

(ii) Contract balance

	2018.12.31	**2018.1.1**
Accounts receivable (including related parties)	$ 489,171	513,052
Less: allowance for impairment	(20,327)	(22,644)
Total	**$ 468,844**	**490,408**
Unearned revenue	**$ 5,348**	**10,185**

Please refer to Note 6(ab) for accounts receivables and impairment.

The amount of revenue recognized for the year ended December 31, 2018 that was included in the unearned revenue balance at the beginning of the period was $9,515.

（w）**Revenue**

For the year ended December 31, 2017, the Group’s net revenue amounted to $3,005,136. Please refer to note 6(v) for net revenue for the year ended December 31, 2018.

(x) 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, 2018 and 2017, the Company accrued the compensation of employees amounted to $6,704 and $3,476, respectively and the remuneration of directors' and supervisors' amounted to $4,023 and $2,086, 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 2018 and 2017 consolidated financial reports. For related information, please go to website: http://emops.twse.com.tw.

(y) Other operating income and expenses

Other operating income and expenses were rental revenue.

(z) Non-operating income and expenses

(i) Other income

Details of other income were as follows:

		2018	2017
Interest income			
Bank deposits	$	17,316	13,217
Other loans and receivables		191	157
Dividend income		12,926	7,726
Others		4,396	2,804
	$	34,829	23,904

(ii) Other gains and losses

Details of other gains and losses were as follows:

		2018	2017
Foreign exchange gains (losses), net	$	41,910	(82,968)
Net gains on disposal of available-for-sale financial assets		-	19,173
Net gains on disposal of financial assets at fair value through profit or loss		(2,962)	(14,206)
Net gains on disposal of investment property		-	24,556
Net gains on disposal of property, plant and equipment		4,152	568
Gain on reversal of impairment loss on investment property		-	5,664
Others		(2)	(3,144)
	$	43,098	(50,357)

(iii) Finance costs

Details of finance costs were as follows:

		2018	2017
Interest expenses			
Bank loans	$	12,016	10,338
Management fee of syndicated loan		250	517
	$	12,266	10,855

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

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

		2018	2017
Available-for-sale financial assets			
Net change in fair value occurred in current year	$	-	39,091
Net change in fair value reclassified to income		-	(17,191)
Net change in fair value recognized in other comprehensive income	$	-	21,900

(ab) **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

The Group has no significant concentration of its accounts receivable as of December 31, 2018 and 2017.

3) Accounts receivable of credit risk

Please refer to Note 6(g).

For accounts receivable of credit risk exposure. Please refer to Note 6(e), Note 6(h) and Note 6(j) for the detail and allowance for impairment for December 31, 2017 with other financial assets measured at amortized cost including other accounts receivable, refundable deposits, and certificate deposit recognized as debt instrument without active market on December 31, 2017.

The loss allowance provision and impairment of credit for the abovementioned financial assets measured at 12-months expected credit loss (ECL) or lifetime expected credit loss (ECL) as of December 31, 2018 were as follows:

	Financial assets measured at amortized cost		
	12-month ECL	Lifetime ECL－unimpaired	Lifetime ECL－impaired
Other accounts receivable	$ 15,840	-	-
Refundable deposits	7,234	-	-
Restricted Certificate Deposit	2,102	-	-
Loss allowance provision	-	-	-
Amortized cost	**$ 25,176**	-	-
Carrying amount	**$ 25,176**	-	-

The movement in the provision for impairment with respect to the financial assets measured at amortized cost as of December 31, 2018 was as follows:

	12-month ECL	Lifetime ECL－unimpaired	Lifetime ECL－impaired	Total
Balance at January 1, 2018 (IAS 39)	$ -	-	2,828	2,828
Adjustments on initial application of IFRS 9	-	-	-	-
Balance at at January 1, 2018 (IFRS 9)	-	-	2,828	2,828
Offset uncollected amount	-	-	(2,807)	(2,807)
Effect of changes in foreign currency exchange rates	-	-	(21)	(21)
Ending balance	$ -	-	-	-

(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, 2018							
Non-derivative financial liabilities							
Secured loans (floating rate)	$ 398,888	(411,690)	(3,574)	(3,633)	(404,483)	-	-
Unsecured loans (floating rate)	370,000	(370,473)	(370,473)	-	-	-	-
Accounts payable(non-interest bearing)	459,356	(459,356)	(459,356)	-	-	-	-
Notes payable (non-interest bearing	720	(720)	(720)	-	-	-	-
Other payable (non-interest bearing)	91,509	(91,509)	(91,509)	-	-	-	-
Guarantee deposits received (non-interest bearing)	264	(264)	(264)	-	-	-	-
	$ 1,320,737	(1,334,012)	(925,896)	(3,633)	(404,483)	-	-

	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)	-

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:

	2018.12.31			2017.12.31		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
Financial assets						
Monetary items						
USD	$ 51,690	30.715	1,587,648	59,972	29.76	1,725,249
JPY	34,512	0.2782	9,601	7,511	0.2642	1,984
CNY	790	4.472	3,535	47	4.565	214
EUR	23	35.2	821	-	-	-
Non-monetary items						
USD	3,553	30.715	109,121	8,280	29.76	246,400
Financial liabilities						
Monetary items						
USD	11,542	30.715	354,523	8,852	29.76	263,445
JPY	30,140	0.2782	8,385	28,159	0.2642	7,440
EUR	18	35.2	633	-	-	-
TWD	5,029	1	5,029	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, financial assets at fair value through profit or loss (available-to-sale financial assets), loans, accounts payable, bonds payable and other payables. As of December 31, 2018 and 2017, the exchange rate of the TWD versus the USD, CNY, JPY, and EUR increases or decreases by 1%, given no changes in other factors, profit after tax will increase or decrease by $10,281 and $12,038, respectively. The analysis assumes that all other variables remain constant.

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 2018 and 2017, foreign exchange loss (including realized and unrealized) amounted to gain $41,910 and loss $82,968, 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 2018 and 2017 would have been decreased or increased by $87 and $105, 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 periods, with the assumption that other variable factors remain unchanged), the impact on the comprehensive gain or loss items are as follows:

	2018		2017	
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**
Increase 3%	$ 6,143	3,130	11,271	-
Decrease 3%	$ (6,143)	(3,130)	(11,271)	-

(vi) Fair value

1) Categories and fair values of financial instruments

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income (available-to-sale financial assets), are measured on a recurring basis.

The following table shows the carrying amount and fair value 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.

	2018.12.31				
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL					
Derivative financial assets	$ 379	-	379	-	379
Debt instrument with quoted market prices	126,080	126,080	-	-	126,080
	126,459				
Financial assets at FVOCI					
Equity instrument with quoted market prices	204,764	204,764	-	-	204,764
Equity instrument at fair value without quoted market prices	151,668	-	-	151,668	151,668
Subtotal	356,432				
Financial assets at amortized cost					
Cash and cash equivalent	1,029,113	-	-	-	-
Account receivables	468,844	-	-	-	-
Other account receivables	15,840	-	-	-	-
Restricted deposit	2,102	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	7,234	-	-	-	-
Subtotal	1,523,133				
Total	$ 2,006,024				
Financial liabilities at amortized cost					
Bank loans	$ 768,888	-	-	-	-
Notes payable	720	-	-	-	-
Account payable	459,356	-	-	-	-
Other payable	91,509	-	-	-	-
Guarantee deposits received	264	-	-	-	-
Total	$ 1,320,737				

	2017.12.31				
	Carrying	Fair value			
	Amount	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Stocks listed companies in Taiwan	$ 153,616	153,616	-	-	153,616
Open-end fund	264,014	264,014	-	-	264,014
Financial assets carried at cost	185,000	-	-	-	-
Subtotal	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	-	-	-	-
Subtotal	1,669,545				
Total	$ 2,272,175				

	Carrying Amount	Fair value Level 1	Level 2	Level 3	Total
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	**$ 1,381,470**				

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).

2) Valuation techniques and assumptions unused in fair value determination

The methodology and assumptions used by the Group to estimate without using fair-value measures , because of the short maturities of these instruments, the Group estimates that the carrying amount is a reasonable approximation of fair value.

3) 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.

The fair values of the Group’s listed securities and open-end funds with standard terms and conditions and traded in active markets are determined by the quoted market prices.

Measurements of fair value of financial instruments without active market are based on valuation technique or quoted price from competitor. Fair value measured by valuation technique can be extrapolated from similar financial instruments, discounted cash flow method or other valuation technique. Using discounted cash flow method to calculate fair value, the main assumption is to reflect monetary time value and return of invest risk to discount and measure based on investee’s estimated future cash flow.

Derivative instruments

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

4) Transfer between level 1 and level 2

There was no transfer between the fair value hierarchy levels for the year ended December 31, 2018 and 2017.

5) Movement of financial assets at fair value through other comprehensive income categorized within Level 3 for the year ended December 31, 2018.

		Unquoted equity instruments
Balance at January 1, 2018	$	185,000
Adjustments on initial application of IFRS 9		(36,400)
Balance after adjustment at January 1, 2018		148,600
Recognized in other comprehensive income		3,068
Balance at December 31, 2018	**$**	**151,668**

6) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through other comprehensive income– equity investments.

The Group's equity investments without active market in Level 3 have more than one significant unobservable input. The significant unobservable inputs of equity investments without active market are individually independent, and there is no correlation between them.

The Group's major equity investment without active market－CHENFENG OPTRONICS CORPORATION's quantified information of significant unobservable inputs was as follows：

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant between significant fair value measurement
Fair value through other comprehensive income- equity investments without active market	Discounted Cash Flow Method	• Continuing growth rate 1.96% • Weighted average cost of capital 11.82% • Market illiquidity discount rate 38.36% • Non-controlling interests discount rate 29.87%	• If the continuing growth rate were higher, the estimated fair value would increase. • If WACC, non-controlling interests discount, and illiquidity discount were higher, the estimated fair value would decrease. • If the market illiquidity discount were higher, the estimated fair value would decrease. • If the multiplier and control premium were higher, the estimated fair value would increase.

7) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or assumptions may lead to different results.

For the year ended December 31, 2018,for fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on other comprehensive income：

	Inputs	Fluctuation in inputs	Changes in fair value reflected in OCI Favorable	Unfavorable
Financial assets at fair value through other comprehensive income- equity investments without active market				
	Continuing growth rate 1.96%	0.1%	$ 230	220
	Weighted average cost of capital 11.82%	0.5%	1,630	1,470
	Market illiquidity discount rate 38.36%	1%	320	330
	Non-controlling interests discount rate 29.87%	1%	290	290

The favorable and unfavorable effects represented the changes in fair value, and fair value was based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflected the effects of changes in a single input, and it did not include the interrelationships and variances with another input.

(ac) 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.

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, 2018 and 2017, the Group has unused credit facilities for short-term amounting to $1,715,911 and $1,530,126, 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.

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.

(ad) 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, financial assets at fair value through other comprehensive profit or loss－current(available-for-sale financial assets－current), and financial assets at fair value through profit or loss－current. The total capital and equity include share capital, capital surplus, retained earnings, other equity, and non-controlling interest. 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, 2018 and 2017, is as follows:

	2018.12.31	2017.12.31
Net debt	$ 225,431	51,211
Total equity	$ 1,809,159	1,917,562
Debt-to-equity ratio	12.46%	2.67%

In 2018, cash and cash equivalent, and total equity, both decreased since the treasury shares were repurchased and retired. As a consequence, the net debt had increased and the total equity had decreased on December, 31 2018, resulting in a debt to equity ratio to be higher than that of December 31, 2017.

(ae) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities were as follows：

	January 1, 2018	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Amortized	December 31, 2018
Short-term loans	$ 557,000	(187,000)	-	-	370,000
Long-term loans	398,246	-	-	642	398,888
Total liabilities from financing activities	$ 955,246	(187,000)	-	642	768,888

(7) Transactions with Related Parties

Compensation of key management personnel

The information on key management personnel compensation was as follows:

	2018	2017
Short-term employee benefits	$ 24,842	21,288
Post-employment benefits	505	490
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	$ 25,347	21,778

In 2018 and 2017,the Group provided respectively five and six of its own cars with carrying amount of $13,053 and $12,800, and as of March 31, 2018, rented another car for their key management personnel to use. The rental car expense amounted to $226 and $905 for the year ended December 31, 2018 and 2017, respectively.

(8) Pledged Assets

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

Pledged Assets	Purpose	2018.12.31	2017.12.31
Other financial assets(debt investments without an active market)－time deposits －current	Guarantee for customs	$ 1,536	1,521
Other financial assets(debt investments without an active market) －current－time deposits	Performance guarantee	-	2,902
Other financial assets(debt investments without active)－time deposits－ noncurrent	Performance guarantee	566	547
Property, plant and equipment－buildings	Guarantee for long-term borrowings	202,076	215,140
		$ 204,178	220,110

(9) Commitments and Contingencies

(a) As of December 31, 2018 and 2017, the Group's unused letters of credit for purchases of raw materials, machinery and equipment amounted to $4,150 and $21,797, respectively.

(b) As of December 31, 2018 and 2017, the Group has signed contracts for the purchase of equipment. The unrecognized contingencies of contracts for the purchase of property, plant and equipment amounted to $2,630 and $11,384, respectively.

(10) Losses Due to Major Disasters: None

(11) Significant Subsequent Events:

The Company's board of directors approved resolutions to repurchase 5,000 thousand shares of its shares as treasury shares from January to March, on January 8, 2019. As of March 8, 2019, when financial statements were authorized for issuance by the Board of Directors, 5,000 thousand shares had been repurchased.

(12) Other

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

	2018			2017		
	Recorded as operating cost	**Recorded as operating expenses**	**Total**	**Recorded as operating cost**	**Recorded as operating expenses**	**Total**
employee benefits:						
Salary (Note)	386,937	190,430	577,367	382,553	176,782	559,335
Labor and health insurance	38,337	13,695	52,032	39,688	13,616	53,304
Pension expense	24,002	10,067	34,069	24,298	9,673	33,971
Remuneration of directors	-	7,086	7,086	-	5,935	5,935
Other personnel cost	5,320	1,785	7,105	5,840	1,882	7,722
Depreciation	61,888	4,475	66,363	81,087	4,688	85,775
Amortization	792	2,398	3,190	639	540	1,179

(Note) Including salary, bonus, over time and food expenses.

(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, 2018 were as follows:

(i) Loans extended to other parties:

No.	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period (Note1)	Ending balance (Note 1)	Actual amount provided (Note 1)	Interest rate	Nature of Financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount	Remark
													Item	Value			
0	The Company	Emerging Display Technologies Corp., U.S.A.	Other receivable -related parties	Yes	44,537 (USD 1,450,000)	44,537 (USD 1,450,000)	44,537 (USD 1,450,000)	4.67% ~4.92%	The need for short-term financing	-	Working capital	-	-	-	174,223 (Note 2)	696,892 (Note 2)	Note3

Note1: It used the rate of exchange at December 31, 2018.

Note2: Limit of financing amount for individual counter-party shall not exceed 10% of the lender's net assets value as of the period. Limit of total financing amount shall not exceed 40% of the Company’s net asset value.

Note 3: It was eliminated in the consolidation.

(ii) Guarantees provided to other parties: None

(iii) Securities owned as of December 31, 2018 (subsidiaries, associates and joint ventures not included):

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	December 31,2018				Highest percentage of ownership during the year	Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value		
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI－noncurrent	1,200,000	11,538	5.00%	11,538	5.00%	－
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI－noncurrent	1,000,000	20,040	2.17%	20,040	2.17%	－
The Company	Fubon Financial Holding Co., Ltd.Preferred Shares B	-	Financial assets at FVOCI－noncurrent	13,845	858	-	858	-	－
The Company	Innolux Corp. stock	-	Financial assets at FVOCI－current	1,147,089	11,150	0.01%	11,150	0.01%	－
The Company	Fubon Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI－current	300,000	14,115	-	14,115	-	－
The Company	E.SUN Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI－current	1,485,766	29,864	0.01%	29,864	0.01%	－
The Company	Radiant Opto Electronics Corp. stock	-	Financial assets at FVOCI－current	250,000	21,125	0.05%	21,125	0.05%	－
The Company	Taiwan Cement Corp., Ltd. stock	-	Financial assets at FVOCI－current	330,000	11,748	0.01%	11,748	0.01%	－
The Company	Synnex Technology International Co. , Ltd. stock	-	Financial assets at FVOCI－current	458,000	16,671	0.03%	16,671	0.03%	－
The Company	King Yuan Electronics Co., Ltd. stock	-	Financial assets at FVOCI－current	1,069,000	24,854	0.09%	24,854	0.09%	－
The Company	Nan Ya Plastics Corporation stock	-	Financial assets at FVOCI－current	210,000	15,855	-	15,855	-	－
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI－current	216,000	11,102	0.01%	11,102	0.01%	－
The Company	Mega Financial Holding Co., Ltd stock	-	Financial assets at FVOCI－current	555,000	14,403	-	14,403	-	－
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI－current	441,508	4,265	0.32%	4,265	0.32%	－
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI－current	480,000	9,552	0.78%	9,552	0.78%	－
The Company	Yuanta Asia Pacific ex Jpn Invt Grd Govt Bd Idx (A)	-	Financial assets at FVTPL－current	2,000,000.00	17,338	-	17,338	-	－
The Company	Edmond de Rothschild Fund – Europe Convertibles(A)-USD	-	Financial assets at FVTPL－current	8,468.18	23,744	-	23,744	-	－
The Company	JPMorgan Funds – Asia Pacific Income Fund - JPM Asia Pacific Income A (acc) - USD	-	Financial assets at FVTPL－current	86,206.90	55,499	-	55,499	-	－
The Company	BlackRock Global Fund - Emerging Markets Bond Fund A2 USD	-	Financial assets at FVTPL－current	56,561.09	29,499	-	29,499	-	－
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI－current	550,000	10,945	0.90%	10,945	0.90%	－
Ying Dar Investment Development Corp	AGV Products Corporation stock	-	Financial assets at FVOCI－current	101,500	695	0.02%	695	0.02%	－
Ying Dar Investment Development Corp	The Company’s stock	The Company	Financial assets at FVOCI－noncurrent	5,346,672	50,793	3.07%	50,793	3.07%	(Note)
Bae Haw Investment Development Corp	Everest Technology Inc.	-	Financial assets at FVOCI－noncurrent	1,000,000	-	1.47%	-	1.47%	－
Bae Haw Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI－current	380,000	7,562	0.62%	7,562	0.62%	－
Bae Haw Investment Development Corp	The Company’s stock	The Company	Financial assets at FVOCI－noncurrent	3,447,716	32,753	1.98%	32,753	1.98%	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI－noncurrent	6,000,000	120,240	13.03%	120,240	13.03%	－

Note: It was eliminated in the consolidation.

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

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

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

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

Purchasing (selling) company	Counter party	Relation-ship	Detail of transaction				Circumstances of and reasons for deviation from regular trading conditions		Resulting receivables (payables)		Remarks
			Purchase (sale)	Amount	% of net purchase (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	1,082,325	39.95%	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 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.	336,872	59.74%	(Note)
The Company	Tremendous Explore Corp.	Subsidiary of the Company	Purchase (processing cost)	280,704	17.33%	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	(105,463)	20.77%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	1,082,325	100.00%	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.	(336,872)	100.00%	(Note)
Tremendous Explore Corp.	The Company	Subsidiary of the Company	Sale (processing revenue)	280,704	100.00%	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.	105,463	100.00%	(Note)
Tremendous Explore Corp.	Dong Guan Emerging Display Limited	Subsidiary of the Company	Purchase (processing cost)	278,749	100.00%	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.	(72,997)	89.82%	(Note)
Dong Guan Emerging Display Limited	Tremendous Explore Corp.	Subsidiary of the Company	Sale (processing revenue)	278,749	100.00%	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	72,997	100.00%	(Note)

Note: It was eliminated in the consolidation.

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

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Account receivables of 336,872	3.14	-	-	146,338	-	(Note)
			Other receivable of 44,537	-	-	-	-	-	(Note)
Tremendous Explore Corp.	The Company	Subsidiary of the Company	Account receivables of 105,463	2.77	-	-	59.089	-	(Note)

Note: It was eliminated in the consolidation.

(viii) Derivative financial instrument transactions:

Please refer to note 6(b).

(ix) Significant inter-Group transactions:

No.	Name	Counterparty	Relationship (Note)	Details of transaction			
				Subject	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	1,082,325 336,872	Considering the 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.	38.40% 9.93%
0	The Company	Tremendous Explore Corp.	1	Processing cost Accounts payable	280,704 105,463	No non-related-party transaction to compare to.	9.96% 3.11%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Selling expenses -Commission Other payable	670 307	No non-related-party transaction to compare to.	0.02% 0.01%
0	The Company	EDT-Europe ApS	1	Selling expenses -Commission Other payable	45,810 3,428	No non-related-party transaction to compare to.	1.63% 0.10%
0	The Company	Emerging Display Technologies Korea	1	Selling expenses -Commission	4,175	No non-related-party transaction to compare to.	0.15%
0	The Company	EDT-Japan Corp.	1	Selling expenses -Commission	13,707	No non-related-party transaction to compare to.	0.49%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Interest revenue Other receivable	1,609 44,537	Adjust by floating interest rate of Bank of America.	0.01% 1.31%
1	Tremendous Explore Corp.	Dong Guan Emerging Display Limited	3	Processing cost Accounts payable	278,749 72,997	No non-related-party transaction to compare to.	9.89% 2.15%
1	Tremendous Explore Corp.	Dong Guan Emerging Display Limited	3	Purchase material	133,644	No non-related-party transaction to compare to.	4.74%

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 information on investees in Mainland China)

Name of investor	Name of investee	Location	Business Scope	Original cost of investment: December 31, 2018	Original cost of investment: December 31, 2017	Held at the end of term: Shares owned	Held at the end of term: Percentage owned	Held at the end of term: Carrying value	Highest percentage owned during the year	Net income (loss) of the investee	Investment income (less) recognized	Remarks
The Company	Emerging Display Technologies Corp., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	74,186 (Note1)	100.00%	3,428	3,440	Subsidiary (Note 3)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	93,260	78.49%	6,782,	5,393	Subsidiary (Note 3)
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00%	1,742	100.00%	(1)	(1)	Subsidiary (Note 3)
The Company	Tremendous Explore Corp.	BVI	Trading	-	-	50,000	100.00%	(9,408)	100.00%	(2,026)	(2,026)	Subsidiary (Note 3)
The Company	Emerging Display Technologies Korea	Korea	Customer service and business support	1,677	1,677	58,212,500	100.00%	1,235	100.00%	43	43	Subsidiary (Note 3)
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	3,493	100.00%	953	953	Subsidiary (Note 3)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	20,549	100.00%	1,631	1,631 (Note2)	Subsidiary (Note 3)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	33,200	100.00%	1,590	1,590 (Note2)	Subsidiary (Note 3)
The Company	Ying cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	68,458	52.50%	(108)	(57)	Subsidiary (Note 3)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	7,010	5.90%	6,872	405	Subsidiary (Note 3)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	13,557	11.41%	6,872	784	Subsidiary (Note 3)

Note 1: It was deducted unrealized profit from sales $9,687.

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:

(i) Information on investments in Mainland China

Investee company	Main businesses and products	Received capital	Investment method	Accumulated amount invested in Mainland China as of Jan. 1, 2018	Invested capital remitted from or repatriated to Taiwan: Remittance	Invested capital remitted from or repatriated to Taiwan: Repatriation	Accumulated amount invested in Mainland China as of Dec. 31, 2018	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, 2018	Accumulated investment income repatriated to Taiwan as of Dec. 31, 2018
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)	6,769	95.80% (Note2)	95.80%	6,484 Based on the investee's financial statements audited by the same auditor as the Group (Note 3)	104,735 (Note 4)	-

(ii) Limitation on investment in Mainland China:

Accumulated investment amount remitted from Taiwan to Mainland China as of December 31, 2018	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
212,998(Note 8) (US$6,934,668)(Note5)	428,527(Note 8) (US$13,951,732)(Note6)	1,127,716(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 $399 which was recognized by Ying Dar Investment Development Corp. and a gain of $772 which was recognized by Bae Haw Investment Development Corp.

Note 4: The amount includes $6,450 which was invested by Ying Dar Investment Development Corp. and $12,474 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 $42,806 for Ying Dar Investment Development Corp. and $35,972 for Bae Haw Investment Development Corp.

Note 8: Transactions denominated in foreign currencies were recorded using the rate of exchange at December 31, 2018.

(iii) 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:

	2018					
	Domestic	**North America**	**Mainland China**	**Other operating department**	**Adjustments and elimination**	**Total**
Revenue						
Sales to customers other than consolidated entities	$ 1,626,570	1,191,380	-	785	-	2,818,735
Sales among consolidated entities	1,082,325	670	280,704	63,692	(1,427,391)	-
Interest revenue	19,027	1	42	46	(1,609)	17,507
Total revenue	$ 2,727,922	1,192,051	280,746	64,523	(1,429,000)	2,836,242
Interest expenses	$ 12,259	1,609	-	7	(1,609)	12,266
Depreciation and amortization	$ 65,950	1,019	2,401	183	-	69,553
Segment income	$ 112,014	4,320	6,554	1,078	2,663	126,629
Segment assets	$ 3,233,548	474,457	141,486	17,567	(472,990)	3,394,068
Segment liabilities	$ 1,605,404	390,779	73,217	10,647	(495,138)	1,584,909

	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

The following is the explanation of material reconciliation item:

(i) For the years ended December 31, 2018 and 2017, the operating segments revenue eliminated from the consolidated entities were $1,429,000 and $1,589,566, respectively.

(ii) For the years ended December 31, 2018 and 2017 the operating segments profit and loss eliminated from the consolidated entities were $2,663 and $7,104, respectively.

(iii) For the years ended December 31, 2018 and 2017, the operating segments assets eliminated from the consolidated entities were $472,990 and $435,483, respectively.

(iv) For the years ended December 31, 2018 and 2017, the operating segments liabilities eliminated from the consolidated entities were $495,138 and $467,306, respectively.

(c) Products and services information

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

Production	**2018**	**2017**
Liquid crystal display modules	$ 1,747,333	1,952,434
Capacitive touch panel and capacitive touch panel module	1,036,628	1,030,670
Other	34,774	22,032
	$ 2,818,735	3,005,136

(d) Geographic information

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

Geographic Area	**2018**	**2017**
Mainland China	$ 603,708	666,807
Europe	1,138,019	1,136,396
USA	692,794	689,302
Japan	94,341	104,064
Taiwan	216,988	316,517
Korea	42,106	43,744
Other	30,779	48,306
	$ 2,818,735	3,005,136

Geographic Area	**2018.12.31**	**2017.12.31**
Non-current assets, classified by location of assets, were as follows:		
Taiwan	$ 342,961	334,305
Mainland China	10,629	7,707
USA	104,010	58,910
Europe	670	348
Other	39	49
	$ 458,309	401,319

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

(e) Major customers' information

	2018	**2017**
A customer from domestic segment	$ 399,157	404,143