

**(English Translation of Financial Report Originally Issued
in Chinese)**

**EMERGING DISPLAY TECHNOLOGIES CORP. AND
SUBSIDIARIES**

**For the three months ended March 31, 2019 and 2018
(With Independent Auditors' Review Report Thereon)**

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Table of contents

Contents	Page
1、Cover page	1
2、Table of contents	2
3、Independent auditors' review report	3
4、Consolidated balance sheets	4
5、Consolidated statements of comprehensive income	5
6、Consolidated statements of changes in equity	6
7、Consolidated statements of cash flows	7
8、Notes to consolidated financial statements	
(1) Organization and business scope	8
(2) Financial statements authorization date and authorization process	8
(3) Application of New and Revised International Financial Reporting Standards and Interpretations	8~10
(4) Summary of significant accounting policies	11~14
(5) Significant accounting assumptions and judgments, and major sources of estimates uncertainty	14
(6) Explanation of significant accounts	14~41
(7) Transactions with Related Parties	41~42
(8) Pledged assets	42
(9) Commitments and contingencies	42
(10) Losses due to major disaster	42
(11) Significant subsequent events	42
(12) Other	42
(13) Supplementary Disclosure Requirements	
(a) Information on significant transactions	43~45
(b) Information on investees	45~46
(c) Information on investments in Mainland China	46~47
(14) Segment information	47~48

Independent Auditors' Review Report

The Board of Director's
Emerging Display Technologies Corp

Introduction

We have reviewed the accompanying consolidated balance sheets of Emerging Display Technologies Corp. (the Company) and subsidiaries as of March 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed issued into effect and by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain nonsignificant subsidiaries, which were not reviewed by independent accountants. These financial statements reflect total assets amounting to \$234,717 thousand and \$286,780 thousand, constituting 7.00% and 8.46% of consolidated total assets as of March 31, 2019 and 2018, respectively, total liabilities amounting to \$79,705 thousand and \$25,662 thousand, constituting 5.20% and 1.66% of consolidated total liabilities as of March 31, 2019 and 2018, respectively, and total comprehensive loss amounting to \$1,618 thousand and \$1,889 thousand, constituting 2.5% and 16.74 % of consolidated total comprehensive loss for the three months ended March 31, 2019 and 2018, respectively.

Qualified Conclusion

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Emerging Display Technologies Corp. and subsidiaries as of March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors’ review report are Po Jen, Yang and Yen Ta, Su

KPMG

Taipei, Taiwan (Republic of China)

May 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

March 31, 2019, December 31, 2018, and March 31, 2018

(Expressed in thousands of New Taiwan Dollars)

(Reviewed, not audited)

Assets	March 31, 2019		December 31, 2018		March 31, 2018		Liabilities and Equity	March 31, 2019		December 31, 2018		March 31, 2018	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
Current assets :							Current liabilities :						
Cash and cash equivalents (Note 6(a))	\$ 980,028	29	1,029,113	30	1,135,860	34	Short-term borrowings (Note 6(l))	\$ 300,000	9	370,000	11	493,480	15
Financial assets at fair value through profit or loss, current (Note 6(b))	75,962	2	126,459	4	189,787	6	Short-term notes and bills payable (Notes 6(m))	-	-	-	-	43,000	1
Financial assets at fair value through other comprehensive income, current (Note 6(c))	187,963	6	203,906	6	155,347	5	Financial liability at fair value through profit and loss (Note 6(b))	-	-	-	-	418	-
Accounts receivable, net (Note 6(d))	531,053	16	468,844	14	447,819	13	Notes payable	1,568	-	720	-	1,447	-
Other receivables (Notes 6(e) and 6 (y))	15,342	-	15,840	-	16,282	-	Accounts payable	418,340	12	459,356	14	346,811	11
Income tax assets	87	-	630	-	1,407	-	Other payables	195,535	6	237,415	7	152,858	5
Inventories (Note 6(f))	798,167	24	844,538	25	765,884	23	Income tax liabilities	21,889	1	14,199	-	12,780	-
Other current assets (Notes 6(g) and 8)	51,234	1	55,271	2	46,215	1	Lease liabilities, current (Note 6(o))	11,919	-	-	-	-	-
Total current assets	2,639,836	78	2,744,601	81	2,758,601	82	Other current liabilities (Notes 6(u))	18,242	1	14,909	-	13,486	-
Non-current assets:							Total current liabilities	967,493	29	1,096,599	32	1,064,280	32
Financial assets at fair value through other comprehensive income, non-current (Note 6(c))	147,750	5	152,526	5	152,021	4	Non-current liabilities :						
Property, plant and equipment (Notes 6(i) ,8 and 9)	442,080	13	455,838	13	426,268	13	Long-term borrowings (Notes 6(n) and 8)	399,054	12	398,888	12	398,431	12
Right-of-use assets (Notes 6(j))	86,915	3	-	-	-	-	Lease liabilities, non-current (Notes 6(o))	75,375	2	-	-	-	-
Intangible assets (Note 6(k))	2,295	-	2,471	-	3,450	-	Deferred income tax liabilities	932	-	932	-	-	-
Deferred income tax assets	28,157	1	28,132	1	38,424	1	Net defined benefit liabilities, non-current	87,587	3	88,226	3	82,402	2
Prepayments for business facilities	-	-	-	-	2,878	-	Guarantee deposits received	264	-	264	-	251	-
Other non-current financial assets (Notes 6(g) and 8)	7,851	-	10,500	-	8,245	-	Other non-current liabilities — other	1,039	-	-	-	-	-
Total non-current assets	715,048	22	649,467	19	631,286	18	Total non-current liabilities	564,251	17	488,310	15	481,084	14
							Total liabilities	1,531,744	46	1,584,909	47	1,545,364	46
Total assets	\$ 3,354,884	100	3,394,068	100	3,389,887	100	Equity attributable to owners of parent (note 6(s)) :						
							Capital stock	1,744,076	52	1,744,076	51	1,834,076	54
							Capital surplus	28,226	1	28,226	1	23,873	1
							Retained earnings	410,643	12	355,707	10	301,877	9
							Other equity interest	(99,849)	(3)	(112,570)	(3)	(84,822)	(3)
							Treasury stock	(323,947)	(10)	(273,209)	(8)	(298,565)	(9)
							Total equity attributable to shareholders of the parent	1,759,149	52	1,742,230	51	1,776,439	52
							Non-controlling interests(Note 6(h))	63,991	2	66,929	2	68,084	2
							Total equity	1,823,140	54	1,809,159	53	1,844,523	54
							Total liabilities and equity	\$ 3,354,884	100	3,394,068	100	3,389,887	100

See accompanying notes to 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 three months ended March 31, 2019 and 2018

(Expressed in thousands of New Taiwan dollars, Except Earnings Per Share)
(Reviewed, not audited)

	For the three months ended March 31			
	2019		2018	
	Amount	%	Amount	%
Operating revenue (Note 6(u))	\$ 890,981	100	704,679	100
Operating cost (Notes 6(f, q & v) and 12)	733,124	82	600,382	85
Gross profit	157,857	18	104,297	15
Operating expenses (Notes 6(d, q & v) and 12) :				
Selling expenses	54,861	6	46,104	7
General and administrative expenses	29,886	3	28,650	4
Research and development expenses	25,079	3	21,017	3
Expected credit impairment gain	(1,121)	-	(258)	-
Total operating expenses	108,705	12	95,513	14
Net other income (Note 6(w))	-	-	486	-
Net operating income	49,152	6	9,270	1
Non-operating income and expenses(Notes 6(o),6(x)) :				
Other income	4,677	1	4,432	1
Other gains and losses	12,348	1	(36,748)	(5)
Finance costs	(3,687)	-	(3,433)	(1)
Total Non-operating income and expenses	13,338	2	(35,749)	(5)
Profit (loss) before income tax	62,490	8	(26,479)	(4)
Less:Income tax expense (Note 6(r))	9,874	1	(10,747)	(2)
Profit(Loss)	52,616	7	(15,732)	(2)
Other comprehensive income :				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gains (losses) on investments in equity instruments at fair value through other comprehensive income	8,870	1	4,322	-
Less : Income tax related to items that will not be reclassified subsequently (Note 6(r))	-	-	-	-
	8,870	1	4,322	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign financial statements	3,233	-	127	-
Less: Income tax related to items that will be reclassified subsequently (Note 6(r))	-	-	-	-
	3,233	-	127	-
Other comprehensive income, net	12,103	1	4,449	-
Comprehensive income	\$ 64,719	8	(11,283)	(2)
Profit (loss) attributable to				
Shareholders of the parent	\$ 52,621	7	(15,473)	(2)
Non-controlling interests	(5)	-	(259)	-
Net Profit (loss)	\$ 52,616	7	(15,732)	(2)
Comprehensive income attributable to :				
Shareholders of the parent	\$ 67,657	8	(12,157)	(2)
Non-controlling interests	(2,938)	-	874	-
Total comprehensive income	\$ 64,719	8	(11,283)	(2)
Earnings per share (Note 6(t))(expressed in New Taiwan dollars) :				
Basic earnings per share	\$ 0.35		(0.10)	
Diluted earnings per share	\$ 0.35		(0.10)	

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 three months ended March 31, 2019 and 2018
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Equity attributable to shareholders of parent												
	Retained earnings					Other equity interest				Treasury stock	Total equity attributable to shareholders of parent	Non-controlling interests	Total Equity
	Capital 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					
Balance at January 1, 2018	\$ 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	-	-	-	-	(15,473)	-	-	-	-	(15,473)	(259)	(15,732)	
Other comprehensive income	-	-	-	-	-	49	3,267	-	-	3,316	1,133	4,449	
Total comprehensive income	-	-	-	-	(15,473)	49	3,267	-	-	(12,157)	874	(11,283)	
Purchase of treasury stock	-	-	-	-	-	-	-	-	(25,356)	(25,356)	-	(25,356)	
Balance as of March 31, 2018	\$ 1,834,076	23,873	40,391	123,710	137,776	(8,660)	(76,162)	-	(298,565)	1,776,439	68,084	1,844,523	
Balance at January 1, 2019	\$ 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	
Profit	-	-	-	-	52,621	-	-	-	-	52,621	(5)	52,616	
Other comprehensive income	-	-	-	-	-	3,116	11,920	-	-	15,036	(2,933)	12,103	
Total comprehensive income	-	-	-	-	52,621	3,116	11,920	-	-	67,657	(2,938)	64,719	
Purchase of treasury stock	-	-	-	-	-	-	-	-	(50,738)	(50,738)	-	(50,738)	
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	2,315	-	(2,315)	-	-	-	-	-	
Balance as of March 31, 2019	\$ 1,744,076	28,226	45,822	109,212	255,609	(5,155)	(94,694)	-	(323,947)	1,759,149	63,991	1,823,140	

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 March 31, 2019 and 2018
(expressed in thousands of New Taiwan Dollars)
(Reviewed, not audited)

	For the three months ended March 31	
	2019	2018
Cash flows from (used in) operating activities :		
Profit(Loss) before tax	\$ 62,490	(26,479)
Adjustments :		
Adjustments to reconcile profit (loss) :		
Depreciation expense	21,291	16,030
Amortization expense	264	357
Reversal of expected credit impairment gain	(1,121)	(258)
Loss (gain) on financial assets or liabilities at fair value through profit or loss	(6,060)	7,393
Interest expense	3,687	3,433
Interest income	(4,465)	(4,239)
Unrealized foreign exchange loss (gain)	(6,454)	9,808
Total adjustments to reconcile profit	<u>7,142</u>	<u>32,524</u>
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease (increase) in accounts receivable	(59,709)	38,286
Decrease in other receivable	120	257
Decrease in inventories	47,389	15,523
Decrease in other current assets	4,347	2,818
Total net changes in operating assets	<u>(7,853)</u>	<u>56,884</u>
Net changes in operating liabilities :		
Increase in notes payable	848	306
Increase (decrease) in accounts payable	(41,440)	3,948
Decrease in other payable	(38,843)	(46,605)
Increase (decrease) in other current liabilities	3,285	(5,336)
Decrease in net defined benefit liability	(639)	(596)
Increase in other non-current liabilities	1,039	-
Total net changes in operating liabilities	<u>(75,750)</u>	<u>(48,283)</u>
Total net changes in operating assets and liabilities	<u>(83,603)</u>	<u>8,601</u>
Total adjustments	<u>(76,461)</u>	<u>41,125</u>
Cash inflow generated from (used in) operating activities	(13,971)	14,646
Interest received	4,842	4,402
Interest paid	(3,484)	(3,203)
Income taxes paid	(1,689)	(464)
Net cash flows from (used in) operating activities	<u>(14,302)</u>	<u>15,381</u>
Cash flows from (used in) investing activities :		
Acquisition of financial assets at fair value through profit or loss	(32,870)	(58,780)
Proceeds from disposal of financial assets at fair value through profit or loss	89,427	126,032
Acquisition of financial assets at fair value through other comprehensive income	-	(831)
Proceeds from disposal of financial assets at fair value through other comprehensive income	32,289	-
Acquisition of property, plant and equipment	(6,611)	(47,020)
Acquisition of intangible assets	(87)	(265)
Decrease (increase) in other financial assets	(6)	1,077
Net cash flows from investing activities	<u>82,142</u>	<u>20,213</u>
Cash flows from (used in) financing activities :		
Decrease in short-term borrowings	(70,000)	(63,520)
Increase in Short-term notes and bills payable	-	43,000
Increase in guarantee deposits received	-	219
Payments to acquire treasury shares	(50,738)	(23,270)
Repayments of lease liabilities	(3,178)	-
Net cash flows from (used in) financing activities	<u>(123,916)</u>	<u>(43,571)</u>
Effect of exchange rate changes on cash and cash equivalents	6,991	(4,883)
Net decrease in cash and cash equivalents	(49,085)	(12,860)
Cash and cash equivalents at beginning of period	1,029,113	1,148,720
Cash and cash equivalents at end of period	<u>\$ 980,028</u>	<u>1,135,860</u>

See accompanying notes to consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

For the three months ended March 31, 2019 and 2018

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

(Reviewed, not audited)

(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, 2019 :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective date per IASB</u>
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019
Amendments to IAS 19" Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

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 :

IFRS 16 "Leases"

IFRS 16 "Leases" 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".

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

The Group applied IFRS 16 using the modified retrospective approach, and the details of the changes in accounting policies are disclosed below :

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note 4(c).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying assets to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases-i.e. These leases are on-balance sheet.

The Group had chosen to apply the exemption of the short-term lease for the leased machines and equipment.

- Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as of January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases :

- a) Applied a single discount rate to a portfolio of leases with similar characteristics.
- b) Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
- c) Applied the exemption not to recognize the right-of-use assets and lease liabilities that ends within 12 months of the date of initial application.
- d) Excluded the initial direct costs from measuring the right-of-use assets at the date of initial application.
- e) Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

3) Impacts on financial statements

On transition to IFRS 16, the Group recognized additional \$90,510 of both right-of-use assets and lease liabilities. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 3.8073%.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

The amount of the operating lease commitments disclosed in the previous year prior to the initial application date and the amount of the lease liability recognized on the initial application date are adjusted as follows :

	January 1,2019
Operating lease commitment at December 31,2018 as disclosed in the Group's consolidated financial statements	\$ 50,292
Extension and termination options reasonably certain to be exercised	<u>78,912</u>
	<u>\$ 129,204</u>
Lease liability recognized on January 1, 2019	<u>\$ 90,510</u>

(a) 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.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(4) Summary of Significant Accounting Policies

(a) Statement of compliance

The consolidated financial statements have been prepared in conforming with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed by FSC. These consolidated financial statements do not include all of the information required by the Regulations and by the IFRS endorsed by the FSC for full annual consolidated financial statements.

Except as described below, the significant accounting policies for the consolidated financial statement applied in these consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2018. Please refer to Note 4 of 2018 consolidated financial statement for detail information.

(b) Basis of consolidation

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

Name of investor	Name of the subsidiary	Business Activity	Percentage ownership			Remarks
			2019.3.31	2018.12.31	2018.3.31	
The Company	Emerging Display Technologies Corp., U.S.A	Sale of CTP and LCDs	100.00%	100.00%	100.00%	Major Subsidiary
The Company	Emerging Display International (Samoa) Corp.	Investment holding	78.49%	78.49%	78.49%	Note
The Company	EDT-Europe ApS	Customer service and business support	100.00%	100.00%	100.00%	Note
The Company	Tremendous Explore Corp.	Trading	100.00%	100.00%	100.00%	Note
The Company	Emerging Display Technologies Korea	Business support	100.00%	100.00%	100.00%	Note
The Company	EDT-Japan Corp.	Customer service and business support	100.00%	100.00%	100.00%	Note
The Company	Ying Dar Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note
The Company	Bae Haw Investment Development Corp.	Investment	100.00%	100.00%	100.00%	Note
The Company	Ying Cheng Investment Corp.	Investment	52.50%	52.50%	52.50%	Note
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	5.90%	5.90%	5.90%	Note
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Investment holding	11.41%	11.41%	11.41%	Note
Emerging Display International (Samoa) Corp.	Dong Guan Emerging Display Limited	Manufacturing of CTP and LCDs	100.00%	100.00%	100.00%	Note

Note: Quarterly financial reports are unaudited for non-major subsidiaries.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(c) Leases (applicable from January 1,2019)

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether :

- 1) the contract involves the use of an identified asset-this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified ; and
- 2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use ; and
- 3) the Group has the right to direct the use of the asset if either :
 - the Group has the right to direct the use of the identified asset when it has the decision-making rights that are most relevant to the changes on how and for what purpose the asset is used throughout the period.
 - the decision on how and for what purpose, the asset is used is predetermined :
 - the Group has the right to operate the asset and the providers do not have the right to vary ;
 - or
 - the Group designed the asset in a way that predetermines how and for what purpose , it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, at the time of lease of land and construction, the Group chooses to treat the lease component and the non-lease component as part of a single lease without distinguishing between non-lease components.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

Lease payments included in the measurement of the lease liability comprise the following :

- 1) Fixed payments, including in-substance fixed payments ;
- 2) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date ;
- 3) Amounts expected to be payable under a residual value guarantee ; and
- 4) Payments or penalties for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when :

- 1) there is a change in future lease payments arising from the change in an index or rate ;
- 2) there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee ;
- 3) there is a change in the assessment regarding the purchase options ;
- 4) there is a change of its assessment on whether it will exercise an extension or termination option ;
- 5) there is any lease modifications in lease subject, scope of the lease or other terms

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of there right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets and lease liabilities that do not meet the definition of investment as a separate line item respectively in the balance sheets.

For short-term lease of office equipment and low-value underlying asset lease, the Group chooses not to recognize the right-of-use asset and lease liability, and the related lease payments are recognized as expenses on a the straight-line method over the lease term.

(d) Income tax

The Group prepared income tax in conforming with interim income tax measurement and disclosure of paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expense is calculated based on an interim period's pre-tax income multiplied by best estimation of the annual income tax rate expected for the full financial year and recognized as current income tax expense. Current income tax expense and deferred tax expense are recognized based on the prorated estimated annual current income tax expense and deferred tax.

When income tax rate changes occur in interim period, the effect on deferred income tax is recognized in the period at once.

Income tax expense is directly recognized in equity items or other comprehensive items which is the temporary difference between book value of assets and liabilities at reporting date and tax basis to measure by using appropriate tax of expected realize assets and settle the liabilities.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(e) Employee benefit

Interim defined benefit pension is calculated on a year-to-date basis using the actuarially determined pension cost rate adjusted for significant market fluctuations, curtailments, settlement or other one-time events.

(5) Critical Accounting Judgement and Key Sources of Estimation and Uncertainty

Management team prepared quarterly consolidated financial statements in conforming with IAS 34, “Interim Financial Reporting,” and make judgement, estimation and assumption and the reporting amount will be affected by accounting policies, assets, liabilities, revenue and expense. The actual outcome might be different from the estimation.

Except as described below, in preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2018.

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(d).

(6) Explanation of significant accounting items

The explanation of significant accounting items of this quarterly consolidated financial statements had no significant difference compared with the Group consolidated financial statements for the year ended December 31, 2018. Please refer to Note 6 of 2018 consolidated financial statements.

(a) Cash and cash equivalents

	2019.3.31	2018.12.31	2018.3.31
Cash and cash equivalents	\$ 216	268	284
Demand deposits	280,651	220,110	394,778
Check deposits	3,311	440	573
Time deposits	664,583	777,363	710,615
Repurchase agreement	31,267	30,932	29,610
Total	\$ 980,028	1,029,113	1,135,860

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

	2019.3.31	2018.12.31	2018.3.31
Current financial assets mandatorily measured at fair value through profit or loss :			
Open-end mutual funds	\$ 75,176	126,080	189,687
Swap Contract	786	379	100
Total	\$ 75,962	126,459	189,787

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	<u>2019.3.31</u>	<u>2018.12.31</u>	<u>2018.3.31</u>
Current financial liabilities measured at fair value through profit or loss :			
Swap Contract	\$ -	-	418

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

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. The Group's derivative instruments were as follows presented under financial assets mandatorily measured at FVTPL and financial liabilities measured at FVTPL; presented under financial assets held for trading:

Forward exchange contract :

	<u>2019.3.31</u>		
	<u>Contract amount (in thousand)</u>	<u>Currency</u>	<u>Maturity period</u>
Swap contract	USD 3,000	TWD to USD	2019.04.08~2010.06.24
	<u>2018.12.31</u>		
	<u>Contract amount (in thousand)</u>	<u>Currency</u>	<u>Maturity period</u>
Swap contract	USD 3,000	TWD to USD	2019.01.22~2019.03.04
	<u>2018.3.31</u>		
	<u>Contract amount (in thousand)</u>	<u>Currency</u>	<u>Maturity period</u>
Swap contract	USD 4,000	TWD to USD	2018.04.10~2018.06.19
Forward Contract	USD 250	USD to CNY	2018.04.12

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

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

	<u>2019.3.31</u>	<u>2018.12.31</u>	<u>2018.3.31</u>
Equity instruments at fair value through other comprehensive income-current:			
Common stocks listed on domestic markets-current:			
Innolux Corp.	\$ 11,471	11,150	15,027
Fubon Financial Holding Co., Ltd	13,800	14,115	15,060

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	2019.3.31	2018.12.31	2018.3.31
E.SUN Financial Holding Co., Ltd.	-	29,864	-
Radiant Opto Electronics Corp.	24,650	21,125	17,975
Taiwan Cement Corp., Ltd.	13,612	11,748	10,965
Synnex Technology International Co. , Ltd.	16,946	16,671	20,645
King Yuan Electronics Co., Ltd.	28,061	24,854	-
Nan Ya Plastics Corporation	16,569	15,855	-
Pegatron Co., Ltd.	11,513	11,102	15,768
Mega Financial Holding Co., Ltd	15,568	14,403	13,986
Coasia Microelectronics Corp.	4,300	4,265	5,828
Shian Yih Electronic Co., Ltd.	30,738	28,059	39,339
AGV Products Corporation	735	695	754
Total	\$ 187,963	203,906	155,347
Equity instruments at fair value through other comprehensive income-noncurrent:			
Common stocks unlisted on domestic markets			
-non current:			
Ascendax Venture Capital Corp.	\$ 14,088	11,388	10,000
Chenfeng Optronics Corp.	132,790	140,280	141,190
Total	146,878	151,668	151,190
Preference stocks listed on domestic markets-non current:			
Fubon Financial Holding Co., Ltd	872	858	831
Total	\$ 147,750	152,526	152,021

The purpose that the Group invests in the abovementioned equity instruments is for longterm strategies, but rather for trading purpose, and therefore, are accounted for as FVOCI.

For the three months ended March 31, 2019, and 2018 the Group has not recognized any dividend income from the abovementioned equity instruments designated at fair value through other comprehensive income.

With the objective of investment and financial management, the Group has sold part of equity instruments designated as FVOCI its \$32,389 from January 1 to March 31, 2019, and accumulated gain on disposal of investments was \$2,315, which had been reclassified from other equity interest to retained earnings. The Group did not disposal any longterm strategies investments from January 1 to March 31, 2019. During the time, the accumulated gain and losses were not transferred within the equity.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

The abovementioned financial assets were not pledged as collateral.

For the purpose of increasing investment profits, 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 had not been derecognized. As of March 31, 2019 and 2018, the carrying amount of the listed stocks which were entrusted to financial institutions for security lending amounted to \$36,121 and \$33,002, respectively.

(d) Accounts receivable

	2019.3.31	2018.12.31	2018.3.31
Accounts receivables-measured at amortized cost	\$ 550,261	489,171	470,204
Allowance for impairment	(19,208)	(20,327)	(22,385)
	\$ 531,053	468,844	447,819

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. 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 was determined as follows :

	2019.3.31		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 454,974	0.03%	154
Overdue less than 90 days	67,199	0.41%	274
Overdue 91~180 days	9,308	-	-
Overdue 181~270 days	8	100.00%	8
Overdue 271~365 days	1	100.00%	1
Overdue over 365 days	18,771	100.00%	18,771
	\$ 550,261		19,208
	2018.12.31		
	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	0.51%	545
Overdue 91~180 days	3,285	0.33%	11
Overdue 181~270 days	77	100.00%	77
Overdue 271~365 days	-	-	-
Overdue over 365 days	19,694	100.00%	19,694
	\$ 489,171		20,327

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	2018.3.31		
	Carrying amount of Accounts Receivable	Weighted-average expected credit loss rate	Loss allowance for lifetime expected credit losses
Not over due	\$ 385,400	-	-
Overdue less than 90 days	61,931	-	-
Overdue 91~180 days	491	0.61%	3
Overdue 181~270 days	-	-	-
Overdue 271~365 days	-	-	-
Overdue over 365 days	22,382	100.00%	22,382
	\$ 470,204		22,385

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

	For the three months ended March 31	
	2019	2018
Balance at January 1	\$ 20,327	22,644
Reversal of impairment loss	(1,121)	(258)
Effect of changes in foreign currency exchange rates	2	(1)
Ending balance	\$ 19,208	22,385

The abovementioned financial assets were not pledged as collateral.

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

(e) Other receivables

	2019.3.31	2018.12.31	2018.3.31
Other receivables	\$ 15,342	15,840	19,047
Allowance for impairment	-	-	(2,765)
	\$ 15,342	15,840	16,282

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

(f) Inventories

	2019.3.31	2018.12.31	2018.3.31
Raw materials and supplies	\$ 272,390	276,384	265,646
Work in process	264,326	284,561	256,770
Finished goods	253,656	273,436	238,370
Inventories in transit	7,795	10,157	5,098
	\$ 798,167	844,538	765,884

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

For the three months ended March 31, 2019, the previous write-down inventories had been sold and the net realizable value of inventories lowered than cost was no longer existed, the reversal of write-downs amounted to \$2,225 was recognized in the reduction of operating costs. For the three months ended March 31, 2018, write-down inventory to net realized value amounted to \$2,124 which was recognized in the operating cost.

Inventories were not pledged as collaterals.

(g) Other current assets:

The details of other current assets are as follows:

	2019.3.31	2018.12.31	2018.3.31
Income tax refund receivable	\$ 2,366	2,217	2,059
Prepayment for purchases	26,855	30,987	4,908
Prepaid expense	6,628	6,110	9,887
Prepaid sales tax	10,150	11,458	24,983
Restricted time deposits	2,110	2,102	4,914
Refundable deposits	7,283	7,234	7,709
Prepaid investment	-	2,700	-
Assets for right to recover product to be returned	3,693	2,963	-
	\$ 59,085	65,771	54,460
Book as :			
Other current assets	\$ 51,234	55,271	46,215
Other financial assets – non-current	7,851	10,500	8,245
	\$ 59,085	65,771	54,460

The abovementioned other financial assets pledged were restricted time deposits and refundable deposits as collateral for loans were disclosed in Note 8.

(h) 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		
		2019.3.31	2018.12.31	2018.3.31
Ying Cheng Investment Corp.	Taiwan	47.5%	47.5%	47.5%
Emerging Display International (Samoa) Corp.	Samoa	4.2%	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.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

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

	2019.3.31	2018.12.31	2018.3.31
Current asset	\$ 10,200	10,206	12,736
Non-current asset	120,240	120,240	121,020
Current liability	(50)	(50)	(161)
Net asset	\$ 130,390	130,396	133,595
Non-controlling equity closing book amount	\$ 61,935	61,939	63,458

	January to March, 2019	January to March, 2018
Operating revenue	\$ -	-
Net profit(loss)	\$ (6)	(6)
Other comprehensive income	(6,420)	2,220
Comprehensive income	\$ (6,426)	2,214
Profit attributable to non-controlling interest	\$ (3)	(3)
Comprehensive income attributable to non-controlling interest	\$ (3,052)	1,052
	January to March, 2019	January to March, 2018
Cash flow from operating activities	\$ (12)	(28)
Cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net increase(decrease) in cash and cash equivalents	\$ (12)	(28)

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

	2019.3.31	2018.12.31	2018.3.31
Current asset	\$ 130,970	133,725	125,431
Non-current asset	25,227	13,225	9,922
Current liability	(28,540)	(28,132)	(25,213)
Non-current liability	(6,101)	-	-
Net asset	\$ 121,556	118,818	110,140
Non-controlling equity closing book amount	\$ 5,106	4,990	4,626

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	January to March, 2019	January to March, 2018
Operating revenue	<u>\$ 44,452</u>	<u>51,907</u>
Net profit(loss)	\$ (50)	(6,110)
Other comprehensive income	<u>2,788</u>	<u>1,878</u>
Comprehensive income	<u>\$ 2,738</u>	<u>(4,232)</u>
Profit attributable to non-controlling interest	<u>\$ (2)</u>	<u>(256)</u>
Comprehensive income attributable to non-controlling interest	<u>\$ 114</u>	<u>(178)</u>
	January to March, 2019	January to March, 2018
Cash flow from operating activities	\$ 6,916	18,318
Cash flow from investing activities	(169)	294
Cash flow from financing activities	-	-
Effects of changes in foreign exchange rates	<u>179</u>	<u>527</u>
Net increase(decrease) in cash and cash equivalents	<u>\$ 6,926</u>	<u>19,139</u>

(i) 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, 2019	\$ 74,709	1,026,177	2,398,090	28,164	148,931	3,676,071
Additions	-	152	573	92	2,552	3,369
Reclassification	-	10,034	-	-	(10,034)	-
Disposals	-	-	(19,969)	(248)	(383)	(20,600)
Effect of movements in exchange rates	<u>256</u>	<u>1,314</u>	<u>5,172</u>	<u>107</u>	<u>130</u>	<u>6,979</u>
Balance at March 31, 2019	<u>\$ 74,965</u>	<u>1,037,677</u>	<u>2,383,866</u>	<u>28,115</u>	<u>141,196</u>	<u>3,665,819</u>
Balance at January 1, 2018	\$ 47,370	993,922	2,570,386	31,291	98,296	3,741,265
Additions	21,496	20,572	344	-	9,630	52,042
Disposals	-	-	(361)	-	-	(361)
Effect of movements in exchange rates	<u>(1,043)</u>	<u>464</u>	<u>4,074</u>	<u>(45)</u>	<u>106</u>	<u>3,556</u>
Balance at March 31, 2018	<u>\$ 67,823</u>	<u>1,014,958</u>	<u>2,574,443</u>	<u>31,246</u>	<u>108,032</u>	<u>3,796,502</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	Land	Building and construction	Machinery and equipment	Office equipment	Other	Total
Depreciation:						
Balance at January 1, 2019	\$ -	790,562	2,332,102	26,642	70,927	3,220,233
Depreciation for the year	-	3,868	6,643	179	7,044	17,734
Disposals	-	-	(19,969)	(248)	(383)	(20,600)
Effect of movements in exchange rates	-	1,102	5,078	106	86	6,372
	<u>\$ -</u>	<u>795,532</u>	<u>2,323,854</u>	<u>26,679</u>	<u>77,674</u>	<u>3,223,739</u>
Balance at March 31, 2019	\$ -	766,947	2,486,900	29,346	66,661	3,349,854
Balance at January 1, 2018	\$ -	766,947	2,486,900	29,346	66,661	3,349,854
Additions	-	3,619	8,032	216	4,163	16,030
Disposals	-	-	(361)	-	-	(361)
Effect of movements in exchange rates	-	689	4,002	(39)	59	4,711
	<u>\$ -</u>	<u>771,255</u>	<u>2,498,573</u>	<u>29,523</u>	<u>70,883</u>	<u>3,370,234</u>
Balance at March 31, 2018	\$ -	766,947	2,486,900	29,346	66,661	3,349,854
Carrying amounts:						
Balance at January 1, 2019	<u>\$ 74,709</u>	<u>235,615</u>	<u>65,988</u>	<u>1,522</u>	<u>78,004</u>	<u>455,838</u>
Balance at March 31, 2019	<u>\$ 74,965</u>	<u>242,145</u>	<u>60,012</u>	<u>1,436</u>	<u>63,522</u>	<u>442,080</u>
Balance at January 1, 2018	<u>\$ 47,370</u>	<u>226,975</u>	<u>83,486</u>	<u>1,945</u>	<u>31,635</u>	<u>391,411</u>
Balance at March 31, 2018	<u>\$ 67,823</u>	<u>243,703</u>	<u>75,870</u>	<u>1,723</u>	<u>37,149</u>	<u>426,268</u>

Please refer to Note 6(x) 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.

(j) Right-of-use assets

The movements in the cost and depreciation of the leased land, buildings, transportation equipment were as follows :

	Land	Building and construction	Transportation equipment	Total
Right-of-use assets cost :				
Balance at January 1, 2019	\$ 67,226	23,065	219	90,510
Effect of movements in exchange rates	-	(37)	1	(36)
	<u>\$ 67,226</u>	<u>23,028</u>	<u>220</u>	<u>90,474</u>
Balance at March 31, 2019	\$ 67,226	23,028	220	90,474
Depreciation :				
Balance at January 1, 2019	\$ -	-	-	-
Depreciation for the year	689	2,835	33	3,557
Effect of movements in exchange rates	-	2	-	2
	<u>\$ 689</u>	<u>2,837</u>	<u>33</u>	<u>3,559</u>
Balance at March 31, 2019	\$ 689	2,837	33	3,559
Carrying amounts:				
Balance at March 31, 2019	<u>\$ 66,537</u>	<u>20,191</u>	<u>187</u>	<u>86,915</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(k) Intangible assets

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

	Patent and other	Computer software cost	Total
Book value detail as below:			
Balance at January 1, 2019	\$ <u>1,703</u>	<u>768</u>	<u>2,471</u>
Balance at March 31, 2019	\$ <u>1,695</u>	<u>600</u>	<u>2,295</u>
Balance at January 1, 2018	\$ <u>2,002</u>	<u>1,538</u>	<u>3,540</u>
Balance at March 31, 2018	\$ <u>2,017</u>	<u>1,433</u>	<u>3,450</u>

There was no significant increase for acquisition, disposal, reversal or write-down of impairment loss of intangible assets for the three months ended March, 2019 and 2018. Please refer Note 12(a) for amortization amount. Other related information, please refer to Note 6(n) of 2018 consolidated financial statements.

Intangible assets were not pledged as collateral.

(l) Short-term borrowings

The details of short-term borrowings were as follows:

	2019.3.31	2018.12.31	2018.3.31
Letters of credit	\$ -	-	480
Unsecured bank borrowings	<u>300,000</u>	<u>37,000</u>	<u>493,000</u>
Total	\$ <u>300,000</u>	<u>37,000</u>	<u>493,480</u>
Unused lines of credit	\$ <u>1,389,292</u>	<u>1,315,911</u>	<u>1,144,424</u>
Range of interest rates	<u>0.95%~1.05%</u>	<u>0.95%~1.05%</u>	<u>0.92%~1.05%</u>

As of March 31, 2019, December 31, 2018 and March 31, 2018, the Group's acceptance credit for purchases of raw materials amounted to \$3,034, \$6,374 and \$19,588, respectively.

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

(m) Short-term notes and bills payable

	2019.3.31	2018.12.31	2018.3.31
Commercial paper payable	\$ <u>-</u>	<u>-</u>	<u>43,000</u>

As of March 31, 2018, the interest rate of abovementioned commercial paper payable was 0.938%.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(n) Long-term borrowings

The details of long-term borrowings were as follows :

	2019.3.31	2018.12.31	2018.3.31
Secured bank loans	\$ 400,000	400,000	400,000
Less: discount on long-term borrowings	(946)	(1,112)	(1,569)
Total	\$ 399,054	398,888	398,431
Unused long-term credit lines	\$ 400,000	400,000	400,000
Range of interest rates	1.8044%	1.8019%	1.7895%

On November 17, 2016, the Group entered into a syndicated loan agreement with eight banks led 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. For the related information and concerned restricted terms, please refer to Note 6(p) of 2018 consolidated financial statements.

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

(o) Lease liabilities

The details of lease liabilities were as follows :

	2019.3.31		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	\$ 14,937	3,018	11,919
Between one and five years	26,938	8,280	18,658
Over five years	83,821	27,104	56,717
	\$ 125,696	38,402	87,294
Current	\$ 14,937	3,018	11,919
Non-Current	\$ 110,759	35,384	75,375

There was no significant issue, repurchase or repayment of the lease liability arising from the addition or dissolution for leases typically for the three months ended March 31, 2019.

The amounts recognized in profit or loss were as follows :

	January to March, 2019
Interest on lease liabilities	\$ 853
Expenses relating to short-term leases	\$ 321
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	\$ 79

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

The amounts recognized in the statement of cash flows for the Group were as follows :

	<u>January to March, 2019</u>
Total cash outflow for leases	<u>\$ 4,431</u>

(i) Lease of land, Building and construction

As of March 31, 2019, the Group leases land and buildings for its office use. The leases of land and buildings run for approximately 2 to 10 years, and the lease period of office premises is usually 2 to 3 years. Part of the lease includes an option to extend the same period of the original contract at the end of the lease term.

Lease payments for certain contracts are subject to changes in the local price index, which usually occur once a year.

The lease agreements for some of the equipments include the option to extend the lease or terminate the lease, which wer managed separately by each region, and therefore the individual terms and conditions agreed upon are different within the Group. These options are only for the Group to have enforceable rights and the lessor does not have this right. In the event that it is not possible to reasonably determined the period of the extended lease that will be exercisable, the related payments over the period covered by the option are not included in the lease liability.

(ii) Other leases

The lease period for the Group leased transportation equipment is one to two years.

The Group supervises the use of such transportation equipment and re-measures the lease liability and right-of-use assets on the reporting date.

In addition, the lease term of the Group leased machinery and equipment is one to three years. These leases are short-term or low-value leases. The Group chooses to apply the exemption recognition requirement without recognizing its related right-of-use assets and lease liabilities.

The Group leased the production and sales offices and offices with operating leases on March 31, 2018. Please refer to Note 6(p).

(p) Operating lease

There was no increase for operating lease for the three months ended March 31, 2018. Please refer to Note 6(q) of the 2018 consolidated financial statements.

(q) Employee benefits

(i) Defined benefit plan

There were no significant market fluctuations, curtailments, settlement or other one-time events after the end the previous financial year, the pension cost measurement and disclosure of interim pension cost were calculated based on actuarial adopted on December 31, 2018 and 2017.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

Cost recognized in expense was as below :

	January to March, 2019	January to March, 2018
Operating cost	\$ 332	368
Selling expenses	14	16
General and administrative expenses	47	50
Research and development expenses	38	40
	\$ 431	474

(ii) Defined Contribution Plan

Cost recognized in expense was as below :

	January to March, 2019	January to March, 2018
Operating cost	\$ 5,555	5,723
Selling expenses	1,247	1,245
General and administrative expenses	517	514
Research and development expenses	608	574
	\$ 7,927	8,056

(r) Income tax

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by management.

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

	January to March, 2019	January to March, 2018
Current tax expense		
Current	\$ 9,899	97
Deferred tax expense		
Origination and reversal of temporary differences	(25)	(5,119)
Change in tax rate	-	(5,725)
	(25)	(10,844)
Income tax expense (gains)	\$ 9,874	(10,747)

For the three months ended March 31, 2019 and 2018, no income tax was recognized directly in equity.

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(s) **Share capital and other equity**

The Group had no share capital change for the three months ended March 31, 2019 and 2018 except below statement. Please refer to Note 6(t) of 2018 consolidated financial statements for detail information.

(i) **Capital Stock**

As of March 31, 2019, December 31 and March 31, 2018, 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, outstanding shares of stock are 174,408,174,408 thousand shares and 183,408 thousand shares, respectively. 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 148,613, 153,613 thousand shares and 160,068 thousand shares, respectively.

(ii) **Capital surplus**

Capital surplus was as follows :

	2019.3.31	2018.12.31	2018.3.31
Treasury stock	\$ 28,226	28,226	23,873

(iii) **Earnings distribution**

The appropriations of earnings for 2018 have been approved in the meeting of the board of directors held on March 8, 2019. And the appropriations of earnings for 2017 had been approved in the shareholders' meeting held on June 12, 2018. The appropriation and dividend per share were as follows :

	2018(Estimated)	2017(Actual)
Cash dividend to shareholders (TWD)		
Cash	\$ 0.5	0.40827680 (Note)

Note: The Company's shareholders meeting resolved to pay dividends TWD0.4 per share but adjusted to TWD0.40827680 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, 2019	\$ (8,271)	(104,299)	-	(112,570)
— Changes of the Group	3,116	11,920	-	15,036
— Disposal of investments in equity instrument at FVOCI	-	(2,315)	-	(2,315)
Balance at March 31, 2019	\$ (5,155)	(94,694)	-	(99,849)
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	49	3,267	-	3,316
Balance at March 31, 2018	\$ (8,660)	(76,162)	-	(84,822)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(v) Treasury stock

The changes of treasury stocks were as follows :

(Expressed in thousand of shares)

<u>Reason to buy back</u>	<u>Beginning Shares</u>	<u>Increase shares</u>	<u>Decrease shares</u>	<u>Ending share</u>
January to March, 2019	12,000	5,000	-	17,000
Transfer to employees	12,000	5,000	-	17,000
January to March, 2018				
Maintain the Company's credit and stockholders' equity	-	2,545	-	2,545
Transfer to employees	12,000	-	-	12,000
	12,000	2,545	-	14,545

Resolutions were passed during the board meetings held on January 8, 2019, for the Company to repurchase 5,000 thousand shares of its stock. As of March 31, 2019, the Company has all bought back. Resolutions were passed during the board meetings held on March 2, 2018, for the Company to repurchase 4,000 thousand shares of its stock. As of March 31, 2018, the Company has repurchased 2,545 thousand shares.

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. For the three months ended March 31, 2019 and 2018, Ying Dar Corp. and Bae Haw Corp. did not purchase or dispose any of the Company's shares. As of March 31, 2019, December 31, 2018 and March 31, 2018, Ying Dar Corp. and Bae Haw Corp. together held 8,794 thousand shares of the Company's common stock, and their market values amounted to \$132,356, \$83,547 and \$87,592, respectively.

(t) Earnings per share

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

	<u>January to March, 2019</u>	<u>January to March, 2018</u>
Basic earnings per share		
Profit attributable to owners of parent	\$ 52,621	(15,473)
Weighted-average number of ordinary shares at end of year (expressed in thousands of shares)	149,566	162,136
Expressed in New Taiwan dollars	\$ 0.35	(0.10)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	January to March, 2019	January to March, 2018
Diluted earnings per share		
Profit attributable to owners of parent	<u>\$ 52,621</u>	<u>(15,473)</u>
Weighted-average number of ordinary shares (expressed in thousands of shares)	149,566	162,136
Effect of potentially dilutive ordinary stock:		
— Employee bonus (expressed in thousands of shares)	604	-
Weighted-average number of ordinary shares- diluted (expressed in thousands of shares)	<u>150,170</u>	<u>162,136</u>
Expressed in New Taiwan dollars	<u>\$ 0.35</u>	<u>(0.10)</u>

There were no dilutive potential ordinary shares for the three months ended March 31, 2019 and 2018. In computing above basic earnings (loss) per share of ordinary stock for the three months ended March 31, 2019 and 2018, the weighted-average numbers of shares of common stock outstanding excluded 8,794 thousand shares of common stock held by the Company's subsidiaries as treasury stock.

(u) Revenue from Contracts with Customers

(i) Disaggregation of revenue

	January to March, 2019			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 428,933	2,146	146	431,225
USA	-	254,342	-	254,342
Others	128,309	77,064	41	205,414
Total	<u>\$ 557,242</u>	<u>333,552</u>	<u>187</u>	<u>890,981</u>
Major products:				
Liquid crystal display modules	\$ 322,605	130,399	-	453,004
Capacitive touch panel and capacitive touch panel module	227,583	201,734	-	429,317
Others	7,054	1,419	187	8,660
Total	<u>\$ 557,242</u>	<u>333,552</u>	<u>187</u>	<u>890,981</u>
	January to March, 2018			
	Domestic	North America	Other operating department	Total
Primary geographical markets:				
Europe	\$ 280,077	2,144	94	282,315
USA	-	186,216	-	186,216
Others	145,718	90,411	19	236,148
Total	<u>\$ 425,795</u>	<u>278,771</u>	<u>113</u>	<u>704,679</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

Major products:

Liquid crystal display modules	\$ 301,241	185,433	-	486,674
Capacitive touch panel and capacitive touch panel module	116,809	93,107	-	209,916
Others	<u>7,745</u>	<u>231</u>	<u>113</u>	<u>8,089</u>
Total	<u>\$ 425,795</u>	<u>278,771</u>	<u>113</u>	<u>704,679</u>

(ii) Contract balance

	<u>2019.3.31</u>	<u>2018.12.31</u>	<u>2018.3.31</u>
Accounts receivable (including related parties)	\$ 550,261	489,171	470,204
Less: allowance for impairment	<u>(19,208)</u>	<u>(20,327)</u>	<u>(22,385)</u>
Total	<u>\$ 531,053</u>	<u>468,844</u>	<u>447,819</u>
Contract liability—Unearned revenue (recognized in other current liabilities)	<u>\$ 7,833</u>	<u>5,348</u>	<u>7,833</u>

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

The amount of revenue recognized for the three months ended March 31, 2019 and 2018, that was included in the contract liability balance at the beginning of the period were \$1,561 and \$5,950 respectively.

(v) 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 Group and its affiliates.

For the three month ended March 31, 2019, the Company accrued the compensation of employees amounted and the remuneration of directors' and supervisors' amounted to \$3,371 and \$2,023, respectively. For the three months ended March 31, 2019, 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. In case the variances between actual and estimated expenses occur during next year, the variances concerned will be recognized in next year's profit. If the Company's Board of Directors resolve to issue its stocks as the compensation of employees, it will be calculated based on the closing price of its stock on the day before the approval by of Directors. For the three months ended March 31, 2018, the Company is in net operating loss before tax, so there's no need to accrue the compensation of employees and remuneration of Directors' and supervisors'.

The accrued compensation of employees amounted to \$6,704 and \$3,476 for 2018 and 2017, respectively, and the accrued remuneration of directors' and supervisor's amounted to \$4,023 and \$2,086 respectively. Actual distribution had no difference with accrued amounts. The previous distribution of compensation to employees, remuneration of directors and supervisors approved by Board of Directors for related information, please go to website:

<http://emops.twse.com.tw>.

(w) Other operating income and expenses

Other operating income and expenses were rental revenue.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(x) **Non-operating income and expenses**

(i) Other income

Details of other income were as follows :

	January to March, 2019	January to March, 2018
Interest income		
Bank deposits	\$ 4,465	4,239
Other loans and receivables	51	38
Others	161	155
	\$ 4,677	4,432

(ii) Other gains and losses

Details of other gains and losses were as follows :

	January to March, 2019	January to March, 2018
Foreign exchange gains (losses), net	\$ 5,602	(29,355)
Net gains on disposal of financial assets at fair value through profit or loss	6,889	(7,393)
Others	(143)	-
	\$ 12,348	(36,748)

(iii) Finance costs

Details of finance costs were as follows :

	January to March, 2019	January to March, 2018
Interest expenses		
Bank loans	\$ 2,772	3,371
Lease liability	853	-
Management fee of syndicated loan	62	62
	\$ 3,687	3,433

(y) **Financial instruments**

There was no significant change of the Group's fair value of financial instruments, exposure to credit risk, liquidity risk and market risk except below statements. Please refer to Note 6(ab) of 2018 consolidated financial statements.

(i) Credit risk

1. Exposure to credit risk

The Group's maximum exposure to credit risk is the carrying amount of financial assets and contract assets.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

2. Concentration of credit risk

The Group has no significant concentration of its accounts receivable as of March 31, 2019, December 31, and March 31, 2018.

3. Accounts receivable of credit risk

Please refer to Note 6(d) for accounts receivable and notes receivable of credit risk exposure.

Other financial assets measured at amortized cost including other accounts receivable, refundable deposits, and certificate deposit recognized as debt instrument without active market.

All of these financial assets are considered to be low risk as of March 31, 2019 and December 31, 2018, respectively, and thus the impairment provision recognized during the period was limited to 12 months expected credit losses. The Group determines whether credit risk is to be low risk, please refer to Note 4 (g) of the consolidated financial report of 2018. None of the expected credit losses that should be included in the assessment. 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 March 31, 2018 were as follows :

	Financial assets measured at amortized cost		
	12-months ECL	Lifetime ECL— unimpaired	Lifetime ECL— impaired
Other accounts receivable	\$ 16,282	-	2,765
Refundable deposits	7,709	-	-
Restricted Certificate Deposit	4,914	-	-
Loss allowance provision	-	-	(2,765)
Amortized cost	\$ 28,905	-	-
Carrying amount	\$ 28,905	-	-

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

	12-months ECL	Lifetime ECL — unimpaired	Lifetime ECL — impaired
Balance at January 1, 2018	\$ -	-	2,828
Effect of changes in foreign currency exchange rates	-	-	(63)
Ending balance	\$ -	-	2,765

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(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.

	<u>Carrying amount</u>	<u>Contracted cash flows</u>	<u>Due within 6 months</u>	<u>Due in 6-12months</u>	<u>Due in 1-2 years</u>	<u>Due in 2-5 years</u>	<u>Due in over 5 years</u>
March 31, 2019							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 399,054	(409,610)	(3,302)	(3,619)	(402,689)	-	-
Unsecured loans (floating rate)	300,000	(300,130)	(300,130)	-	-	-	-
Accounts payable(non-interest bearing)	418,340	(418,340)	(418,340)	-	-	-	-
Notes payable (non-interest bearing)	1,568	(1,568)	(1,568)	-	-	-	-
Other payable (non-interest bearing)	103,730	(103,730)	(103,730)	-	-	-	-
Lease liability (fixed interest rate)	87,294	(125,696)	(7,580)	(7,357)	(13,257)	(13,681)	(83,821)
Guarantee deposits received (non-interest bearing)	264	(264)	-	-	(264)	-	-
	<u>\$ 1,310,250</u>	<u>(1,359,338)</u>	<u>(834,650)</u>	<u>(10,976)</u>	<u>(416,210)</u>	<u>(13,681)</u>	<u>(83,821)</u>
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)	-	-	-	-
	<u>\$ 1,320,737</u>	<u>(1,334,012)</u>	<u>(925,896)</u>	<u>(3,633)</u>	<u>(404,483)</u>	<u>-</u>	<u>-</u>
March 31, 2018							
Non-derivative financial liabilities							
Secured loans (floating rate)	\$ 398,431	(418,430)	(3,589)	(3,569)	(169,672)	(241,600)	-
Unsecured loans (floating rate)	493,480	(493,734)	(493,734)	-	-	-	-
Short-term notes and bills payable (fixed rate)	346,811	(346,811)	(346,811)	-	-	-	-
Accounts payable(non-interest bearing)	43,000	(43,000)	(43,000)	-	-	-	-
Notes payable (non-interest bearing)	1,447	(1,447)	(1,447)	-	-	-	-
Other payable (non-interest bearing)	76,158	(76,158)	(76,158)	-	-	-	-
Guarantee deposits received (non-interest bearing)	251	(251)	-	-	(34)	(217)	-
Derivative financial liabilities							
Swap Contract :	418						
Cash in		116,511	116,511	-	-	-	-
Cash out		(116,420)	(116,420)	-	-	-	-
	<u>\$ 1,359,996</u>	<u>(1,379,740)</u>	<u>(964,648)</u>	<u>(3,569)</u>	<u>(169,706)</u>	<u>(241,817)</u>	<u>-</u>

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

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(iii) Market Risk

1. Exchange rate risk

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

	2019.3.31			2018.12.31			2018.3.31		
	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount	Foreign currency	Exchange rate	TWD amount
<u>Financial assets</u>									
<u>Monetary items</u>									
USD	\$ 51,257	30.82	1,579,740	51,690	30.15	1,587,648	55,316	29.105	1,609,973
JPY	29,559	0.2783	8,226	34,512	0.2782	9,601	24,113	0.2739	6,605
CNY	284	4.58	1,301	790	4.472	3,535	218	4.647	1,011
EUR	71	34.61	2,464	23	35.2	821	-	-	-
<u>Non-monetary items</u>									
USD	1,877	30.82	57,851	3,553	30.715	109,121	5,929	29.105	172,561
<u>Financial liabilities</u>									
<u>Monetary items</u>									
USD	9,006	30.82	277,558	11,542	30.715	354,523	8,250	29.105	240,126
JPY	23,115	0.2783	6,433	30,140	0.2782	8,385	22,898	0.2735	6,272
EUR	41	34.61	1,419	18	35.2	633	-	-	-
TWD	2,480	1	2,480	5,029	1	5,029	2,181	1	2,181
<u>Non-monetary items</u>									
USD	-	-	-	-	-	-	14	29.105	418

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, accounts payable, and other payables. As of March 31, 2019 and 2018, 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 \$10,738 and \$11,242, respectively. The analysis assumes that all other variables remain constant.

The Group has variety kinds of functional currencies; hence we use summarized method to disclose exchange gain (loss) of monetary items. For the three months ended March 31, 2019 and 2018, foreign exchange loss (including realized and unrealized) amounted to gain \$5,602 and loss \$29,355, respectively.

2. Interest rate analysis

Please refer to liquidity risk management for the detail of the Group's 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.

When internal report to the Group's top management regarding the interest rate change, they use 1% increase or decrease of interest rate assumption as the interest rate change which also represents this is the reasonable interest rate range assessed by the top management.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

If interest rates on loans had increased or decreased by 1% with all other variables held constantly. The impact on the Group will be as follows :

January to March, 2019		January to March, 2018	
Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
After-tax profit	After-tax profit	After-tax loss	After-tax loss
\$ 20	20	24	24

The above-mentioned variables attribute to the Group's change of interest rate on loan.

3. Other price risk

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

Equity price at reporting date	January to March, 2019		January to March, 2018	
	Other comprehensive income after tax	Net profit (loss)	Other comprehensive income after tax	Net profit (loss)
Increase 3%	\$ 5,665	1,913	5,602	4,656
Decrease 3%	\$ (5,665)	(1,913)	(5,602)	(4,656)

(iv) 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, 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 and lease liability.

	2019.3.31				
	Carrying Amount	Fair value			Amount
		Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Derivative financial assets	\$ 786	-	786	-	786
Debt instrument with quoted market prices	75,176	75,176	-	-	75,176
Subtotal	75,962				
Financial assets at FVOCI					
Equity instrument with quoted market prices	188,835	188,835	-	-	188,835
Equity instrument at fair value without quoted market prices	146,878	-	-	146,878	146,878
Subtotal	335,713				
Financial assets at amortized cost					
Cash and cash equivalent	980,028	-	-	-	-
Account receivables	531,053	-	-	-	-
Other account receivables	15,342	-	-	-	-
Restricted deposit	2,110	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	7,283	-	-	-	-
Subtotal	1,535,816				
Total	\$ 1,947,491				

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	2019.3.31				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
Financial liabilities at amortized cost					
Bank loans	\$ 699,054	-	-	-	-
Notes payable	1,568	-	-	-	-
Account payable	418,340	-	-	-	-
Other payable	103,730	-	-	-	-
Lease liability	87,294	-	-	-	-
Guarantee deposits received	264	-	-	-	-
Total	<u>\$ 1,310,250</u>				
	2018.12.31				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Derivative financial assets	\$ 379	-	379	-	379
Debt instrument with quoted market prices	126,080	126,080	-	-	126,080
Subtotal	<u>126,459</u>				
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	<u>356,432</u>				
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	<u>1,523,133</u>				
Total	<u>\$ 2,006,024</u>				
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	<u>\$ 1,320,737</u>				

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	2018.3.31				
	Carrying	Fair value			Amount
	Amount	Level 1	Level 2	Level 3	
Financial assets at FVTPL					
Derivative financial assets	\$ 100	-	100	-	100
Debt instrument with quoted market prices	<u>189,687</u>	189,687	-	-	189,687
Subtotal	<u>189,787</u>				
Financial assets at FVOCI					
Equity instrument with quoted market prices	156,178	156,178	-	-	156,178
Equity instrument at fair value without quoted market prices	<u>151,190</u>	-	-	151,190	151,190
Subtotal	<u>307,368</u>				
Financial assets at amortized cost					
Cash and cash equivalent	1,135,860	-	-	-	-
Account receivables	447,819	-	-	-	-
Other account receivables	16,282	-	-	-	-
Restricted deposit	4,378	-	-	-	-
Refundable deposits (recognized in other assets - noncurrent)	<u>8,245</u>	-	-	-	-
Subtotal	<u>1,612,584</u>				
Total	<u>\$ 2,109,739</u>				
Financial liabilities at FVTPL					
Derivative financial liabilities	<u>\$ 418</u>	-	418	-	418
Financial liabilities at amortized cost					
Bank loans	934,911	-	-	-	-
Notes payable	1,447	-	-	-	-
Account payable	346,811	-	-	-	-
Other payable	76,158	-	-	-	-
Guarantee deposits received	<u>251</u>	-	-	-	-
Subtotal	<u>1,359,578</u>				
Total	<u>\$ 1,359,996</u>				

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.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

The fair values of listed securities and open-end funds with standard terms and conditions and traded in active markets held by the Group 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 counterparty. 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 three months ended March 31, 2019 and 2018.

5) Movement of financial assets through other comprehensive income categorized within Level 3.

		Financial assets at fair value through other comprehensive income
		Unquoted equity instruments
Balance at January 1, 2019	\$	151,668
Prepaid investment		2,700
Recognized in other comprehensive income		(7,490)
Balance at March 31, 2019	\$	146,878
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		2,590
Balance at March 31, 2018	\$	151,190

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 :

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at FVOCI - equity investments without an active market	Discounted Cash Flow Method	<ul style="list-style-type: none"> • Continuing growth rate (as of March 31,2019, December 31,2018 and March 31, 2018 ranged from 1.96%、1.96% and 1.7% respectively) • Weighted average cost of capital (as of March 31,2019, December 31,2018 and March 31, 2018 ranged from 11.76%、11.82% and 9.13% respectively) • Market illiquidity discount rate (as of March 31,2019, December 31,2018 and March 31, 2018 ranged from 41.92%、38.36% and 43.99% respectively) • Non-controlling interests discount rate (as of March 31,2019, December 31,2018 and March 31, 2018 were 29.87%) 	<ul style="list-style-type: none"> • If the continuing growth rate was 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 was 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 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
March 31, 2019			
Continuing growth rate 1.96%	0.1%	\$ 1,470	1,400
Weighted average cost of capital 11.76%	0.5%	10,430	9,310
Market illiquidity discount rate 41.92%	1%	2,310	2,310
Non-controlling interests discount rate 29.87%	1%	1,890	1,890

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

<u>Inputs</u>	<u>Fluctuation in inputs</u>	<u>Changes in fair value reflected in OCI</u>	
		<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2018			
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
March 31, 2018			
Continuing growth rate 1.7%	0.1%	\$ 1,750	1,680
Weighted average cost of capital 9.13%	0.5%	11,690	10,150
Market illiquidity discount rate 43.99%	1%	2,520	2,520
Non-controlling interests discount rate 29.87%	1%	2,100	1,960

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.

(z) Financial risk management

There was no significant change of the Group's financial risk management objectives and policy as disclosed in 2018 consolidated report. Please refer to Note 6(ac) of 2018 consolidated financial statements.

(aa) Capital management

The Group's capital management objectives, policies and procedures were compliance with 2018 consolidated financial statements. Further, there was no significant change of the summary quantitative information as disclosed in 2018 consolidated financial statements. Please refer to Note 6(ad) of 2018 consolidated financial statements.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(ab) Financing activities of non-cash transaction

Reconciliation of liabilities arising from financing activities were as follows :

	<u>2019.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>2019.3.31</u>
			<u>Foreign exchange movement</u>	<u>Amortized</u>	
Short-term borrowings	\$ 370,000	(70,000)	-	-	300,000
Long-term borrowings	398,888	-	-	166	399,054
Lease liabilities	<u>90,510</u>	<u>(3,178)</u>	<u>(38)</u>	<u>-</u>	<u>87,294</u>
Total liabilities from financing activities	<u>\$ 859,398</u>	<u>(73,178)</u>	<u>(38)</u>	<u>166</u>	<u>786,348</u>

	<u>2018.1.1</u>	<u>Cash flows</u>	<u>Non-cash changes</u>		<u>2018.3.31</u>
			<u>Foreign exchange movement</u>	<u>Amortized</u>	
Short-term borrowings	\$ 557,000	(63,520)	-	-	493,480
Short-term notes and bills payable	-	43,000	-	-	43,000
Long-term borrowings	398,246	-	-	185	398,431
Guarantee deposits received	<u>34</u>	<u>219</u>	<u>(2)</u>	<u>-</u>	<u>251</u>
Total liabilities from financing activities	<u>\$ 955,280</u>	<u>(20,301)</u>	<u>(2)</u>	<u>185</u>	<u>935,162</u>

(7) Transactions with Related Parties Compensation of key management personnel

The information on key management personnel compensation was as follows :

	<u>January to March, 2019</u>	<u>January to March, 2018</u>
Short-term employee benefits	\$ 6,865	5,136
Post-employment benefits	127	125
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	<u>-</u>	<u>-</u>
	<u>\$ 6,992</u>	<u>5,261</u>

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

The Group provided four of its own cars with carrying amount of \$8,812 for the three months ended March 31, 2018 and rented another car for the key management personnel to use as of March 31, 2018. The rental car expense amounted to \$226 for the three months ended March 31, 2018.

(8) Pledged Assets

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

<u>Pledged Assets</u>	<u>Purpose</u>	<u>2019.3.31</u>	<u>2018.12.31</u>	<u>2018.3.31</u>
Restricted deposit-current	Guarantee for customs	\$ 1,542	1,536	1,526
Restricted deposit-current	Performance guarantee	-	-	2,852
Restricted deposit non-current	Performance guarantee	568	566	536
Property, plant and equipment-buildings	Guarantee for long-term borrowings	208,536	202,076	211,931
		<u>\$ 210,646</u>	<u>204,178</u>	<u>216,845</u>

(9) Commitments and Contingencies

- (a) As of March 31, 2019, December 31, 2018 and March 31, 2018, the Group's unused letters of credit for purchases of raw materials, machinery and equipment amounted to \$5,054, \$4,150 and \$11,454, respectively.
- (b) As of March 31, 2019, December 31, 2018 and March 31, 2018, the Group has signed contracts for the purchase of equipments. The unrecognized contingencies of contracts for the purchase of equipments amounted to \$4,590, \$2,630 and \$10,390, respectively.

(10) Losses Due to Major Disasters: None

(11) Significant Subsequent Events:

The company's board of directors approved resolutions to retire 12,000 thousand shares of treasury stock on March 8, 2019. The related registration procedures had been finished in April, 2019.

(12) Other

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

	January to March, 2019			January to March, 2018		
	Recorded as operating cost	Recorded as operating expenses	Total	Recorded as operating cost	Recorded as operating expenses	Total
employee benefits	116,399	56,097	172,496	99,913	51,371	151,284
Depreciation	18,055	3,236	21,291	14,933	1,097	16,030
Amortization	143	121	264	183	174	357

- (b) Seasonal operation :

The operation of the Group hadn't been affected by either seasonal or periodical factors.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(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 three months ended March 31, 2019 were as follows :

(i) Loans extended to other parties :

No.	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	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	
					(Note1)	(Note 1)	(Note 1)						Item	Value			
0	The Company	Emerging Display Technologies Corp., U.S.A.	Other receivable-related parties	Yes	44,689 (USD 1,450,000)	44,689 (USD 1,450,000)	44,689 (USD 1,450,000)	4.79%	short-term financing	-	Working capital	-	-	-	175,915 (Note 2)	703,660 (Note 2)	(Note 3)

Note1: It used the rate of exchange at March 31, 2019.

Note2: Limit of financing amount for total amount or individual counter-party shall not exceed 40% of the lender's net assets value as of the period, or not exceed 10% 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 March 31, 2019 (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	March 31, 2019				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
The Company	Ascendax Venture Capital Corp. stock	-	Financial assets at FVOCI – noncurrent	1,400,000	14,088	5.00%	14,088	-
The Company	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	1,000,000	18,970	2.04%	18,970	-
The Company	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	Financial assets at FVOCI – noncurrent	13,845	872	-	872	-
The Company	Innolux Corp. stock	-	Financial assets at FVOCI – current	1,147,089	11,471	0.01%	11,471	-
The Company	Fubon Financial Holding Co., Ltd. stock	-	Financial assets at FVOCI – current	300,000	13,800	-	13,800	-
The Company	Radiant Opto Electronics Corp. stock	-	Financial assets at FVOCI – current	250,000	24,650	0.05%	24,650	-
The Company	Taiwan Cement Corp., Ltd. stock	-	Financial assets at FVOCI – current	330,000	13,612	0.01%	13,612	-
The Company	Synnex Technology International Co., Ltd. stock	-	Financial assets at FVOCI – current	458,000	16,946	0.03%	16,946	-
The Company	King Yuan Electronics Co., Ltd. stock	-	Financial assets at FVOCI – current	1,069,000	28,061	0.09%	28,061	-
The Company	Nan Ya Plastics Corporation stock	-	Financial assets at FVOCI – current	210,000	16,569	-	16,569	-
The Company	Pegatron Co., Ltd. stock	-	Financial assets at FVOCI – current	216,000	11,513	0.01%	11,513	-
The Company	Mega Financial Holding Co., Ltd stock	-	Financial assets at FVOCI – current	555,000	15,568	-	15,568	-
The Company	Coasia Microelectronics Corp. stock	-	Financial assets at FVOCI – current	441,508	4,300	0.32%	4,300	-
The Company	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	480,000	10,464	0.78%	10,464	-
The Company	Yuanta Asia Pacific ex Jpn Invt Grd Govt Bd Idx (A)	-	Financial assets at FVTPL – current	2,000,000	18,110	-	18,110	-
The Company	Edmond de Rothschild Fund – Europe Convertibles(A)-USD	-	Financial assets at FVTPL – current	8,468.12	23,977	-	23,977	-

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

Name of security holder	Name of security and type	Relationship between issuer of security and the security holder	Financial statement account	March 31, 2019				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
The Company	UBS (Lux) Money Market Fund - USD	-	Financial assets at FVTPL – current	602.41	33,089	-	33,089	-
Ying Dar Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	550,000	11,990	0.90%	11,990	-
Ying Dar Investment Development Corp	AGV Products Corporation stock	-	Financial assets at FVOCI – current	101,500	735	0.02%	735	-
Ying Dar Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	5,346,672	80,467	3.07%	80,467	(Note)
Bae Haw Investment Development Corp	Everest Technology Inc.	-	Financial assets at FVOCI – noncurrent	1,000,000	-	1.47%	-	-
Bae Haw Investment Development Corp	Shian Yih Electronic Co., Ltd. stock	-	Financial assets at FVOCI – current	380,000	8,284	0.62%	8,284	-
Bae Haw Investment Development Corp	The Company's stock	The Company	Financial assets at FVOCI – noncurrent	3,447,716	51,888	1.98%	51,888	(Note)
Ying Cheng Investment Corp.	Chenfeng Optronics Corp. stock	-	Financial assets at FVOCI – noncurrent	6,000,000	113,820	12.23%	113,820	-

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	Relationship	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	312,167	36.00%	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 company set credit duration as three months for North American market, which is slightly longer than one to three months set in other markets.	313,406	51.00%	(Note)
Emerging Display Technologies Corp., U.S.A.	The Company	Subsidiary of the Company	Purchase	312,167	100.00%	3 months	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	The company is the major supplier for Emerging Display Technologies Corp., U.S.A.	313,406	100.00%	(Note)

Note: It was eliminated in the consolidation.

- (viii) 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	Amount			
The Company	Emerging Display Technologies Corp., U.S.A.	Subsidiary of the Company	Account receivables of 313,406	3.84	-	-	70,577	-	(Note)
			Other receivable of 44,689	-	-	-	-	-	(Note)

Note: It was eliminated in the consolidation.

- (ix) Derivative financial instrument transactions :

Please refer to note 6(b).

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

(x) 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	312,167	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.	35.04%
				Accounts payable	313,406		9.34%
0	The Company	Tremendous Explore Corp.	1	Processing cost	44,878	No non-related-party transaction to compare to.	5.04%
				Accounts payable	92,644		2.76%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Selling expenses -Commission	105	No non-related-party transaction to compare to.	0.01%
				Other payable	217		0.01%
0	The Company	EDT-Europe ApS	1	Selling expenses -Commission	13,443	No non-related-party transaction to compare to.	1.51%
				Other payable	1,297		0.04%
0	The Company	Emerging Display Technologies Korea	1	Selling expenses -Commission	1,050	No non-related-party transaction to compare to.	0.12%
0	The Company	EDT-Japan Corp.	1	Selling expenses -Commission	3,287	No non-related-party transaction to compare to.	0.37%
0	The Company	Emerging Display Technologies Corp., U.S.A.	1	Interest revenue	383	Adjust by floating interest rate of Bank of America.	0.04%
				Other receivable	44,689		1.33%
1	Tremendous Explore Corp.	Dong Guan Emerging Display Limited	3	Processing cost	44,452	No non-related-party transaction to compare to.	4.99%
				Purchase material	19,807		2.22%
				Accounts payable	69,606		2.07%

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 for the three months ended March 31, 2019 was as follows: (excluding investments in Mainland China) :

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Net income (loss) of the investee	Investment income (less) recognized	Remarks
				March 31, 2019	December 31, 2018	Shares owned	Percentage owned	Carrying value			
The Company	Emerging Display Technologies Corp., U.S.A.	USA	Trading	121,656	121,656	3,500,000	100.00%	72,860 (Note1)	2,008	2,021	Subsidiary (Note 2)
The Company	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	180,503	180,503	5,984,071	78.49%	95,409	(50)	(39)	Subsidiary (Note 2)
The Company	EDT-Europe ApS	Denmark	Customer service and business support	2,077	2,077	125,000	100.00%	2,116	319	319	Subsidiary (Note 2)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Net income (loss) of the investee	Investment income (less) recognized	Remarks
				March 31, 2019	December 31, 2018	Shares owned	Percentage owned	Carrying value			
The Company	Tremendous Explore Corp.	BVI	Trading	-	-	50,000	100.00%	(9,717)	(308)	(308)	Subsidiary (Note 2)
The Company	Emerging Display Technologies Korea	Korea	Business support	1,677	1,677	58,212,500	100.00%	1,234	4	4	Subsidiary (Note 2)
The Company	EDT-Japan Corp.	Japan	Customer service and business support	17,401	17,401	5,000	100.00%	4,154	100	100	Subsidiary (Note 2)
The Company	Ying Dar Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	21,789	(9)	(9)	Subsidiary (Note 2)
The Company	Bae Haw Investment Development Corp.	Taiwan	Investment	89,000	89,000	8,900,000	100.00%	34,229	(11)	(11)	Subsidiary (Note 2)
The Company	Ying cheng Investment Corp.	Taiwan	Investment	84,000	84,000	8,400,000	52.50%	65,085	(6)	(3)	Subsidiary (Note 2)
Ying Dar Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	13,234	13,234	450,000	5.90%	7,172	(50)	(3)	Subsidiary (Note 2)
Bae Haw Investment Development Corp.	Emerging Display International (Samoa) Corp.	Samoa	Investment holding	25,488	25,488	870,000	11.41%	13,870	(50)	(6)	Subsidiary (Note 2)

Note 1: It was deducted unrealized profit from sales \$13,319.

Note 2: 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, 2019	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of March. 31, 2019	Net income of investee	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group	Book value of the investment as of March. 31, 2019	Accumulated investment income repatriated to Taiwan as of March. 31, 2019
					Remittance	Repatriation						
Dong Guan Emerging Display Limited	Manufacturing of LCDs and Touch panel	248,516 (USD 7,625,300)	Investing through a third country by establishing a holding Group in a third country.	219,225 (USD 6,746,936) (Note1)	-	-	219,225 (USD 6,746,936)	(153)	95.80% (Note2)	loss of \$147 Based on the investee's financial statements audited by the same auditor as the Group (Note 3)	107,259 (Note4)	-

(ii) Limitation on investment in Mainland China :

Accumulated investment amount remitted from Taiwan to Mainland China as of March 31, 2019	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
213,726(Note 8) (US\$6,934,668) (Note5)	429,992(Note8) (US\$13,951,732) (Note6)	1,168,513(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 loss of \$9 which was recognized by Ying Dar Investment Development Corp. and a loss of \$18 which was recognized by Bae Haw Investment Development Corp.

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

Note 4: The amount includes \$6,606 which was invested by Ying Dar Investment Development Corp. and \$12,775 which was invested by Bae Haw Investment Development Corp.

Note 5: The amount includes the remaining capital amounting to US\$187,732 of Emerging Technologies Int'l Trading (Shanghai) Co., Ltd. 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 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 \$61,354 for Ying Dar Investment Development Corp. and \$51,670 for Bae Haw Investment Development Corp.

Note 8: Transactions denominated in foreign currencies were recorded using the rate of exchange at March 31, 2019.

(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, was disclosed in "information on significant transactions" for the nine months ended March 31, 2019.

(14) Segment Information

Reportable segment information was as follows :

	January to March, 2019					Total
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	
Revenue:						
Sales to customers other than consolidated entities	\$ 557,242	333,552	-	187	-	890,981
Sales among consolidated entities	312,167	105	44,878	17,780	(374,930)	-
Total revenue	\$ 869,409	333,657	44,878	17,967	(374,930)	890,981
Segment Income	\$ 63,637	2,510	(492)	455	(3,620)	62,490
	January to March, 2018					
	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Revenue:						
Sales to customers other than consolidated entities	\$ 425,795	278,771	-	113	-	704,679
Sales among consolidated entities	245,016	181	52,220	18,157	(315,574)	-
Total revenue	\$ 670,811	278,952	52,220	18,270	(315,574)	704,679
Segment Income	\$ (26,104)	538	(6,329)	872	4,544	(26,479)

EMERGING DISPLAY TECHNOLOGIES CORP. AND SUBSIDIARIES

Notes to consolidated financial statements

	Domestic	North America	Mainland China	Other operating Department	Adjustments and Eliminations	Total
Segment Assets						
March 31,2019	<u>\$ 3,170,015</u>	<u>459,438</u>	<u>159,420</u>	<u>19,357</u>	<u>(453,346)</u>	<u>3,354,884</u>
December 31,2018	<u>\$ 3,233,548</u>	<u>474,457</u>	<u>141,486</u>	<u>17,567</u>	<u>(472,990)</u>	<u>3,394,068</u>
March 31,2018	<u>\$ 3,209,985</u>	<u>418,353</u>	<u>126,151</u>	<u>15,730</u>	<u>(380,332)</u>	<u>3,389,887</u>
Segment Liabilities						
March 31,2019	<u>\$ 1,532,533</u>	<u>373,466</u>	<u>67,701</u>	<u>11,854</u>	<u>(453,810)</u>	<u>1,531,744</u>
December 31,2018	<u>\$ 1,605,404</u>	<u>390,779</u>	<u>73,217</u>	<u>10,647</u>	<u>(495,138)</u>	<u>1,584,909</u>
March 31,2018	<u>\$ 1,541,531</u>	<u>341,928</u>	<u>58,408</u>	<u>9,179</u>	<u>(405,682)</u>	<u>1,545,364</u>

The following is the explanation of material reconciliation item :

- (a) For the three months ended March 31, 2019 and 2018, the operating segments revenue eliminated from the consolidated entities were \$374,930 and \$315,574, respectively.
- (b) For the three months ended March 31, 2019 and 2018, the operating segments profit and loss eliminated from the consolidated entities were \$3,620 and \$4,544, respectively.
- (c) As of March 31, 2019, December 31, 2018 and March 31, 2018, the operating segments assets eliminated from the consolidated entities were \$453,346, \$472,990 and \$380,332, respectively.
- (d) As of March 31, 2019, December 31, 2018 and March 31, 2018, the operating segments liabilities eliminated from the consolidated entities were \$453,810, \$495,138 and \$405,682, respectively.