BAOTEK INDUSTRIAL MATERIALS LTD.
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

BAOTEK INDUSTRIAL MATERIALS LTD.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2018, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard No. 10. And if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

BAOTEK INDUSTRIAL MATERIALS LTD.
Representative: CHIANG,HSIAO-CHIN
March 14, 2019

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of BAOTEK INDUSTRIAL MATERIALS LTD.

Opinion

We have audited the accompanying consolidated balance sheets of BAOTEK INDUSTRIAL MATERIALS LTD. and subsidiaries (the “Group”) as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Cutoff of warehouse sales revenue

Description

The Group recognizes sales revenue when goods are drop-shipped from factories directly and when customers accept the goods. Refer to Note 4 (22) for details of revenue recognition. The supporting documents of revenue recognition include reports or other information provided by warehouse custodians and inventory movement record of warehouse.

As there are hubs located around the world and numerous custodians, the frequency and contents of statements provided by custodians vary, and customers are located around the world, the process of revenue recognition contains numerous manual procedures. Since there are numerous daily revenue from hubs and from FOB destination and the transaction amounts prior to and after the balance sheet date are significant to the financial statements, revenue cutoff has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures relative to the above key audit matter:

1. Obtained an understanding of the Group's operations and industry, and assessed the reasonableness of the policy and procedures to recognize revenue.
2. Assessed and checked the appropriateness of cutoff of sales revenue around the balance sheet date, and verified the statements provided by the warehouse custodian.
3. Confirmed the inventory quantities with warehouse custodian and agreed the results to accounting records. In addition, inspected the reason for the difference between the confirmation replies and accounting records and tested the reconciling items made by the Group in order to confirm whether the significant differences have been adjusted.
4. Confirmed the inventory quantities by performing physical inventory count observation and agreed the results to accounting records.

Allowance for inventory valuation losses

Description

Refer to Note 4(11) for description of accounting policy on inventory valuation, Note 5(2) for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of inventories. As of December 31, 2018, inventory and allowance for inventory valuation losses amounted to NT$399,602 thousand and NT$12,162 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of electronic glass fabrics which belongs to a rapidly changing industry and is easily affected by the market price. Thus, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. Thus, we consider the allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures relative to the above key audit matter:

1. Ascertained whether the policies on allowance for inventory valuation losses were reasonable and consistently applied in all the periods.
2. Validated the accuracy of inventory aging report, including sampled and confirmed the consistency of quantities and amounts with detailed inventory listing, verified the proper categorization of inventory aging report.
3. Evaluated and confirmed the reasonableness of net realizable value, and examined the reasonableness of provision for allowance for inventory valuation losses.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of BAOTEK INDUSTRIAL MATERIALS LTD. as at and for the years ended December 31, 2018 and 2017

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International

Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee (including supervisors), are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Tsang, Kwok-Wah   Li, Tien-Yi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 14, 2019

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

BAOTEK INDUSTRIAL MATERIALS LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 30,757	2	$ 85,425	4
1110	Financial assets at fair value through profit or loss - current	6(2)	213	-	3,195	-
1120	Current financial assets at fair value through other comprehensive income	6(3)	69,120	3	-	-
1125	Available-for-sale financial assets - current		-	-	122,067	6
1144	Financial assets carried at cost - current		-	-	83,859	4
1150	Notes receivable, net		-	-	3,665	-
1170	Accounts receivable, net	6(4)	376,801	19	465,396	22
1180	Accounts receivable - related parties	7	91,832	5	-	-
1200	Other receivables		16,777	1	11,214	-
130X	Inventory	6(5)	387,440	20	351,078	17
1410	Prepayments	7	23,236	1	21,557	1
1470	Other current assets		3,803	-	3,189	-
11XX	**Total current assets**		999,979	51	1,150,645	54
	Non-current assets					
1600	Property, plant and equipment	6(6) and 8	937,039	48	952,124	45
1840	Deferred income tax assets	6(20)	16,062	1	16,879	1
1900	Other non-current assets		3,638	-	2,551	-
15XX	**Total non-current assets**		956,739	49	971,554	46
1XXX	**Total assets**		$ 1,956,718	100	$ 2,122,199	100

(Continued)

BAOTEK INDUSTRIAL MATERIALS LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(7) and 8	$ 89,377	5	$ 382,457	18
2150	Notes payable		-	-	6,774	-
2170	Accounts payable	6(8)	25,747	1	225,618	11
2180	Accounts payable - related parties	7	163,076	8	-	-
2200	Other payables	6(9)	94,484	5	83,050	4
2220	Other payables - related parties	7	4,707	-	-	-
2300	Other current liabilities	6(14)	169	-	144	-
21XX	**Total current liabilities**		377,560	19	698,043	33
	Non-current liabilities					
2600	Other non-current liabilities		27,831	2	29,328	1
25XX	**Non-current liabilities**		27,831	2	29,328	1
2XXX	**Total liabilities**		405,391	21	727,371	34
	Equity attributable to owners of parent					
	Share capital	6(11)				
3110	Share capital - common stock		1,948,940	99	1,948,940	92
	Retained earnings	6(12)				
3350	Accumulated deficit		(338,032)	(17)	(507,509)	(24)
	Other equity interest	6(13)				
3400	Other equity interest		(59,581)	(3)	(46,603)	(2)
31XX	**Equity attributable to owners of the parent**		1,551,327	79	1,394,828	66
3XXX	**Total equity**		1,551,327	79	1,394,828	66
	Significant Contingent Liabilities and Unrecognized Contract Commitments	9				
3X2X	**Total liabilities and equity**		$ 1,956,718	100	$ 2,122,199	100

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

BAOTEK INDUSTRIAL MATERIALS LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Items	Notes	Year ended December 31 2018 AMOUNT	2018 %	2017 AMOUNT	2017 %
4000	**Operating revenue**	6(14) and 7	$ 1,625,912	100	$ 1,552,055	100
5000	**Operating costs**	6(5)(18)(19) and 7	(1,374,266)	(84)	(1,319,235)	(85)
5900	**Net operating margin**		251,646	16	232,820	15
	Operating expenses	6(18)(19) and 7				
6100	Selling expenses		(30,422)	(2)	(30,980)	(2)
6200	General and administrative expenses		(62,836)	(4)	(52,479)	(3)
6300	Research and development expenses		(7,664)	-	(6,043)	(1)
6000	**Total operating expenses**		(100,922)	(6)	(89,502)	(6)
6900	**Operating profit**		150,724	10	143,318	9
	Non-operating income and expenses					
7010	Other income	6(15)	8,679	-	12,821	1
7020	Other gains and losses	6(16) and 7	12,653	1	(27,008)	(2)
7050	Finance costs	6(17)	(3,198)	-	(6,127)	-
7000	**Total non-operating income and expenses**		18,134	1	(20,314)	(1)
7900	**Profit before income tax**		168,858	11	123,004	8
7950	Income tax expense	6(20)	(855)	-	(700)	-
8200	**Profit for the year**		$ 168,003	11	$ 122,304	8
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gains (losses) on defined benefit plans		$ 238	-	($ 3,046)	-
8316	Unrealized valuation losses on equity instruments at fair value through other comprehensive income	6(13)	(11,466)	(1)	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	38	-	518	-
8310	**Other comprehensive income that will not be reclassified to profit or loss**		(11,190)	(1)	(2,528)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8362	Unrealized gain on valuation of available-for-sale financial assets	6(13) and 12(4)	-	-	15,173	1
8360	**Other comprehensive income that will be reclassified to profit or loss**		-	-	15,173	1
8300	**Total other comprehensive (loss) income for the year**		($ 11,190)	(1)	$ 12,645	1
8500	**Total comprehensive income for the year**		$ 156,813	10	$ 134,949	9
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 168,003	11	$ 122,304	8
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 156,813	10	$ 134,949	9
	Earnings per share (in dollars)					
9750	**Basic and dilated earnings per share**	6(21)	$ 0.86		$ 0.63	

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

BAOTEK INDUSTRIAL MATERIALS LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent				
				Other equity interest		
	Notes	Share capital - common stock	Accumulated deficit	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Total equity
2017						
Balance at January 1, 2017		$ 1,948,940	($ 627,285)	$ -	($ 61,776)	$ 1,259,879
Net income		-	122,304	-	-	122,304
Other comprehensive income	6(13) and 12(4)	-	(2,528)	-	15,173	12,645
Total comprehensive income		-	119,776	-	15,173	134,949
Balance at December 31, 2017		$ 1,948,940	($ 507,509)	$ -	($ 46,603)	$ 1,394,828
2018						
Balance at January 1, 2018		$ 1,948,940	($ 507,509)	$ -	($ 46,603)	$ 1,394,828
Effects of retrospective application and retrospective restatement		-	1,512	(48,115)	46,603	-
Balance at January 1, 2018 after adjustments		1,948,940	(505,997)	(48,115)	-	1,394,828
Net income		-	168,003	-	-	168,003
Other comprehensive income (loss)	6(13)	-	276	(11,466)	-	(11,190)
Total comprehensive income		-	168,279	(11,466)	-	156,813
Disposal of financial asset at fair value through other comprehansive income		-	(314)	-	-	(314)
Balance at December 31, 2018		$ 1,948,940	($ 338,032)	($ 59,581)	$ -	$ 1,551,327

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

BAOTEK INDUSTRIAL MATERIALS LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 168,858	$ 123,004
Adjustments			
Adjustments to reconcile profit (loss)			
Net gain on financial assets or liabilities at fair value through profit or loss	6(2)	(213)	(2,054)
Depreciation	6(6)(18)	81,151	75,797
(Gain) losses from disposal of property, plant and equipment	6(16)	(288)	451
Gains on disposal of investments	6(16)	(1,770)	-
Interest income	6(15)	(192)	(148)
Interest expense	6(17)	3,198	6,127
Dividend income	6(15)	(4,948)	(9,892)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		3,665	(3,665)
Accounts receivable (including related parties)		(3,237)	(85,700)
Other receivables		(8,984)	(5,546)
Inventories		(36,362)	10,225
Prepayments		(1,025)	(3,762)
Other current assets		(614)	(2,908)
Other non-current assets		(929)	-
Changes in operating liabilities			
Notes payable		(6,774)	2,540
Accounts payable (including related parties)		(36,795)	49,087
Other payables		11,847	14,247
Other payables - related parties		4,707	-
Other current liabilities		25	(651)
Accrued pension liabilities		(1,497)	(957)
Cash inflow generated from operations		169,823	166,195
Interest received		192	148
Interest paid		(3,331)	(6,189)
Income taxes refund		-	5
Income taxes paid		-	(432)
Dividends received		4,948	9,892
Net cash flows from operating activities		171,632	169,619
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	6(22)	(57,531)	(108,087)
Proceeds from disposal of property, plant and equipment		288	119
(Increase) decrease in refundable deposits		(158)	93
Disposal of subsidiaries recognized as cash outflow	6(22)	(22,390)	-
Proceeds from disposal of financial assets		146,571	-
Net cash flows from (used in) investing activities		66,780	(107,875)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	6(23)	1,096,169	6,478
Decrease in short-term loans	6(23)	(1,389,249)	-
Proceeds from long-term debt		-	29,000
Repayments of long-term debt		-	(60,417)
Net cash flows used in financing activities		(293,080)	(24,939)
Net (decrease) increase in cash and cash equivalents		(54,668)	36,805
Cash and cash equivalents at beginning of year	6(1)	85,425	48,620
Cash and cash equivalents at end of year	6(1)	$ 30,757	$ 85,425

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

BAOTEK INDUSTRIAL MATERIALS Ltd. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars,

except as otherwise indicated)

1. HISTORY AND ORGANIZATION

BAOTEK INDUSTRIAL MATERIALS LTD. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in high-end fiberglass fabrics for copper clad laminates of various electronic applications. NITTO BOSEKI CO., LTD. holds 47.65% equity interest in the Company through public tender offer on August 10, 2018, becoming the Company’s major shareholder since that date.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 14, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

A. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognize 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

B. IFRS 15, 'Revenue from contracts with customers' and amendments

(a) IFRS 15, 'Revenue from contracts with customers' replaces IAS 11, 'Construction contracts', IAS 18, 'Revenue' and relevant interpretations. According to IFRS 15, revenue is recognized when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognizes revenue in accordance with that core principle by applying the following steps:

Step 1: Identify contracts with customer.

Step 2: Identify separate performance obligations in the contract(s).

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price.

Step 5: Recognize revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

C. Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with Customers'

The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and determine whether the revenue from granting a licence should be recognized at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard.

When adopting the new standards endorsed by the FSC effective from 2018, the Group applied the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. Further, the Group adopted IFRS 15 using the modified retrospective approach. The significant effects of applying the new standards as of January 1, 2018 are summarized below:

In accordance with IFRS 9, the Group reclassified financial assets at fair value through profit or loss, available-for-sale financial assets and financial assets at cost in the amounts of $3,195, $122,067 and $83,859, respectively, and made an irrevocable election at initial recognition on equity instruments not held for dealing or trading purpose, by increasing financial assets at fair value through other comprehensive income and retained earnings and decreasing other equity interest in the amounts of $209,121, $1,512 and $1,512, respectively.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	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
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognize a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Group expects to recognize the lease contract of lessees in line with IFRS 16. However, the Group intends not to restate the financial statements of prior period (referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that 'right-of-use asset' and lease liability will both be increased by $7,956.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
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'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets and liabilities at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.

(c) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognized as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 (‘IAS 39’), International Accounting Standard 11 (‘IAS 11’), International Accounting Standard 18 (‘IAS 18’) and related financial reporting interpretations. Please refer to Notes 12(4) for details of significant accounting policies and details of significant accounts.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	December 31, 2018	December 31, 2017	Description
BAOTEK INDUSTRIAL MATERIALS LTD.	SILTEK INTERNATIONAL LTD.	High-end fiberglass fabrics for copper clad laminate of various electronic applications	0%	100%	Note

Note : The Group sold the shares in subsidiary SILTEK INTERNATIONAL LTD. to CHUANG-YU INVESTMENT CO., LTD. on June 25, 2018 and accordingly, the Group lost its control over the subsidiary. The Group recognized its investment retained in the former subsidiary at fair value on the date that control ceased and recognized gain of $1,770 presented as other gains and losses in the statement of comprehensive income. Cash flow information relating to the subsidiary is provided in Note 6(22) Supplemental cash flow information.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;
(b) Liabilities arising mainly from trading activities;
(c) Liabilities that are to be settled within twelve months from the balance sheet date;
(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

A. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

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

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using settlement date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:
The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable, at each reporting date, the Group recognizes the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognizes the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(11) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	2 ~ 56 years
Machinery and equipment	1 ~ 15 years
Other equipment	1 ~ 5 years

(13) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(14) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(15) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(16) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or cancelled or expires.

(17) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Group uses interest rates of government bonds (at the balance sheet date) instead.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(18) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognized and recognized deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from regulation of Income tax to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(19) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(20) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(21) Revenue recognition

The Group manufactures and sells a range of high-end fiberglass fabrics. The Group's revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from sales of goods is recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(22) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Impairment of financial assets – equity investments

The Group relies upon critical judgements to determine whether individual financial asset – equity investment has been impaired in accordance with IAS 39, 'Financial Instruments: Recognition and Measurement'. The Group takes into account factors such as at what point in time and to what extent the fair value of individual equity investment falls below its cost, investees' financial soundness and short-run business outlook including the sector and segment's performance, technology revolution as well as operating and financing cash flows.

The Group recognizes impairment loss in the financial statements when the occurrence of the fair value of equity investment falling below its cost is substantial and persisting. For available-for-sale financial assets, accumulated fair value recognized in other comprehensive income is reclassified as profit or loss while for financial assets at cost the impairment loss is recognized in profit or loss.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2018, the carrying amount of inventories was $387,440.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and revolving funds	$ 45	$ 73
Checking accounts and demand deposits	30,712	74,352
Time deposits	-	11,000
	$ 30,757	$ 85,425

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

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

	December 31, 2018
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Derivatives	$ -
Valuation adjustment	213
	$ 213

A. Amounts recognized in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	2018
Financial assets mandatorily measured at fair value through profit or loss	
Derivatives	($ 5,712)

B. The Group entered into contracts relating to derivative financial assets which were not accounted for under hedge accounting. The information is listed below:

	December 31, 2018	
Derivative instruments	Contract amount (notional principal in thousands)	Contract period
Current items:		
Forward foreign exchange contracts	USD 1,730	2018/12~2019/01

C. Information relating to credit risk of financial assets at fair value through profit or loss is provided in Note 12(2).

D. The Group entered into forward foreign exchange contracts to buy to hedge exchange rate risk of operating activities proceeds. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

E. Information on financial assets at fair value through profit or loss as of December 31, 2017 is provided in Note 12(4).

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

Items	December 31, 2018
Current items:	
Equity instruments	
Listed stocks	$ 128,701
Unlisted stocks	-
	128,701
Valuation adjustment	(59,581)
	$ 69,120

A. The Group has elected to classify listed stocks investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $69,120 as at December 31, 2018.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognized in other comprehensive income	($ 11,466)

C. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

D. Information on available-for-sale financial assets and financial assets at cost as of December 31, 2017 is provided in Note 12(4).

(4) Accounts receivable

	December 31, 2018	December 31, 2017
Accounts receivable	$ 376,801	$ 465,396
Less: Allowance for uncollectible accounts	-	-
	$ 376,801	$ 465,396

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2018	December 31, 2017
Up to 30 days	$ 96,762	$ 144,029
31 to 90 days	175,866	233,712
91 to 180 days	104,173	87,655
Over 180 days	-	-
	$ 376,801	$ 465,396

The above ageing analysis was based on invoice date.

B. The Group's accounts receivable does not hold any as collateral as security.

(5) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 90,360	($ 380)	$ 89,980
Supplies	1,377	-	1,377
Work in progress	88,633	(49)	88,584
Finished goods	219,232	(11,733)	207,499
	$ 399,602	$ (12,162)	$ 387,440

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 61,730	($ 2,022)	$ 59,708
Supplies	1,037	(1)	1,036
Work in progress	99,583	(31)	99,552
Finished goods	201,400	(10,618)	190,782
	$ 363,750	$ (12,672)	$ 351,078

The cost of inventories recognized as expense for the year:

	Year ended December 31, 2018	Year ended December 31, 2017
Cost of goods sold	$ 1,375,900	$ 1,327,905
Gain on reversal of decline in market value	(510)	(6,991)
Revenue from sales of scraps	(1,124)	(1,679)
	$ 1,374,266	$ 1,319,235

The Group reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold as certain inventories which were previously provided with allowance were subsequently sold.

(6) Property, plant and equipment

	Land	Buildings and structures	Machinery	Others	Construction in progress and to be inspected devices	Total
At January 1, 2018						
Cost	$363,594	$ 519,135	$ 1,832,612	$ 262,628	$ 2,867	$ 2,980,836
Accumulated depreciation	-	(271,381)	(1,555,101)	(202,230)	-	(2,028,712)
	$363,594	$ 247,754	$ 277,511	$ 60,398	$ 2,867	$ 952,124
2018						
Opening net book amount as at January 1	$363,594	$ 247,754	$ 277,511	$ 60,398	$ 2,867	$ 952,124
Additions	-	6,549	40,057	6,967	13,147	66,720
Depreciation charge	-	(16,001)	(53,852)	(11,298)	-	(81,151)
Transfer (Note)	-	-	5,204	-	(5,858)	(654)
Closing net book amount as at December 31	$363,594	$ 238,302	$ 268,920	$ 56,067	$ 10,156	$ 937,039
At December 31, 2018						
Cost	$363,594	$ 525,684	$ 1,877,789	$ 263,448	$ 10,156	$ 3,040,671
Accumulated depreciation	-	(287,382)	(1,608,869)	(207,381)	-	(2,103,632)
	$363,594	$ 238,302	$ 268,920	$ 56,067	$ 10,156	$ 937,039

Note: Due to cancellation of the order for machinery, the refund reduced the prepaid equipment and the difference of $654 was transferred to income.

	Land	Buildings and structures	Machinery	Others	Construction in progress and to be inspected devices	Total
At January 1, 2017						
Cost	$351,099	$ 503,449	$ 1,773,930	$ 255,067	$ 3,731	$ 2,887,276
Accumulated depreciation	-	(257,038)	(1,521,473)	(190,935)	-	(1,969,446)
	$351,099	$ 246,411	$ 252,457	$ 64,132	$ 3,731	$ 917,830
2017						
Opening net book amount as at January 1	$351,099	$ 246,411	$ 252,457	$ 64,132	$ 3,731	$ 917,830
Additions	12,495	14,066	74,169	7,057	2,874	110,661
Disposals	-	-	(570)	-	-	(570)
Depreciation charge	-	(14,343)	(49,559)	(11,895)	-	(75,797)
Transfer (Note)	-	1,620	1,014	1,104	(3,738)	-
Closing net book amount as at December 31	$363,594	$ 247,754	$ 277,511	$ 60,398	$ 2,867	$ 952,124
At December 31, 2017						
Cost	$363,594	$ 519,135	$ 1,832,612	$ 262,628	$ 2,867	$ 2,980,836
Accumulated depreciation	-	(271,381)	(1,555,101)	(202,230)	-	(2,028,712)
	$363,594	$ 247,754	$ 277,511	$ 60,398	$ 2,867	$ 952,124

A. For the years ended December 31, 2018 and 2017, no borrowing cost was capitalized as part of property, plant and equipment.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. The Company acquired and owned a land, No. 0487-000 Ruiyuan Section, Yang-Mei District for the year ended 2017. The land is 2,782.35 square meters, which was used for farming and grazing and held by another person. The Group has obtained mortgage registration from the landowner' to guarantee the rights relative to the uncompleted transfer of the land.

(7) Short-term borrowings

Type of borrowings	December 31, 2018	Interest rate range	Collateral
Bank borrowings			
Bank secured borrowings	$ 89,377	1.30%	Land, buildings and structures
Bank unsecured borrowings	-	-	None
	$ 89,377		

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Bank borrowings			
Bank secured borrowings	260,677	1.39%	Land, buildings and structures
Bank unsecured borrowings	121,780	1.42%～1.61%	None
	$ 382,457		

(8) Accounts payable

	December 31, 2018	December 31, 2017
Accounts payable	$ 25,028	$ 215,418
Estimated accounts payable	719	10,200
	$ 25,747	$ 225,618

(9) Other payables

	December 31, 2018	December 31, 2017
Accrued salaries and bonuses	$ 25,896	$ 24,507
Payables for equipment	18,665	9,476
Estimated utility	6,464	6,885
Estimated commission	214	1,614
Others	43,245	40,568
	$ 94,484	$ 83,050

(10) Pensions

A. (a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company and its domestic subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(b) The amounts recognized in the balance sheet are as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	($ 45,438)	($ 44,108)
Fair value of plan assets	17,641	14,813
Net defined benefit liability	($ 27,797)	($ 29,295)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	($ 44,108)	$ 14,813	($ 29,295)
Current service cost	(682)	-	(682)
Interest (expense) income	(437)	147	(290)
	(45,227)	14,960	(30,267)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	450	450
Change in demographic assumptions	(54)	-	(54)
Experience adjustments	(157)	-	(157)
	(211)	450	239
Pension fund contribution	-	2,231	2,231
Balance at December 31	($ 45,438)	$ 17,641	($ 27,797)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	($ 41,863)	$ 14,657	($ 27,206)
Current service cost	(724)	-	(724)
Interest (expense) income	(520)	183	(337)
	(43,107)	14,840	(28,267)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(62)	(62)
Change in demographic assumptions	(26)	-	(26)
Experience adjustments	(1,855)	-	(1,855)
Change in financial assumptions	(1,103)	-	(1,103)
	(2,984)	(62)	(3,046)
Pension fund contribution	-	2,018	2,018
Paid pension	1,983	(1,983)	-
Balance at December 31	($ 44,108)	$ 14,813	($ 29,295)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Discount rate	1.00%	1.00%
Future salary increases	2.00%	2.00%

For the years ended December 31, 2018 and 2017, the assumption regarding mortality rate in the future is set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	($ 1,078)	$ 1,116	$ 1,102	($ 1,071)
December 31, 2017				
Effect on present value of defined benefit obligation	($ 1,104)	$ 1,145	$ 1,131	($ 1,096)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amount to $573.

B. (a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined

contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plans of the Group for the years ended December 31, 2018 and 2017 were $6,143 and $5,584, respectively.

(11) Share capital

A. As of December 31, 2018, the Company’s authorised capital was $2,500,000, consisting of 250 million shares of ordinary stock, and the paid-in capital was $1,948,940 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected. There are 29 million shares which was raised through private placement are not yet be publicly issued.

B. To increase the Company's working capital, the stockholders at their annual stockholders' meeting on June 13, 2007 adopted a resolution to raise additional cash through private placement with the effective date set on June 9, 2008. The shares to be issued through the private placement is 29 million shares at the price of $7.55 (in dollars) per share. The amount of capital raised through the private placement was $218,950.

C. Pursuant to the Securities and Exchange Act, the ordinary shares raised through the private placement are subject to certain transfer restrictions and cannot be listed on the stock exchange until three years after they have been issued and have been offered publicly. Other than these restrictions, the rights and obligations of the ordinary shares raised through the private placement are the same as other issued ordinary shares.

D. The schedules declaration of the Company shares public tender offer:

(a) On April 26, 2018, the Company learned that the public tender offeror, NITTO BOSEKI CO., LTD., planned to public tender offer the Company's common stocks from April 30, 2018 to June 14, 2018 (the public tender offeror announced on June 7, 2018 to extend the acquiring period to August 2, 2018). According to the public tender offer prospectus, the purchaser planned to acquire a maximum of 68,642 thousand shares (which was 35.22% of total issued shares), along with 29 million shares of private shares (which was 14.88% of total issued shares) from the Company's supervisors and the major shareholder, CREATIVE VISION INVESMENT CO., LTD., who held more than 10% of the Company's shares. After the acquisition, NITTO BOSEKI CO., LTD. will hold 50.10% issued shares of the Company.

(b) The Company released the material information on aforementioned public tender offer on April 26, 2018 and April 27, 2018. The response measures based on the 'Regulations Governing Public Tender Offers for Securities of Public Companies' of the Company are: call a meeting with the review committee within 15 days, examine the identity and financial conditions of the public tender offeror, check the fairness of acquisition conditions and the reasonableness of the source of acquisition funds and consult with independent experts. In addition, the Company will call a meeting with the board of directors to offer suggestions based on the review result of the review committee to shareholders within 15 days.

(c) The Company called a meeting with review committee on May 2, 2018. All commissioners who attended believed that terms and conditions of the acquisition is fair and the source of the acquisition funds is legitimate and hence, all commissioners agreed on the acquisition.

(d) The Board of Directors during it meeting on May 8, 2018 believed that terms and conditions of the acquisition is fair and the source of the acquisition funds is legitimate and hence, resolved to proceed with the acquisition.

(e) As of June 25, 2018, when the Company announced the material information, the public tender offeror, NITTO BOSEKI CO., LTD., purchased a total of 63,854 thousand shares which reached the minimum acquisition threshold.

(f) The Company released the material information on August 3, 2018. As of August 3, 2018, the acquisition period has expired and the number of actual shares acquired was 63,866 thousand shares.

(g) The Company released the material information on August 10, 2018. On the same date, the Company was informed that NITTO BOSEKI CO., LTD. has acquired a third of the Company's issued shares and announced the changes in owner's equity in accordance with paragraph 1 of Article 369-8 of the R.O.C. Company Act.

E. Movements in the number of the Company's ordinary shares outstanding are as follows:

(Expressed in shares)

	2018	2017
At January 1	194,893,964	194,893,964
At December 31	194,893,964	194,893,964

(12) Accumulated deficit

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The remainder, if any, to be retained or to be appropriated shall be resolved by the stockholders at the stockholders' meeting.

The Company is in the growth stage. Taking into account the future capital need and fulfilling the shareholder's need on cash inflow, the current year's earnings, if any, cash dividends shall account for at least 20% of the total cash and stock dividends distributed. The percentage can only be increased when the Company has sufficient cash to meet the liquidity requirements

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

D. For the years ended December 31, 2018 and 2017, the Company did not distribute retained earnings due to the accumulated deficit. The Board of Directors during its meeting on March 9, 2018 proposed to offset the accumulated deficit of 2017 which was resolved at the shareholders' meeting on June 15, 2018.

E. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(19).

(13) Other equity items

	2018
	Unrealised gains (losses) on valuation
At January 1,2018	($ 46,603)
Revaluation	(11,466)
Revaluation transferred to other equity items	(1,512)
At December 31,2018	($ 59,581)

	2017
	Unrealised gains (losses) on valuation
At January 1,2017	($ 61,776)
Revaluation	15,173
At December 31,2017	($ 46,603)

(14) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	$ 1,625,912

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major product lines and geographical regions:

2018	Taiwan	China	Others	Total
Revenue from external customer contracts	$ 504,726	$ 547,617	$ 573,569	$ 1,625,912
Timing of revenue recognition				
At a point in time	$ 504,726	$ 547,617	$ 573,569	$ 1,625,912

B. Contract assets and liabilities

The Group has recognized the following revenue-related contract assets and liabilities:

	December 31, 2018
Contract liabilities (booked as in other current liabilities)	$ 118

C. Related disclosures on operating revenue for 2017 are provided in Note 12(5).

(15) Other income

	Year ended December 31, 2018	Year ended December 31, 2017
Interest income:		
Interest income from bank deposits	$ 171	$ 125
Other interest income	21	23
Dividend income	4,948	9,892
Others	3,539	2,781
	$ 8,679	$ 12,821

(16) Other gains and losses

	Year ended December 31, 2018	Year ended December 31, 2017
Gains (losses) on disposals of property, plant and equipment	$ 288	($ 451)
Gains (losses) on disposals of investments	1,770	-
Foreign exchange gains (losses)	11,094	(27,754)
Gains (losses) on financial assets (liabilities) at fair value through profit or loss	213	2,054
Miscellaneous disbursements	(712)	(857)
	$ 12,653	($ 27,008)

(17) Finance costs

	Year ended December 31, 2018	Year ended December 31, 2017
Interest expense	$ 3,198	$ 6,127

(18) Expenses by nature

	Year ended December 31, 2018	Year ended December 31, 2017
Employee benefit expense	233,425	211,717
Depreciation charges on property, plant and equipment	81,151	75,797
	$ 314,576	$ 287,514

(19) Employee benefit expense

	Year ended December 31, 2018	Year ended December 31, 2017
Wages and salaries	$ 199,496	$ 180,076
Labour and health insurance fees	15,340	14,092
Pension costs	7,115	6,645
Other personnel expenses	11,474	10,904
	$ 233,425	$ 211,717

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

The abovementioned distributable profit is pre-tax profit before deducting employees' compensation and directors' and supervisors' remuneration.

B. As of December 31, 2018 and 2017, the Company had an accumulated deficit hence no employees' compensation and directors' and supervisors' remuneration was accrued for the years ended December 31, 2018 and 2017.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Year ended December 31, 2018	Year ended December 31, 2017
Current tax:		
Current tax on profits for the year	$ -	$ -
Prior year income tax (over) underestimation	-	432
Total current tax	-	432
Deferred tax:		
Impact of change in tax rate	(304)	-
Origination and reversal of temporary differences	1,159	268
Total deferred tax	855	268
Income tax (benefit) expense	$ 855	$ 700

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Year ended December 31, 2018	Year ended December 31, 2017
Remeasurement of defined benefit obligations	$ 38	$ 518

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31, 2018	Year ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate	$ 33,772	$ 20,911
Tax exempt income by tax regulation	4	(1,697)
Prior year income tax (over) underestimation	-	432
Temporary differences not recognised as deferred tax assets	(102)	(1,188)
Change in assessment of realisation of deferred tax assets	153	233
Effect from changes in tax regulation	(304)	-
Effect from taxable loss income tax	(32,668)	(17,991)
Income tax expense	$ 855	$ 700

C. Amounts of deferred tax assets or liabilities as a result of temporary differences, tax losses and investment tax credits are as follows:

	2018			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
－Deferred tax assets:				
Temporary differences:				
Unused vacation pay	$ 999	$ 220	$ -	$ 1,219
Unrealized exchange loss	721	(879)	-	(158)
Unrealized financial instruments valuation loss (gain)	-	(43)	-	(43)
Accrued pension liabilities	484	-	38	522
Taxable loss	14,675	(153)	-	14,522
	$ 16,879	($ 855)	$ 38	$ 16,062

	2017			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
－Deferred tax assets:				
Temporary differences:				
Unused vacation pay	$ 741	$ 258	$ -	$ 999
Unrealized exchange loss	738	(17)	-	721
Unrealized financial instruments valuation loss (gain)	276	(276)	-	-
Accrued pension liabilities	-	-	484	484
Taxable loss	14,908	(233)	-	14,675
	16,663	(268)	484	16,879
－Deferred tax liabilities:				
Temporary differences:				
Accrued pension liabilities	(34)	-	34	-
	$ 16,629	($ 268)	$ 518	$ 16,879

D. Expiration dates of unused tax losses and amounts of unrecognized deferred tax assets are as follows:

	December 31, 2018			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2012	$ 96,986	$ 74,598	$ 61,171	2022
2013	149,787	149,787	122,825	2023
2014	113,311	113,311	92,915	2024
2015	65,695	65,695	53,870	2025
	$ 425,779	$ 403,391	$ 330,781	

	December 31, 2017			
Year incurred	Amount filed/ assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2009	$ 222,617	$ 132,283	$ 115,086	2019
2011	17,433	17,433	15,167	2021
2012	96,986	96,986	84,377	2022
2013	149,787	149,787	130,315	2023
2014	113,311	113,311	98,581	2024
2015	65,695	65,695	57,155	2025
	$ 665,829	$ 575,495	$ 500,681	

E. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ 18,591	$ 19,101

F. The Company’s income tax returns through 2016 have been assessed and approved by the Tax Authority.

G. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February 7, 2018, the Company’s applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(21) Earnings per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic and diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 168,003	194,894	$ 0.86

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic and diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 122,304	194,894	$ 0.63

(22) Supplemental cash flow information

A. Investing activities with partial cash payments

	Year ended December 31, 2018		Year ended December 31, 2017	
Purchase of property, plant and equipment	$	66,720	$	110,661
Add: Opening balance of payable on equipment		9,476		6,902
Less: Ending balance of payable on equipment	(	18,665)	(	9,476)
Cash paid during the year	$	57,531	$	108,087

B. The Group sold 100% of shares in the subsidiary – SILTEK INTERNATIONAL LTD. on June 25, 2018 and accordingly, lost control over the subsidiary (please refer to Note 4(3)B.(b)). The details of the consideration received from the transaction (including cash and cash equivalents) and assets and liabilities relating to the subsidiary are as follows:

	June 25, 2018	
Consideration received		
Cash	$	68,793
Subsidiary dividends which cannot be recovered but were transferred to loss on disposal of investment	(	2,755)
Unrealize valuation income of subsidiary's equity instrument investment at fair value through other comprehensive income converted to disposal investment income		4,040
Total consideration	$	70,078
Carrying amount of the assets and liabilities of SILTEK INTERNATIONAL LTD.		
Cash	$	22,390
Financial assets at fair value through other comprehensive income		48,715
Other payables	(	2,794)
Other current liabilities	(	3)
Total net assets	$	68,308

(23) Changes in liabilities from financing activities

	Short-term borrowings	
At January 1, 2018	$	382,457
Increase in cash flow from financing activities - short-term borrowings		1,096,169
Decrease in cash flow from financing activities - short-term borrowings	(	1,389,249)
At December 31, 2018	$	89,377

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
NITTO BOSEKI CO., LTD.	Joint control or significant influence over the Group (Note 1)
NITTO BO MACAU CLASS WEAVING CO., LTD.	Associate (Note 2)
NITTOBO TECHNO CO., LTD.	Associate (Note 3)
SOYO CO., LTD.	Associate (Note 3)
NITTOBO ASIA GLASS FIBER CO., LTD.	Associate (Note 3)
CREATIVE VISION INVESMENT CO., LTD.	Associate
TAIWAN VENTURE CAPITAL CO., LTD.	Associate
EVER-PROSPEROUS MULTITECHNOLOGIES ENTERPRISE LTD.	Associate
YU-YUAN CO., LTD.	Associate
HARMONIOUS CHEMICAL INC.	Associate
KO, LYN-HSIEN	Supervisor
LU, YU-HSUAN	Supervisor

Note 1：The Company acquired 47.65% shares of the Company on August 10, 2018, and became a related party of the Company since that date.

Note 2: The Company is a branch of NITTO BOSEKI CO., LTD.

Note 3: The Company is a subsidiary of NITTO BOSEKI CO., LTD.

(2) Significant related party transactions

A. Operating revenue

	Year ended December 31, 2018	Year ended December 31, 2017
Sales of services:		
Joint control or significant influence over the Group	$ 93,530	$ -
Associates	67,332	-
	$ 160,862	$ -

B. Purchases

	Year ended December 31, 2018	Year ended December 31, 2017
Purchases of goods:		
Joint control or significant influence over the Group	$ 60,950	$ -
Associates:		
NITTOBO ASIA GLASS FIBER CO., LTD.	178,253	-
Others	3,893	-
	$ 243,096	$ -

C. Receivables from related parties

	December 31, 2018	December 31, 2017
Accounts receivable:		
Joint control or significant influence over the Group	$ 44,799	$ -
Associates	47,033	-
	$ 91,832	$ -

D. Payables to related parties

	December 31, 2018	December 31, 2017
Accounts payable:		
Joint control or significant influence over the Group	$ 34,179	$ -
Associates:		
NITTOBO ASIA GLASS FIBER CO., LTD.	128,897	-
	163,076	-
Other payables－acquisition of property, plant and equipment:		
Associates:		
NITTO BO MACAU CLASS WEAVING CO., LTD.	3,330	-
NITTOBO TECHNO CO., LTD.	1,377	-
	4,707	-
	$ 167,783	$ -

E. Prepayments

	December 31, 2018	December 31, 2017
Associates		
Others	$ 2,039	$ -

F. Property transactions

(a) Acquisition of property, plant and equipment:

	Year ended December 31, 2018	Year ended December 31, 2017
Associates:		
NITTO BO MACAU CLASS WEAVING CO., LTD.	$ 3,526	$ -
NITTOBO TECHNO CO., LTD.	1,459	-
	$ 4,985	$ -

(b) Disposal of financial assets:

	Accounts	No. of shares	Object	Year ended December 31, 2018 Proceeds	Year ended December 31, 2018 Gain/(loss)
Associates					
CREATIVE VISION INVESMENT CO., LTD.	Other receivables	10,600	UNITY CHEMICAL CO., LTD., GLOBAL BIOPHARMA, INC., and SILTEK INTERNATIONAL LTD.'s stock.	$ 122,667	$ 1,644
Other associates	Other receivables	1,956	KENT INDUSTRIAL CO., LTD.'s stock	23,401	(149)
Others	Other receivables	42	KENT INDUSTRIAL CO., LTD.'s stock	503	(3)
				$ 146,571	$ 1,492

For the year ended December 31, 2018, the commission expense due from the disposal of abovementioned financial assets was $7,640. As of December 31, 2018, the payables have been fully paid.

As of December 31, 2017: None.

(3) Key management compensation

	Year ended December 31, 2018	Year ended December 31, 2017
Short-term employee benefits	$ 14,943	$ 14,140
Post-employment benefits	275	270
	$ 15,218	$ 14,410

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2018	December 31, 2017	Purpose
Land	$ 351,099	$ 351,099	Long-term and short-term borrowings
Buildings and structures	142,990	147,913	Short-term borrowings
	$ 494,089	$ 499,012	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

As of December 31, 2018 and 2017, the amount of the letter of credit issued but not used were both $0.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2018	December 31, 2017
Property, plant and equipment	$ 9,895	$ 5,232

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group has to maintain sufficient capital to afford extending and upgrading the factories and equipment. Hence, the capital management objective of the Group is to ensure that the Group has enough financial resources and operating strategy to afford the operating funds, capital output and research and development expenses within twelve months from the balance sheet date. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2018, the Group's strategy, which was unchanged from 2017, was to maintain the gearing ratio. The gearing ratios were as follows:

	December 31, 2018	December 31, 2017
Total liabilities	$ 405,391	$ 727,371
Total assets	$ 1,956,718	$ 2,122,199
Gearing ratio	20.71%	34.27%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through profit or loss	$ 213	$ 3,195
Financial assets at fair value through other comprehensive income	69,120	-
Available-for-sale financial assets	-	122,067
Financial assets amortised at cost	-	83,859
Cash and cash equivalents	30,757	85,425
Notes receivable, net	-	3,665
Accounts receivable, net	376,801	465,396
Accounts receivables - Relates parties	91,832	-
Other receivables	16,777	11,214
	$ 585,500	$ 774,821

	December 31, 2018	December 31, 2017
Financial liabilities		
Financial liabilities held for trading	$ -	$ -
Financial liabilities at amortised cost	-	-
Short-term borrowings	89,377	382,457
Notes payable	-	6,774
Accounts payable	25,747	225,618
Accounts payable-related parties	163,076	-
Other accounts payable	94,484	83,050
Other accounts payable-related parties	4,707	-
	$ 377,391	$ 697,899

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The overall risk management of the Group is to focus on unpredictable events in financial market and minimise any adverse effects on the financial performance of the Group. Derivatives are used exclusively for hedging purposes, please refer to Note 6(2).

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The primary sales and purchases of the Group are denominated in USD. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The Companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. To control the foreign exchange risk of future business transactions and recognized assets and liabilities, the Group's financial department enters into forward foreign exchange contracts. The foreign exchange risk arises from future business transactions, recognized assets and liabilities expressed in non-functional currency.

iii. The Group's businesses involve some non-functional currency operations (the Company's and subsidiaries' functional currency: NTD.) The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2018		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 14,983	30.72	$ 460,278
EUR:NTD	137	25.20	3,452
RMB:NTD	1,399	4.47	6,254
Non-monetary items: None.			
Financial liabilities			
Monetary items			
USD:NTD	$ 1,280	30.72	$ 39,322
EUR:NTD	23	35.20	810
JPY:NTD	18,190	0.28	5,093
Non-monetary items: None.			

	December 31, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 14,509	29.76	$ 433,561
EUR:NTD	106	35.57	3,757
RMB:NTD	660	4.57	3,014
JPY:NTD	9,185	0.26	2,427
Non-monetary items: None.			
Financial liabilities			
Monetary items			
USD:NTD	$ 1,318	29.76	$ 39,225
EUR:NTD	222	35.57	7,878
JPY:NTD	6,166	0.26	1,629
Non-monetary items: None.			

iv. The total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2018 and 2017, amounted to $11,094 and ($27,754), respectively.

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 4,602	$ -
EUR:NTD	1%	34	-
RMB:NTD	1%	62	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 393	$ -
EUR:NTD	1%	8	-
JPY:NTD	1%	51	-

	Year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 4,336	$ -
EUR:NTD	1%	38	-
RMB:NTD	1%	30	-
JYP:NTD	1%	24	-
Financial liabilities			
Monetary items			
USD:NTD	1%	$ 392	$ -
EUR:NTD	1%	79	-
JYP:NTD	1%	16	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 3% with all other variables held constant, post-tax profit for the years ended December 31, 2018 and 2017 would have increased/decreased by $6 and $96, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $2,074 and $3,662, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows at fair value through other comprehensive income.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. The Group classifies customer’s accounts receivable, contract assets and rents receivable in accordance with geographic area, product types, credit rating of customer, collaterals, credit risk on trade, customer types and scale of cooperation. The Group applies the modified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

iv. The Group used the forecastability to adjust historical and timely information to assess the default possibility of allowance loss of accounts receivable, there is no allowance loss for the year ended December 31, 2018.

v. Credit risk information of 2017 is provided in Note 12(4).

(c) Liquidity risk

The table below analyses the Group’s non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities

December 31, 2018	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Short-term borrowings	$ -	$ 89,377	$ -	$ -	$ 89,377
Accounts payable	22,780	2,967	-	-	25,747
Accounts payable-related parties	161,999	1,077	-	-	163,076
Other accounts payable	89,654	4,830	-	-	94,484
Other accounts payables-related parties	4,707	-	-	-	4,707

Non-derivative financial liabilities

December 31, 2017	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Short-term borrowings	$ 91,000	$291,457	$ -	$ -	$ 382,457
Notes payable	6,774	-	-	-	6,774
Accounts payable	220,576	5,042	-	-	225,618
Other accounts payable	75,807	5,900	1,343	-	83,050

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks and convertible bonds is included in Level 1

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2018 and 2017 is as follows:

(a) The related information of the nature of the assets and liabilities is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss	$ 213	$ -	$ -	$ 213
Liabilities				
Recurring fair value measurements: None.				

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 3,195	$ -	$ -	$ 3,195
Available-for-sale financial assets				
Equity securities	122,067	-	-	$ 122,067
	$ 125,262	$ -	$ -	$ 125,262
Liabilities				
Recurring fair value measurements: None.				

C. The methods and assumptions the Group used to measure fair value are as follows:

The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

D. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

E. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate. Structured interest derivative instruments are measured by using appropriate option pricing models (i.e. Black-Scholes model) or other valuation methods, such as Monte Carlo simulation.

F. Financial segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ -	Market comparable companies	Price to book ratio multiple	1.26~2.22	The higher the multiple, the higher the fair value.

December 31, 2017: None.

H. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect of profit or loss or of other comprehensive income from financial assets and liabilities categorised within Level 3 if the inputs used to valuation models have changed:

			December 31, 2018			
			Recognized in profit or loss		Recognized in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price to book ratio multiple	±1%	$ -	$ -	$ -	$ -

December 31, 2017: None.

(4) Effects on initial application of IFRS 9

A. Summary of significant accounting policies adopted in 2017

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

i. They are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.

ii. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.

iii. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(b) Available for sale financial assets

i. They are non-derivatives that are either designated in this category or not classified in any of the other categories.

ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using or settlement date accounting.

iii. They are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in 'financial assets measured at cost'.

(c) Loans and receivables

Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(d) Impairment of financial assets

i. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

ii. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) The disappearance of an active market for that financial asset because of financial difficulties;

(vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(vii) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(viii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

iii. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(i) Financial assets at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(ii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. The reconciliations of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

					Effects	
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income-equity	Measured at cost	Total	Retained earnings	Others equity
IAS 39	$ 3,195	$ 122,067	$ 83,859	$209,121	($507,509)	($46,603)
Transferred into and measured at fair value through other comprehensive income-equity	(3,195)	87,054	(83,859)	-	-	-
Fair value adjustment	-	-	-	-	1,512	(1,512)
IFRS 9	$ -	$ 209,121	$ -	$209,121	($505,997)	($48,115)

Under IAS 39, because the equity instruments, which were classified as financial assets at fair value through profit or loss, available-for-sale financial assets, financial assets at cost, amounting to $3,195, $122,067 and $83,859, respectively, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)" amounting to $87,054, increased retained earnings and decreased other equity interest in the amounts of $1,512 and $1,512 on initial application of IFRS 9.

C. The significant accounts as of December 31, 2017 and for the year ended December 31, 2017 are as follows:

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

Items	December 31, 2017
Current items:	
Financial assets held for trading	
Listed stocks	$ 4,707
Valuation adjustment	(1,512)
	$ 3,195

i. The Group recognized net profit amounting to $427 on financial assets held for trading for the year ended December 31,2017.

ii. The Group has no financial assets at fair value through profits or loss pledged to others.

(b) Available-for-sale financial assets

Items	December 31, 2017
Current items:	
Unlisted stocks	$ 168,670
Valuation adjustment	(46,603)
	$ 122,067

The Group recognized $15,173 in other comprehensive income for fair value change and reclassified \$0 from equity to profit or loss for the year ended December 31, 2017.

(c) Financial assets at cost

Items	December 31, 2017
Current items:	
Non-listed stocks	\$ 83,859
Accumulated impairment	-
	\$ 83,859

(d) i. According to the Group 's intention, its investment in above Corporation stocks should be classified as available-for-sale financial assets'. However, stock of above corporation are not traded in active market, and no sufficient industry information of companies similar to above Corporation and above Corporation's financial information cannot be obtained, the fair value of the investment in above Corporation stocks cannot be measured reliably. The Group classified those stocks as 'financial assets measured at cost'.

ii. As of December 31, 2017, no financial assets measured at cost held by the Group were pledged to others.

D. Credit risk information for the year ended December 31, 2017 is as follows:

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) The credit quality information based on the Group's credit standards, which account receivables that are neither past due nor impaired are as follows:

	December 31, 2017
Group 1	\$ 463,525
Group 2	-
	\$ 463,525

Group 1: Customers which has middle and upper credit rating.

Group 2: Customers which has middle and lower credit rating.

(d) The ageing analysis of financial assets that were past due but not impaired is as follows:

	December 31, 2017
Accounts receivable	
31 to 90 days	$ -
91 to 180 days	1,871
Over 180 days	-
	$ 1,871

The above ageing analysis was based on invoice date.

(5) Effects of initial application of IFRS 15

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below.

Sales of goods

The Group manufactures and sells electronic fiberglass fabrics products. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognized when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

B. The revenue recognized by using above accounting policies for the year ended December 31, 2017 are as follows:

	Year ended December 31, 2017
Electronic fiberglass fabrics	$ 1,552,055

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to Table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to Table 2.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2) and 12(4).

J. Significant inter-company transactions during the reporting periods: Please refer to Table 3.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to Table 4.

(3) Information on investments in Mainland China

None.

14. SEGMENT INFORMATION

(1) General information

The Group mainly manufactures and sells electronic fiberglass fabrics, and the nature of the manufacturing process and sales method of the products are similar. The single operating department allocates resources and assesses performance of the Group as a whole, therefore, the Group do not disclosure the segment information.

(2) Information on products and services

The Group mainly manufactures and sells electronic fiberglass fabrics, and the nature of the manufacturing process and sales method of the products are similar. Therefore, the Group is not required to disclosure the finance information of products.

(3) Geographical information

Geographical information for the years ended December 31, 2018 and 2017 is as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 504,726	$ 940,677	$ 664,687	$ 954,675
China	547,617	-	394,713	-
Others	573,569	-	492,655	-
	$ 1,625,912	$ 940,677	$ 1,552,055	$ 954,675

(4) Major customer information

Major customer information of the Group for the years ended December 31, 2018 and 2017 is as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Revenue	Segment	Revenue	Segment
A	$ 279,800	The Group	$ 310,717	The Group
B	240,985	The Group	204,740	The Group
C	237,139	The Group	157,707	The Group
D	156,815	The Group	156,603	The Group