Stock Code:3679

NISHOKU TECHNOLOGY INC.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2019 and 2018
(With Independent Auditors' Review Report Thereon)

Address: No. 36, Ln. 11, Huacheng Rd., Xinzhuang Dist., New Taipei City, Taiwan.
Telephone: 886-2-29983578

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

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Independent Auditors' Review Report

To the Board of Directors of Nishoku Technology Inc.:

Introduction

We have reviewed the consolidated financial statements of Nishoku Technology Inc. and its subsidiaries (”the Group”), which comprise the consolidated statement of financial position as of June 30, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months and six months ended June 30, 2019 and 2018. Management are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued by the Financial Supervisory Commission of the Republic of China. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

Scope of Review

Except as described in basis of opinion, we conducted our reviews in accordance with Statement on Auditing Standard 65, “Engagements to Review Financial Statements”. A review consists principally of inquiries of the Group's personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Basis of opinion

Included in the accompanying consolidated interim financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of $590,413 thousand and $633,857 thousand constituting 8% of the Group's consolidated total assets as of June 30, 2019 and 2018, respectively; total liabilities of $330,176 thousand and $280,745 thousand constituting 9% and 7% of the Group's consolidated total liabilities as of June 30, 2019 and 2018, respectively; comprehensive income of $26,291 thousand and $64,529 thousand and $60,891 thousand and $104,219 thousand constituting 11% and28% and19% and27%of the Group's consolidated comprehensive income for the three months and six months ended June 30, 2019 and 2018, respectively.

Conclusion

Based on our reviews, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of some equity method investees as described in basis of opinion above been reviewed by independent accountants, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the

Notes to Readers

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

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

Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 " Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the review resulting in this independent auditor's report are Cheng-Chien Chen and Sheng-Ho Yu.

KPMG

Taipei, Taiwan (Republic of China)
Aug. 02, 2019

Notes to Readers

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Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2019 and 2018

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2019, December 31, 2018 and June 30, 2018

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2019		December 31, 2018		June 30, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 3,247,342	44	3,343,043	45	3,712,844	48
1110	Financial assets at fair value through profit or loss (note 6(b))	629,985	9	263,890	4	164,876	2
1170	Accounts receivable, net (note 6(c))	1,190,684	16	1,348,674	18	1,312,902	17
130X	Inventories (note 6(d))	468,226	6	498,520	7	554,083	7
1470	Other current assets	34,749	-	48,535	1	62,917	1
1476	Other current financial assets (note 8)	8,125	-	6,902	-	8,722	-
		5,579,111	75	5,509,564	75	5,816,344	75
	Non-current assets:						
1600	Property, plant and equipment (note 6(e))	1,623,847	22	1,649,355	22	1,584,139	21
1755	Right-of-use assets(note 6(i))	53,833	1	-	-	-	-
1840	Deferred tax assets	78,083	1	67,536	1	89,567	2
1915	Prepayments for equipment	35,416	-	40,236	1	102,513	1
1985	Long-term prepaid rents	74,139	1	74,350	1	75,803	1
1990	Other non-current assets	28,059	-	21,296	-	21,245	-
		1,893,377	25	1,852,773	25	1,873,267	25
	Total assets	**$ 7,472,488**	**100**	**7,362,337**	**100**	**7,689,611**	**100**

		June 30, 2019		December 31, 2018		June 30, 2018	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(f))	$ 708,480	9	805,720	11	432,760	6
2111	Short term notes and bills payable (note 6(g))	99,964	1	99,985	2	49,990	1
2170	Notes and Accounts payable	497,788	7	601,303	8	634,268	8
2216	Dividend payable	186,889	3	-	-	475,820	6
2280	Current lease liabilities (note 6(j))	40,331	1	-	-	-	-
2300	Other current liabilities	334,139	4	308,790	4	349,392	5
		1,867,591	25	1,815,798	25	1,942,230	26
	Non-Current liabilities:						
2540	Long-term borrowings (note 6(h))	1,000,000	13	900,000	12	1,100,000	14
2570	Deferred tax liabilities and others	754,583	10	718,969	10	725,550	9
2580	Non-current lease liabilities (note 6(j))	13,663	-	-	-	-	-
		1,768,246	23	1,618,969	22	1,825,550	23
	Total liabilities	3,635,837	48	3,434,767	47	3,767,780	49
	Equity attributable to owners of parent (note 6(n)):						
3100	Ordinary share	622,962	8	622,962	8	793,033	10
3200	Capital surplus	958,055	13	955,989	13	971,310	13
	Retained earnings:						
3310	Legal reserve	504,367	7	480,192	7	480,192	6
3320	Special reserve	199,839	3	181,708	2	181,708	2
3350	Unappropriated retained earnings	1,700,337	23	1,886,558	26	1,732,836	23
		2,404,543	33	2,548,458	35	2,394,736	31
3400	Other equity interest	(148,909)	(2)	(199,839)	(3)	(130,391)	(2)
3500	Treasury stock	-	-	-	-	(106,857)	(1)
	Total equity	3,836,651	52	3,927,570	53	3,921,831	51
	Total liabilities and equity	**$ 7,472,488**	**100**	**7,362,337**	**100**	**7,689,611**	**100**

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and six months ended June 30, 2019 and 2018

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

		Three months ended June 30,				Six months ended June 30,			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	**Operation Revenues(notes 6(q)**	$ 1,026,769	101	1,057,087	102	1,679,135	102	1,891,860	102
4170	Less:Sales returns and allowance	14,991	1	19,194	2	29,339	2	31,747	2
	Net Operating revenues	1,011,778	100	1,037,893	100	1,649,796	100	1,860,113	100
5000	Operating costs (notes 6(d), (i), (l))	796,338	79	841,575	81	1,386,019	84	1,544,472	83
	Gross profit from operations	215,440	21	196,318	19	263,777	16	315,641	17
6000	**Operating expenses**(notes 6(c), (i), (r) and 12)								
6100	Selling expenses	15,400	2	16,415	2	29,760	2	32,151	2
6200	Administrative expenses	79,994	8	66,087	6	150,134	9	135,725	7
6300	Research and development expenses	31,597	3	26,722	3	54,330	3	51,647	3
6450	Expected credit loss	4,765	-	341	-	5,526	-	799	-
		131,756	13	109,565	11	239,750	14	220,322	12
	Net operating income	83,684	8	86,753	8	24,027	2	95,319	5
	Non-operating income and expenses:								
7010	Other income (notes 6(s))	20,911	2	29,237	3	37,800	2	43,612	2
7020	Other gains and losses, net (notes 6(t))	19,187	2	118,157	11	(3,007)	-	33,351	2
7050	Finance costs, net	(6,426)	(1)	(5,613)	(1)	(13,031)	(1)	(11,856)	(1)
	Total non-operating income and expenses	33,672	3	141,781	13	21,762	1	65,107	3
7900	**Profit from continuing operations before tax**	117,356	11	228,534	21	45,789	3	160,426	8
7950	Less: Tax expense (note 6(m))	14,464	1	87,610	8	2,815	-	152,599	8
	Profit	102,892	10	140,924	13	42,974	3	7,827	-
8300	**Other comprehensive income:**								
8360	**Components of other comprehensive income that will be reclassified to profit or loss**								
8361	Exchange differences on translation	(32,717)	(3)	23,622	2	63,663	4	64,146	3
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(m))	6,543	(1)	(4,724)	-	(12,733)	1	(12,829)	1

See accompanying notes to consolidated financial statements.

8300	**Other comprehensive income, net**	(26,174)	(2)	18,898	2	50,930	3	51,317	2
8500	**Total comprehensive income**	$ 76,718	8	159,822	15	93,904	6	59,144	2
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	$ 102,892	10	140,924	13	42,974	3	7,827	-
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable to owners of parent	$ 76,718	8	159,822	15	93,904	6	59,144	2
	Basic earnings per share								
9750	Basic earnings per share (NT dollars) (note 6(p))	$ 1.65		1.78		0.69		0.10	
9850	Diluted earnings per share (NT dollars) (note 6(p))	$ 1.65		1.78		0.69		0.10	

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
	Share capital		Retained earnings			Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Treasury stock	Total equity attributable to owners of parent	Total equity
Balance at January 1, 2018	$ 793,033	1,207,154	436,603	.38,354	2,149,862	(181,708)	-	4,443,298	4,443,298
Profit for the period	-	-	-	-	7,827	-	-	7,827	7,827
Other comprehensive income	-	-	-	-	-	51,317	-	51,317	51,317
Total comprehensive income	-	-	-	-	7,827	51,317	-	59,144	59,144
Appropriation and distribution of retained earnings									
Legal Reserve Appropriated	-	-	43,589	-	(43,589)	-	-	-	-
Special Reserve Appropriated	-	-	-	143,354	(143,354)	-	-	-	-
Cash Dividends of Common Stock	-	-	-	-	(237,910)	-	-	(237,910)	(237,910)
Cash Dividend distribution from capital surplus	-	(237,910)	-	-	-	-	-	(237,910)	(237,910)
Stock Option Compensation Cost	-	2,066	-	-	-	-	-	2,066	2,066
Treasury Stock Acquired	-	-	-	-	-	-	(106,857)	(106,857)	(106,857)
Balance at June 30, 2018	**$ 793,033**	**971,310**	**480,192**	**181,708**	**1,732,836**	**(130,391)**	**(106,857)**	**3,921,831**	**3,921,831**
Balance at January 1, 2019	$ 622,962	955,989	480,192	181,708	1,886,558	(199,839)	-	3,927,570	3,927,570
Profit for the period	-	-	-	-	42,974	-	-	42,974	42,974
Other comprehensive income						50,930		50,930	50,930
Total comprehensive income	-	-	-	-	42,974	50,930	-	93,904	93,904
Appropriation and distribution of retained earnings									
Legal Reserve Appropriated	-	-	24,175	-	(24,175)	-	-	-	-
Special Reserve Appropriated	-	-	-	18,131	(18,131)	-	-	-	-
Cash Dividends of Common Stock	-	-	-	-	(186,889)	-	-	(186,889)	(186,889)
Stock Option Compensation Cost	-	2,066	-	-	-	-	-	2,066	2,066
Balance at June 30, 2019	**$ 622,962**	**958,055**	**504,367**	**199,839**	**1,700,337**	**(148,909)**	**-**	**3,836,651**	**3,836,651**

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards
NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES
Consolidated Statements of Cash Flows

For the six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30,	
	2019	**2018**
Cash flows from (used in) operating activities:		
Profit before tax	$ 45,789	160,426
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	162,482	125,295
Expected credit loss	5,526	799
Interest expense	13,031	11,856
Interest income	(29,761)	(39,677)
Stock option compensation cost	2,066	2,066
Net loss (gain) on financial assets at fair value through profit or loss	(1,341)	(14,675)
Gain on disposal of property, plant and equipment	(844)	(194)
Recognition losses (reversal of provision) on inventory valuation and obsolescence	29,267	31,470
Total adjustments to reconcile profit :	180,426	116,940
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	(364,754)	470,097
Accounts receivable	152,464	28,826
Inventories	1,027	(104,691)
Other current assets and other financial assets	(1,791)	4,504
Total changes in operating assets	(213,054)	398,736
Changes in operating liabilities:		
Notes and accounts payable	(103,515)	67,554
Other current liabilities	44,796	(722)
Total changes in operating liabilities	(58,719)	66,832
Total adjustments	(91,347)	582,508
Cash inflow(outflow) generated from operations	(45,558)	742,934
Interest received	29,761	39,677
Interest paid	(12,496)	(12,198)
Income taxes paid	(5,054)	(42,753)
Net cash flows from operating activities	(33,347)	727,660
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(92,636)	(263,662)
Proceeds from disposal of property, plant and equipment	4,116	674
Increase Refundable deposits	6,765	3,901
Decrease in other financial assets	(2,734)	(2,652)
Net cash flows used in investing activities	(84,489)	(261,739)
Cash flows from (used in) financing activities:		
Decrease in short-term loans	(97,240)	(4,800)
Proceeds from (Repayments of) long-term borrowings	100,000	(300,000)
Increase (decrease) in guarantee deposits received and others	456	(84)
Payment of lease liabilities	(28,768)	-
Treasury stock acquired	-	(106,857)
Net cash flows used in financing activities	(25,552)	(411,741)
Effect of exchange rate changes on cash and cash equivalents	47,687	52,168
Net Increase (decrease)in cash and cash equivalents	(95,701)	106,348
Cash and cash equivalents at beginning of period	3,343,043	3,606,496
Cash and cash equivalents at end of period	**$ 3,247,342**	**3,712,844**

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with generally accepted auditing standards

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Notes to the Consolidated Financial Statements

June 30, 2019 and 2018

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

(1) Company history

NISHOKU TECHNOLOGY INC. (the "Company") was incorporated in year 1980, as a company limited by shares and registered under the Ministry of Economic Affairs, ROC. The Company conducted an IPO on the Taiwan Stock Exchange (TWSE) on October 5, 2011. The Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") primarily are involved in the manufacture and sale of plastic injection mold, tooling manufacturing and general import and export trade, please refer to note 14.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated interim financial statements were authorized for issuance by the board of directors on August 2, 2019.

(3) New standards, amendments and interpretations adopted:

a. Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already taken effect.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019:

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

(Continued)

Except for the items discussed below, the adoption of abovementioned standards and interpretations has not had a material impact on the Group's accounting policies. The extent and impact of significant changes are as follows:

(a) IFRS 16 "Leases

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

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below.

(i) Definition of a lease

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

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

(ii) As a lessee

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

The Group didn't have the contract to apply recognition exemptions to short-term leases.

- Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019.

Right-of-use assets are measured at either:

- their carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application – the Group applied this approach to its largest property leases; or
- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

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

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

(iii) Impacts on financial statements

On transition to IFRS 16, the Group recognised additional $80,887 thousands of right-of-use assets and lease liabilities, recognising the difference in retained earnings. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 1.20%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements recognition exemption for:	$ 80,394
Others	493
Discounted using the incremental borrowing rate at January 1, 2019	80,887
Finance lease liabilities recognized as at December 31, 2018	-
Lease liabilities recognized at January 1, 2019	$ 80,887

b. The impact of IFRS issued by IASB but not yet endorsed by the FSC:

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January1,2020 in accordance with Ruling No.1080323028 issued by the FSC on July 29,2019:

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

The Group estimated that the adoption of the above IFRSs would not has significant changes on its consolidated financial statements.

c. The impact of IFRS endorsed by FSC but not yet effective

As of the day, the following IFRSs that have been issued by the International Accounting Standards Board(IASB),but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Subject to IASB's announcement
IFRS 17 "Insurances Contracts"	January 1, 2021

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

(4) Summary of significant accounting policies:

a. Statement of compliance

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

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2018. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2018.

b. Basis of consolidation

Principles of preparation of the consolidated interim financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2018. The financial statements of insignificant consolidated subsidiaries, NISHOKU BOUEKI and NISHOKU VIETNAM, were not reviewed by independent accountants

c. Lease

(a) Lease judgments

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

(i) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified and

(ii) The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(iii) The Group has the right to direct the use of the asset. The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

- the Group has the right to operate the asset; or
- the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

(b) As a lease

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

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

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

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

(i) Fixed payments;

(ii) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(iii) Amounts expected to be payable under a residual value guarantee; and

(iv) Payments for purchase or termination options that are reasonably certain to be exercised.

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

(i) There is a change in future lease payments arising from the change in an index or rate; or

(ii) There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(iii) There is a change of its assessment on whether it will exercise a purchase; or

(iv) There is a change of its assessment on whether it will exercise a extension or termination option; or

(v) There is any lease modifications.

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

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

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

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases . The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

d. Income Tax

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated interim financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

(6) Explanation of significant accounts:

In addition to the following, there is no significant difference between the notes on the significant accounting items of the consolidated interim financial statements and the consolidated financial statements for the year ended December 31, 2018. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2018.

(a) Cash and cash Equivalents

		June 30, 2019	**December 31, 2018**	**June 30, 2018**
Cash, and demand deposits	$	1,120,323	1,690,919	2,263,432
Time deposits		1,931,035	1,553,050	1,418,952
Bond acquired under repurchase agreement		195,984	99,074	30,460
Cash and cash equivalents in the consolidated statement of cash flows	**$**	**3,247,342**	**3,343,043**	**3,712,844**

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

		June 30, 2019	**December 31, 2018**	**June 30, 2018**
Financial assets mandatorily measured at FVTPL:				
(i) Non-derivate financial instruments				
Fund	$	13,139	12,091	13,640
Principal guaranteed financial instruments		610,515	245,966	137,801

Bond of oversea	6,331	5,833	5,822
Total	629,985	263,890	157,263
(ii) Non-hedging derivatives			
FX SWAP	-	-	7,613
Total	$ 629,985	263,890	164,876

The Group entered into derivative contracts to manage exposures due to fluctuations of foreign exchange rates. As of June 30, 2018, these outstanding derivative contracts which are not applied hedge accounting treatment consisted of the following:

	June 30, 2018		
Financial instruments	**Notional amount**	**Currency**	**Maturity date**
FX SWAP	USD5,000 thousands	USD/NTD	July 13, 2018

For the six months ended June 30, 2018, total gains and losses from derivative financial instruments, please refer to note 6(u).

As of June 30, 2019 and 2018, the Group did not provide any financial assets as collateral.

(c) Notes and accounts receivable

	June 30, 2019	**December 31, 2018**	**June 30, 2018**
Notes receivable	$ 24,765	53,025	40,404
Accounts receivable	1,191,546	1,319,541	1,286,362
Less：allowance for impairment	(25,627)	(23,892)	(13,864)
	$ 1,190,684	**1,348,674**	**1,312,902**

The Group measures the loss allowance for notes and accounts receivable using the simplified approach with the lifetime expected credit losses. To measure the expected credit losses, notes and accounts receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporate forward-looking information.

Analysis of expected credit losses was as follows:

	June 30, 2019		
	Carrying amount of accounts receivable	**Weighted-average loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 1,079,201	-%	-
Past due less than 120 days	65,851	0%~1%	354
Past due 121~270 days	26,461	0%~30%	5,240
Past due 271~365 days	77	0%~100%	77
Past due over 1 year	3,887	100%	3,887
Total	**$ 1,175,477**		**9,558**

	December 31, 2018		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 1,267,287	-%	-
Past due less than 120 days	28,695	0%~1%	333
Past due over 1 year	7,490	100%	7,490
Total	$ 1,303,472		7,823

	June 30, 2018		
	Carrying amount of accounts receivable	Weighted-average loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 1,150,143	-%	-
Past due less than 120 days	116,648	0%~1%	1,122
Past due 121~270 days	9,876	0%~30%	3,047
Past due 271~365 days	269	0%~100%	269
Past due over 1 year	9,426	100%	9,426
Total	$ 1,286,362		13,864

As of June 30, 2019 and December 31, 2018 , after assessment, there is default risk on individual customer, and the gross carrying amount and loss allowance provision of the customer both amounted to $16,069 thousand.

The movement of the loss allowance for notes and accounts receivable was as follows:

	Six months ended June 30,	
	2019	2018
Beginning balance (IAS 39)	$ 23,892	18,703
Impairment loss	5,526	799
Amounts written off	(3,791)	(5,638)
Ending balance	$ 25,627	13,864

(d) Inventories

	June 30, 2019	December 31, 2018	June 30, 2018
Raw materials	$ 156,508	182,089	203,369
Work in process	213,756	183,199	245,013
Finished goods	97,962	133,232	105,701
	$ 468,226	498,520	554,083

For the three months ended June 30, 2019 and June30 2018, and for the six months ended June 30,2019 and June 30,2018, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to $796,338 thousand and $841,575thousand, and $1,386,019 thousand, and $1,544,472 thousand, respectively. For the three months ended June30, 2019 and June30,2018, and for the six months ended June 30,2019 and June 30,2018 the Group recognized the losses (reversal) on inventory valuation and obsolescence as cost of goods sold amounting to (1,076) thousand and 7,120 thousand, and $29,267 thousand and 31,470 thousand, respectively.

As of June 30, 2019, December 31, 2018, and June 30, 2018, the Group did not provide any inventories as collateral.

(e) Property, plant and equipment

The cost, depreciation and impairment loss of the property, plant and equipment of the Group for the years ended June 30, 2019 and 2018, were as follows.

		Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:							
Balance on January 1, 2019	$	179,672	927,427	2,099,866	478,594	73,046	3,758,605
Additions		-	394	13,788	20,121	57,433	91,736
Reclassifications		-	1,364	32,645	11,893	(44,564)	1,338
Disposals		-	(1,295)	(59,032)	(11,247)	-	(71,574)
Effect of movements in exchange rates		-	7,975	22,617	5,162	1,573	37,327
Balance on June 30, 2019	$	179,672	935,865	2,109,884	504,523	87,488	3,817,432
Balance on January 1, 2018	$	179,672	722,490	1,848,475	460,189	221,508	3,423,334
Additions		-	2,355	100,205	28,285	64,112	194,957
Reclassifications		-	272	21,830	6,217	(24,301)	4,018
Disposals		-	-	(2,842)	(22,573)	-	(25,415)
Effect of movements in exchange rates		-	5,537	23,291	3,251	860	32,939
Balance on June 30, 2018	$	179,672	730,654	1,990,959	475,369	262,179	3,638,833
Depreciation and impairments loss:							
Balance on January 1, 2019	$	-	354,265	1,406,257	348,728	-	2,109,250
Depreciation for the period		-	25,992	78,912	24,075	-	128,979
Reclassifications				585	753		1,338
Disposals		-	(1,295)	(57,459)	(9,548)	-	(68,302)
Effect of movements in exchange rates		-	3,058	15,475	3,787	-	22,320
Balance on June 30, 2019	$	-	382,020	1,443,770	367,795	-	2,193,585
Balance on January 1, 2018	$	-	310,310	1,262,780	363,408	-	1,936,498
Depreciation for the period		-	21,778	80,200	17,603	-	119,581
Disposals		-	-	(2,837)	(22,098)	-	(24,935)
Effect of movements in exchange rates		-	2,316	14,386	2,617	-	19,319
Balance on June 30, 2018	$	-	334,404	1,354,529	365,761	-	2,054,694
Carrying amounts:							
Balance on June 30, 2019	$	179,672	553,845	666,114	136,728	87,488	1,623,847
Balance on January 1, 2019	$	179,672	573,162	693,609	129,866	73,046	1,649,355
Balance on June 30, 2018	$	179,672	396,250	636,430	109,608	262,179	1,584,139

As of June 30, 2019, December 31, 2018 and June 30, 2018, the property, plant and equipment of the Group had not been pledged as collateral.

(f) Short-term borrowings

The details were as follows:

	June 30, 2019	December 31, 2018	June 30 , 2018
Credit loans, no pledge	$ 708,480	805,720	432,760
Interest rate range	0.88%~3.06%	0.90%~2.98%	0.90%~2.85%

(g) Short-term notes and bills payable

The details were as follows:

	June 30, 2019	December 31, 2018	June 30 , 2018
Commercial paper payable	$ 100,000	100,000	50,000
Less: Discount on short-term notes and bills payable	(36)	(15)	(10)
Total	$ 99,964	99,985	49,990
Interest rate range	0.732%	0.682%	0.672%

(h) Long-term borrowings

The details were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured loans	$ 1,000,000	900,000	1,100,000
Interest rate range	1.15%~1.19%	1.19%~1.20%	1.19%~1.26%

(i) Right-of-use assets

The cost and depreciation of the leased property, plant and equipment of the Group for the years ended June 30, 2019 were as follows:

Balance on January 1, 2019	$ 80,887
Depreciation for the period	(28,505)
Effect of movements in exchange rates	1,451
Balance on June 30, 2019	$ 53,833

(j) Lease liabilities

The details were as follows:

	June 30, 2019		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 40,708	377	40,331
Between one and five years	13,720	57	13,663
	$ 54,428	434	53,994
Lease liabilities - Current	$ 40,708	377	40,331
Lease liabilities -Non-current	$ 13,720	57	13,663

The Group didn't issue and repurchase or borrow the lease liabilities for the year ended June 30, 2019.

The amounts recognized in profit or loss during the lease term were as follows:

	Three months ended June 30, 2019	Six months ended June 30, 2019
Interests of lease liabilities	$ 192	426
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	$ 139	279

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

	Six months ended June 30, 2019
Total cash out flow of lease	$ 29,473

(k) Operating lease

There were no significant changes in operating lease for the six months ended June 30, 2018. Please refer to Note 6(i) of the consolidated financial statements for the year ended December 31, 2018 for other related information.

(l) Employee benefits

The pension costs incurred from the contributions to the Labor Insurance were as follows:

		Three months ended June 30,		Six months ended June 30,	
		2019	2018	2019	2018
Operating Costs	$	6,457	7,855	13,821	15,422
Operating Expenses		1,214	1,759	3,137	3,538
Total	$	7,671	9,614	16,958	18,960

(m) Income tax

(i) The amounts of income tax expense for the three months and six months ended June 30, 2019 and 2018 were $14,464 thousand, $87,610 thousand, $2,815 thousand and $152,599 thousand respectively.

(ii) The amounts of income tax expense (profit) under other comprehensive income or loss for the three months and six months ended June 30, 2019 and 2018 were as follows:

		Three months ended June 30,		Six months ended June 30,	
		2019	2018	2019	2018
Foreign currency translation differences for foreign operations	**$**	**(6,543)**	**4,724**	**12,733**	**12,829**

(iii) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2016 and 2017, respectively.

(n) Capital and other equity

In addition to the following, there is no material change in capital and other equity of the Group for the six months ended June 30, 2019 and 2018. For the related information, please refer to Note 6(j) of the consolidated financial statements for the year ended December 31, 2018.

(i) Capital surplus

The balances of capital surplus as of June 30, 2019 and 2018 were as follows:

		June 30, 2019	December 31, 2018	June 30, 2018
Additional paid-capital	$	949,944	949,944	967,427
Employee share options		8,111	6,045	3,883
Total	$	958,055	955,989	971,310

The Company's appropriations of capital surplus had been approved by the shareholders' meeting held on June 14, 2018. The cash dividends distributed was $237,910 thousand and $3 (in dollar) per share.

(ii) Retained earnings

According to the Company's article of incorporation stipulate that Company's net profit should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Aside from the aforesaid legal reserve, the Company may, under its articles of incorporation or as required by the government, appropriate for special reserve. The remaining balance of the earnings, if any, may be appropriated according to the distribution plan proposed by the board of directors and submitted to the shareholders' meeting for approval.

Before the distribution of dividends, the Company shall first take into consideration its operating environment, industry developments, and the long-term interests of stockholders in determining the stock or cash dividends to be paid. Therefore, the dividends shall be no less than 10% of the distributable earnings for the current period, and the distributable earnings will be retained when the dividend is less than $0.5 per share. However, the distribution of earnings can be made by the way of cash dividend or stock dividend.

Earnings distribution for 2018 and 2017 were decided via board of directors held on June 18, 2019, and Jane 14, 2018, respectively, and the approval of shareholders' meeting. The relevant dividend distributions to shareholders were as follow:

	2018		2017	
	Payout per share	**Amount**	**Payout per share**	**Amount**
Dividend to shareholders:				
Cash	$ 3.0	186,889	$ 3.0	237,910

(iii) Treasury shares

For the year ended June 30, 2018 the Company repurchased its own common stock as treasury shares in order to maintain the Company's credibility and stockholders' interest in accordance with the requirements under section 28(2) of the Securities and Exchange Ace. As of June 30, 2018 the Company had bought back 1,368 thousand shares for $106,857 thousand.

According to the Securities and Exchange Ace, the number of treasury shares shall not exceed 10% of the number of common shares issued. The total amount of treasury stock shall not exceed the sum of retained earnings, paid-in capital in excess of par value, and other realized capital surplus. Based on the amounts of the financial statement as of December 31, 2017 the Company could repurchase no more than 7,930 thousand shares, with a total value of no more than $3,317,800 thousand.

Under the Securities and Exchange Act, NISHOKU shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

(o) Share-based payment

For the six months ended June 30, 2019 and 2018, there were no significant changes in share-based payment except for the following: (Please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2018 for other related information).

(i) Information about the Company's outstanding employee stock options is described as follows:

	Six months ended June 30, 2019		Six months ended June 30, 2018	
	Weighted-average Exercise Price(NT$)	**Number of Stock Options**	**Weighted-average Exercise Price(NT$)**	**Number of Stock Options**
Outstanding at beginning of the period	$ 75.40 (note)	560	81.80	600
Options granted	-	-	-	-
Options forfeited	-	-	-	-
Options exercised	-	-	-	-
Outstanding at end of the period	70.80 (note)	**560**	81.80	**600**
Exercisable at end of the period		**-**		**-**
The weighted average price of the stock options		**$ 18.15**		**18.15**

(Note) The Company adjusted the exercise price of stock options according to its requirements for issuance stock options due to the reduction of ordinary shares by cash this year.

The details of the stock options of the Group were as follows:

	June 30, 2019	**December 31, 2018**	**June 30 2018**
Weighted average of remaining contractual period (years)	3.07	3.57	4.07

(ii) The fair value of stock options granted is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

	Six months ended June 30, 2019
Exercise price (in dollars)	81.80
Stock price of grant date (in dollars)	81.80
Expected dividends	-%
Expected price volatility	26.78%~27.89%
Risk-free interest rate	0.67%~0.73%
Exercise option life	5 years

(iii) For the three months and six months ended June 30, 2019 and 2018, the expenses attributable to share based payment amounted to $1,033 thousand and $1,032 thousand and $2,066 thousand, and $2,066 thousand, respectively.

(p) Earnings per share

The calculation of basic earnings per share for the three months and six months ended June 30, 2019 and 2018 were calculated as follows:

	Three months ended June 30,		Six months ended June 30,	
Basic earnings per share:	**2019**	**2018**	**2019**	**2018**
Profit attributable to ordinary shareholders of the Company	**$ 102,892**	**140,924**	**42,974**	**7,827**
Weighted-average number of ordinary shares (thousand shares)	**62,296**	**79,158**	**62,296**	**79,158**
Basic earnings per share (NTD)	**$ 1.65**	**1.78**	**0.69**	**0.10**
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	**$ 102,892**	**140,924**	**42,974**	**7,827**
Weighted-average number of ordinary shares (basic, thousand shares)	62,296	79,158	62,296	79,277
Effect of employee stock bonuses	116	18	213	119
Weighted-average number of ordinary shares (diluted, thousand shares)	**62,412**	**79,176**	**62,509**	**79,277**
Diluted earnings per share (NTD)	**$ 1.65**	**1.78**	**0.69**	**0.10**

(q) Revenue from contracts with customers

(i) Details of revenue

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Primary geographical markets				
United States	$ 440,461	479,108	706,731	855,717
Asia	228,935	210,100	412,347	439,154
Euro	342,382	348,685	530,718	565,242
	$ 1,011,778	**1,037,893**	**1,649,796**	**1,860,113**
Primary productions				
Plastic injection mold	$ 933,377	942,457	1,527,894	1,675,648

Tooling mold	78,239	95,436	121,600	184,465
Others	162	-	302	-
	$ 1,011,778	1,037,893	1,649,796	1,860,113

(ii) Contract balances

For details on accounts receivable, please refer to note 6 (c).

(r) Employee, board of directors', and supervisors' compensation

In accordance with the Articles of incorporation the Company should contribute no less than 1% of the profit as employee compensation and not exceed 5% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the board of directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

For the three months and six months ended June 30, 2019 and 2018, the Company estimated its employee remuneration amounting to $5,700 thousand, $1,400 thousand, $5,700 thousand and $1,400 thousand, directors' and supervisors' remuneration amounting to $1,710 thousand, $0 thousand, $1,710 thousand and $0 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating. If the actual amount of the annual distribution and the estimated amount of differences, according to the changes in accounting estimates, and the difference recognized as the next year annual profit (loss). Such as the resolution of the board of directors to take the stock of employee compensation, the stock of the number of shares based on the calculation of the basis of the board of directors based on the calculation of the day before the calculation.

For the year ended December 31, 2018 and 2017, the Company estimated its employee remuneration amounting to $17,513 thousand and $23,620 thousand, respectively, and directors' and supervisors' remuneration amounting to $6,140 thousand and $7,000 thousand respectively. There is no difference in the actual distribution situation, please refer to Market Observation Post System for further information.

(s) Other revenue

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Interest income	$ 15,582	28,370	29,761	39,677
Others	5,329	867	8,039	3,935
Total other income	**$ 20,911**	**29,237**	**37,800**	**43,612**

(t) Non-operating gains and losses

	Three months ended June 30,		Six months ended June 30,	
	2019	**2018**	**2019**	**2018**
Foreign exchange gain (losses), net	$ 24,407	102,671	(844)	18,168
Gain (Losses) on financial assets at fair value through profit or loss	(74)	14,743	1,341	14,675
Gain on disposal of property, plant and equipment	(1,227)	473	844	194
Others	(3,919)	270	(4,348)	314
Net gains and losses	$ 19,187	118,157	(3,007)	33,351

(u) Financial Instruments

In addition to the following, there is no material change in financial instruments of the Group for the six months ended June 30, 2019 and 2018. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2018.

(i) Credit risk

1) Credit risk exposure

As of June 30, 2019 and 2018, the Group's maximum exposure to credit risk was mainly from the carrying amount of financial assets recognized in the consolidated statements of financial position and amounted to $5,076,136 thousand and $5,199,344 thousand, respectively. The Groups had deposited these bank deposits in different financial institutions, and the Group believes that there is no significant credit risk from the above mentioned financial institutions.

2) Concentration of credit risk

The credit risk exposure of the Group comes from the credit of individual customers, and the industry of the customer also have effect on credit risk. For the years ended June 30, 2019 and 2018, sales to the individual customers whose revenue constituting over 10% of net revenue are 28% and 27% of total revenues respectively. As of June 30, 2019 and 2018, 31% and 23%, respectively, of accounts receivable were for those customers.

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	within 1 year	1-2 years	2-5 years
June 30, 2019					
Non-derivative financial liabilities					
Short-term borrowings	$ 708,480	709,762	709,762	-	-
Short-term notes and bills payable	99,964	100,000	100,000	-	-
Long-term borrowings	1,000,000	1,018,630	11,739	1,006,891	-
Notes and accounts payable	497,788	497,788	497,788	-	
Lease liabilities	53,994	53,994	40,331	13,663	-

Other financial liabilities	227,301	227,301	227,301	-	-
	$ 2,587,527	**2,607,475**	**1,586,921**	**1,020,554**	**-**
December 31, 2018					
Non-derivative financial liabilities					
Short-term borrowings	$ 805,720	809,432	809,432	-	-
Short-term notes and bills payable	99,985	100,000	100,000	-	-
Long-term borrowings	900,000	920,860	10,755	910,105	-
Notes and accounts payable	601,303	601,303	601,303	-	-
Other financial liabilities	39,708	39,708	39,708	-	-
	$ 2,446,716	**2,471,303**	**1,561,198**	**910,105**	
June 30, 2018					
Non-derivative financial liabilities					
Short-term borrowings	$ 432,760	434,354	434,354	-	-
Short-term notes and bills payable	49,990	50,000	50,000	-	-
Long-term borrowings	1,100,000	1,121,230	13,620	807,158	300,452
Notes and accounts payable	634,268	634,268	634,268	-	-
Other financial liabilities	526,246	526,246	526,246	-	-
Derivative financial assets – FX SWAP					
Outflows	-	289,575	289,575	-	-
Inflows	(7,613)	(297,188)	(297,188)	-	-
	$ 2,735,651	**2,758,485**	**1,650,875**	**807,158**	**300,452**

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

(iii) Market risk

1) Exchange rate risk

The Group significant exposure to foreign currency risk on financial assets and liabilities was as follows:

	June 30, 2019			**December 31, 2018**			**June 30, 2018**		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets									
Monetary Items									
USD	$ 77,891	31.060	2,419,306	58,004	30.715	1,781,593	76,298	30.460	2,324,048
CNY	15,701	4.521	70,986	15,349	4.472	68,641	15,213	4.593	69,873
Financial liabilities									
Monetary Items									
USD	1,023	31.060	31,775	1,375	30.715	42,224	2,723	30.460	82,943
JPY	-	-	-	-	-	-	161,700	0.2759	44,613

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, and trade and other payables that are denominated in foreign currency.

A weakening (strengthening) of 1% of the NTD against the USD and CNY and JPY at June 30, 2019 and 2018, would have increased or decreased the net profit before tax by $24,585 thousand and $22,664 thousand, respectively. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for both periods.

Since the Group has many kinds of functional currency, the information on foreign exchange gain (loss) on monetary items is disclosed by total amount. For the six months ended June 30, 2019 and 2018, foreign exchange gain (including realized and unrealized portions) amounted to ($844) thousand and $18,168 thousand, respectively.

2) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the exposure to interest rate risk of the non-derivative financial instruments on the reporting date. If the interest rate had increased or decreased by 0.25%, the net profit before tax would have decreased or increased by $64 thousand and $1,358 thousand for the six months ended June 30, 2019 and 2018, respectively, assuming all other variable factors were constant. This mainly resulted from borrowings and bank deposits at variable interest rates.

(iv) Fair value of financial instruments

1) Fair value of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	June 30, 2019				
		Fair Value			
	Carrying amounts	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 629,985	13,139	6,331	610,515	629,985
Financial assets carried at amortized cost					
Cash and cash equivalents	$ 3,247,342				
Notes and accounts receivable, net	1,190,684				
Other financial assets-current	8,125				
Refundable deposits	17,714				
	$ 4,463,865				
Financial liabilities carried at amortized cost					
Long and short term borrowings	$ 1,708,480				
Short-term notes and bills payable	99,964				
Notes and accounts payable	497,788				
Lease liability	53,994				
Other payables	227,301				
	$ 2,587,527				

	December 31, 2018				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 263,890	12,091	5,833	245,966	263,890
Financial assets carried at amortized cost					
Cash and cash equivalents	$ 3,343,043				
Notes and accounts receivable, net	1,348,674				
Other financial assets-current	6,902				
Refundable deposits	24,479				
	$ 4,723,098				
Financial liabilities carried at amortized cost					
Long and short term borrowings	$ 1,705,720				
Short-term notes and bills payable	99,985				
Notes and accounts payable	601,303				
Other payables	39,708				
	$ 2,446,716				

	June 30, 2018				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets mandatorily measured at fair value through profit or loss	$ 7,613	-	-	7,613	7,613
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 157,263	13,640	5,822	137,801	157,263
	$ 164,876	13,640	5,822	145,414	164,876
Financial assets carried at amortized cost					
Cash and cash equivalents	$ 3,712,844				
Notes and accounts receivable, net	1,312,902				
Other financial assets-current	8,722				
Refundable deposits	18,926				
	$ 5,053,394				
Financial liabilities carried at amortized cost					
Long and short term borrowings	$ 1,532,760				
Short-term notes and bills payable	49,990				
Notes and accounts payable	634,268				
Other payables	526,246				
	$ 2,743,264				

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm' s-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

b) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants. Fair value of forward currency is usually determined by the forward currency exchange rate.

3) Reconciliation of Level 3 fair values

The following table shows a reconciliation of the beginning balances to the ending balances for the fair value measurements in Level 3 of the fair value hierarchy:

	At fair value through profit or loss	
	Derivative financial assets mandatorily measured at fair value through profit or loss	**Non-derivative financial assets mandatorily measured at fair value through profit or loss**
Balance on January 1, 2019	$ -	245,966
Recognized in profit or loss	-	3,530
Purchase	-	700,962
Disposal	-	(339,943)
Balance on June 30, 2019	**$ -**	**610,515**
Balance on January 1, 2018	$ -	614,276
Recognized in profit or loss	15,798	19,381
Purchase	-	941,640
Disposal	(8,185)	(1,437,496)
Balance on June 30, 2018	**$ 7,613**	**137,801**

The aforementioned total gains and losses were recognized in "other income" and "other gains and losses".

There have been no transfers from each level for the six months ended June 30, 2019 and 2018.

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

The Group's financial instruments that use Level 3 inputs to measure fair value are financial instrument" and derivative financial assets. The financial assets' fair value are using the prior transaction price before adjustments or third-party pricing information. The unobservable inputs are not set up as the Group measures fair value, therefore the quantified information of significant unobservable inputs are not disclosed.

(v) Financial risk management

The Group's risk management policies are no material change in financial instruments of the Group for the six months ended June 30, 2019 and 2018. For the related information, please refer to note 6(t) of the consolidated financial statements for the year ended December 31, 2018.

(w) Capital management

As of June 30, 2019, there were no changes in the Group's approach to capital management. For the related information, please refer to Note 6(u) of the consolidated financial statements for the year ended December 31, 2018.

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

The Group's investing and financing activities which did not affect the current cash flow in the six months ended June 30, 2019 and 2018, were as follows:

		January 1,2019	Cash flows	Foreign exchange movement and others	June30,2019
Short term borrowings	$	805,720	(97,240)	-	708,480
Short-term notes and bills payable		99,985	-	(21)	99,964
Long term borrowings		900,000	100,000	-	1,000,000
Lease liability		80,887	(28,768)	1,875	53,994
Total liabilities from financing activities	**$**	**1,886,592**	**(26,008)**	**1,854**	**1,862,438**

		January 1,2018	Cash flows	Foreign exchange movement and others	June 30,2018
Short term borrowings	$	437,560	(4,800)	-	432,760
Short-term notes and bills payable		49,982	-	8	49,990
Long term borrowings		1,200,000	(100,000)	-	1,100,000
Treasury stock acquired			(106,857)	-	(106,857)
Long-term liabilities, current portion		200,000	(200,000)		
Total liabilities from financing activities	**$**	**1,887,542**	**(411,657)**	**8**	**1,475,893**

(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

	Three months ended June 30, 2019	Three months ended June 30, 2018	Six months ended June 30, 2019	Six months ended June 30, 2018
Short-term employee benefits	$ 9,393	6,706	15,063	14,444
Post-employment benefits	54	54	108	108
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	$ 9,447	6,760	15,171	14,552

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	June 30, 2019	December 31, 2018	June 30, 2018
Demand deposits (classified under other current financial assets)	Guarantee for Project	$ -	-	1,566
〃	Guarantee for customs	-	447	4,102
〃	Guarantee for Carbon emission	26	26	26
〃	Guarantee for litigation	3,166	3,130	-
		$ 3,192	3,603	5,694

(9) Significant Commitments and Contingencies:

(a) Unrecognized contractual commitments:

(i) The Group's unrecognized contractual commitments to the purchase of equipments were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Acquisition of property, plant and equipment	$ 21,368	85,227	190,195

(ii) For the necessary to bank loan and operating capital, the Company and its subsidiaries provide guarantee and endorsement for other parties were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Outstanding guarantee notes	$ 1,685,120	2,342,910	2,212,890
Purchase guarantee	15,530	15,358	15,230

	$ 1,700,650	2,358,268	2,228,120
Actual usage amount	$ 264,010	261,078	197,990

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

(a) A summary of current-period employee benefits, depreciation, and amortization, by function, is as follows:

By function / By item	For the three-month periods ended June 30					
	2019			2018		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	195,462	40,225	235,687	203,596	48,868	252,464
Labor and health insurance	4,869	955	5,824	4,765	2,085	6,850
Pension	6,457	1,214	7,671	7,855	1,759	9,614
Others	4,830	4,712	9,542	4,915	1,807	6,722
Depreciation	62,793	15,554	78,347	52,120	8,239	60,359
Amortization	1,113	1,119	2,232	1,901	1,189	3,090

By function / By item	For the six-month periods ended June 30					
	2019			2018		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	330,422	88,318	418,740	369,471	99,757	469,228
Labor and health insurance	10,359	3,218	13,577	9,743	4,448	14,191
Pension	13,821	3,137	16,958	15,422	3,538	18,960
Others	8,797	9,242	18,039	9,702	3,094	12,796
Depreciation	126,524	30,960	157,484	103,856	15,725	119,581
Amortization	2,841	2,157	4,998	3,367	2,347	5,714

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” for the Group:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 3)	Ending balance (Note 3)	Actual usage amount during the period	Interest rate	Nature of financing	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company	Maximum financing limit for the lender
													Item	Value		
1	SAME START (Anguilla)	NISHOKU VIETNAM	Other accounts receivable	Yes	252,800	248,480	248,480	2.74%~2.96%	Necessary to loan other parties	-	Operating capital	-	-	-	1,288,846 (Note 1)	1,288,846 (Note 1)

Note 1: The individual amount and the total amount for lending to a company shall not exceed 10% and 40% of the lending company's net worth in the latest financial statement, respectively. The Company for lending to the Company directly or indirectly holds 100% of their shares, with the loan amount not limited and the total amounts not exceeding the lending company's net worth in the last financial statement.

Note 2: Related transaction have been eliminated during the preparation of the consolidated financial statements.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period (Note 3)	Balance of guarantees and endorsements as of reporting date (Note 3)	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	SAME START (Anguilla)	3	1,150,995	537,200	528,020	-	-	13.76%	3,836,651	Y	N	N
〃	〃	NISHOKU VIETNAM	2	1,150,995	1,042,800	1,024,980	248,480	-	26.72%	3,836,651	〃	〃	〃
〃	〃	NISHOKU BOUEKI	2	1,150,995	133,200	132,120	-	-	3.44%	3,836,651	〃	〃	〃
1	NISHOKU KUNSHAN PLASTIC	SAME START (Anguilla)	1	759,374	15,800	15,530	15,530	-	0.61%	2,531,247	N	〃	〃

Note 1: The amount and the total amount of the guarantee to a company shall not exceed 30% and 100%, respectively, of the Company net worth in the latest financial statements. The total amount of the guarantee that the Company and its subsidiaries to a company shall not exceed 100%, of the Company's net worth in the latest financial statement. The Company directly or indirectly holds 100% of their shares, the guarantee amounts not limited by the Company's net worth in the latest financial statement.

Note 2: The relationship of guarantor and endorsements to related parties were as follows:

1) Business relationship between the Company

2) The Company directly or indirectly holds over 50% of subsidiaries' shares;

3) The parent company and its subsidiaries hold over 50% of investees' shares;

4) A subsidiary jointed owned over 50% by the Company and the Company's directly-owned subsidiary.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(iii) Securities held as of June 30, 2019 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of securities	Relationship with the securities issuer	Account name	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
SAME START (Anguilla)	Bond of oversea	None	Financial assets at fair value through profit or loss	-	6,331	- %	6,331	
〃	PineBridge preferred income fund	〃	〃	-	13,139	- %	13,139	
〃		〃	〃	-		- %		
NISHOKU SHENZHEN	Principal guaranteed financial instruments				292,952		292,952	
〃								
NISHOKU KUNSHAN PLASTIC	Principal guaranteed financial instruments	〃	〃	-	316,563	- %	316,563	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
NISHOKU KUNSHAN PLASTIC	Principal guaranteed financial instruments	Financial assets at fair value through profit or loss	Agricultural Bank of China	None	-	89,442	-	180,893	-	180,842	179,889	953	-	90,446
	〃	〃	Wells Fargo Asset Management (Shanghai)	〃	-	-	-	226,117	-	-	-	-	-	226,117
NISHOKU SHENZHEN	Principal guaranteed financial instruments	Financial assets at fair value through profit or loss	Wells Fargo Asset Management (Shanghai)	〃	-	134,163	-	293,952	-	136,610	134,163	2,447	-	293,952

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
			Purchase /Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance (Note 1)	Percentage of total notes/accounts receivable (payable)	Note
SAME START (Anguilla)	NISHOKU KUNSHAN PLASTIC	Associate	(Sale)	(330,961)	(77)%	Net 90 days	Note 1	Note 1	230,959	75%	Note 2
NISHOKU KUNSHAN PLASTIC	SAME START (Anguilla)	〃	Purchase	330,961	52%	〃	〃	〃	(230,959)	(44)%	〃

Note 1: The subsidiaries did not purchase or sale same product from third parties, so the purchase (sale) price cannot be compared. In addition, the receipt terms of related parties were not significant different to third parties.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements.

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
SAME START (Anguilla)	NISHOKU KUNSHAN PLASTIC	Associate	230,959	2.93	-	-	103,893	-

Note 1: Until July 25, 2019.

Note 2: Transactions within the Group were eliminated in the consolidated financial statements

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions:

The following is the information for the six months ended June 30, 2019, business relationships and significant intercompany transactions with the amounts exceeding NT$ 10 million:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account name	**Amount**	**Trading terms**	**Percentage of the consolidated net revenue or total assets**
0	The Company	SAME START (Anguilla)	1	Purchase	61,480	Note 3	4%
〃	〃	〃	1	Account Payable	49,681	〃	1%
1	NISHOKU BOUEKI	〃	3	Sales	49,844	〃	3%
〃	〃	〃	3	Commission revenue	10,167	〃	1%
			3	Account receivable	32,598	〃	-%
2	SAME START (Anguilla)	NISHOKU SHENZHEN	3	Purchase	15,705	〃	1%
〃	〃		3	Account Payable	11,010	〃	-%
2	SAME START (Anguilla)	NISHOKU KUNSHAN PLASTIC	3	Purchase	53,386	〃	3%
〃	〃		3	Account Payable	44,649	〃	1%
〃	〃		3	Sales	330,961	〃	20%
〃	〃	〃	3	Account receivable	230,959	〃	3%
2	SAME START (Anguilla)	NISHOKU VIETNAM	3	Sales	26,203	〃	2%
〃	〃	〃	3	Account receivable	17,800	〃	-%
〃	〃	〃	3	Other receivables	251,337	Loans and interests	3%

Note 1: “0” represents the parent company, and the others represent the subsidiaries.

Note 2: “1” represents the transactions from parent company to subsidiary.

“2” represents the transactions from subsidiary to parent company.

“3” represents the transactions between subsidiaries.

Note 3: The trading price and product that purchase or sale from related parties that did not purchase or sale from third parties, so cannot be compared, the receive (payment) term of related parties is net 90 days.

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 2019 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount March 31,2019	Original investment amount December 31, 2018	Balance as of September 30, 2018 Shares (thousands)	Balance as of September 30, 2018 Percentage of ownership	Balance as of September 30, 2018 Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
The Company	SUN NICE (SAMOA)	SAMOA	Holding	1,096,194	1,774,490	34,468	100%	5,066,073	111,453	111,453	
〃	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	6,300	100%	114,934	14,740	15,591	
〃	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	267,314 (USD 8,500 thousands)	267,314 (USD 8,500 thousands)	-	100%	(96,577)	(46,152)	(46,152)	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	-	634,278	-	100%	1,288,846	173,399	179,399	
〃	NISHOKU HK	HK	Holding	1,800,361 (USD 57,915 thousands)	1,800,361 (USD 57,915 thousands)	62,298	100%	3,049,448	(54,358)	(54,358)	
〃	SUNNICE (BVI)	BVI	〃	585,292 (USD 17,948 thousands)	585,292 (USD 17,948 thousands)	15,697	100%	724,468	(14,232)	(14,232)	

Note: Transactions within the Group were eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2018	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of September 30, 2018	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 1)	Book value (Note 1)	Accumulated remittance of earnings in current period
NISHOKU SHENZHEN	Manufacture and sale of mold and plastic products	USD23,288 thousands	Indirect investment through third area	703,870 (USD22,939 thousands)	-	-	703,870 (USD22,939 thousands)	(18,870)	100.00%	(18,870)	1,217,508	475,841
NISHOKU KUNSHAN PLASTIC	Manufacture and sale of mold and plastic products	USD53,310 thousands	〃	1,674,270 (USD52,524 thousands)	-	-	1,674,270 (USD52,524 thousands)	(49,736)	100.00%	(49,736)	2,531,247	473,544

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
2,378,140	2,378,140	(Note 2)

Note 1: The above investment income (loss) in mainland China was based on financial statements audited by the Company's auditors.

Note 2: The Company has received the certificate issue by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start operating of its headquarters.

Note 3: Amount actually draw in foreign currencies were translated based on the exchange rate at the reporting date.

(iii) Significant transactions:

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

(14) Segment information:

The Group's identifies its operating segments based on decision of the chief operating decision marker (CODM). The Group's operating segments are in United States, Asia and Europe, etc. Those operating segments are reportable segments. The Revenue from manufacture and supply electronic parts to clients. Since the strategy of each segment is different, it is necessary to separate them for management.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies".

The Group's product revenues from geographical clients were as follows:

	Three months ended June 30, 2019				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	$ 440,461	228,935	342,382	-	1,011,778
Reportable segment profit or loss	$ 65,493	5,029	13,162	-	83,684

	Three months ended June 30, 2018				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	$ 479,108	210,100	348,685	-	1,037,893
Reportable segment profit or loss	$ 34,709	29,277	22,767	-	86,753

	Six months ended June 30, 2019				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	$ 706,731	412,347	530,718	-	1,649,796
Reportable segment profit or loss	$ 58,288	(24,744)	(9,517)	-	24,027

	Six months ended June 30, 2018				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	$ 855,717	439,154	565,242	-	1,860,113
Reportable segment profit or loss	$ 75,658	1,425	18,236	-	95,319