Stock Code:3679

NISHOKU TECHNOLOGY INC.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2018 and 2017
(With Independent Auditors' Review Report Thereon)

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Table of contents

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 March 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2018 and 2017. 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 $632,584 thousand and $517,161 thousand constituting 8% and 7% of the Group’s consolidated total assets as of March 31, 2018 and 2017, respectively; total liabilities of $317,887 thousand and $237,026 thousand constituting 10% and 9% of the Group’s consolidated total liabilities as of March 31, 2018 and 2017, respectively; comprehensive income of $39,690 thousand and $16,351 thousand constituting 25% and 6% of the Group’s consolidated comprehensive income for the three months ended March 31, 2018 and 2017, 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 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 Yung-Hua Huang.

KPMG

Taipei, Taiwan (Republic of China)
May 2, 2018

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.

Reviewed only, not audited in accordance with generally accepted auditing standards as of March 31, 2018 and 2017

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2018, December 31, 2017 and March 31, 2017

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2018		December 31, 2017		March 31, 2017	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 3,655,325	48	3,606,496	46	3,346,246	46
1110	Financial assets at fair value through profit or loss (note 6(b))	409,074	5	620,298	8	646,062	9
1170	Accounts receivable, net (note 6(c))	1,170,516	15	1,342,527	17	1,152,818	16
130X	Inventories (note 6(d))	529,738	7	480,862	6	445,589	6
1470	Other current assets	70,371	1	88,298	1	45,729	1
1476	Other current financial assets (note 8)	12,466	-	14,798	-	7,639	-
		5,847,490	76	6,153,279	78	5,878,762	78
	Non-current assets:						
1600	Property, plant and equipment (note 6(e))	1,560,040	21	1,495,836	19	1,375,611	19
1840	Deferred tax assets	80,923	1	78,027	1	83,062	1
1915	Prepayments for equipment	58,598	1	55,031	1	-	-
1985	Long-term prepaid rents	74,648	1	75,595	1	76,931	1
1990	Other non-current assets	25,978	-	19,302	-	30,981	1
		1,800,187	24	1,723,791	22	1,566,585	22
	Total assets	$ 7,647,677	100	7,877,070	100	7,210,668	100

		March 31, 2018		December 31, 2017		March 31, 2017	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(f))	$ 382,630	5	437,560	5	331,980	5
2111	Short term notes and bills payable (note 6(g))	99,960	1	49,982	1	-	-
2170	Notes and Accounts payable	588,658	8	566,714	7	463,879	6
2300	Other current liabilities	328,911	4	373,947	5	351,840	6
2320	Long-term liabilities, current portion (note 6(h))	200,000	3	200,000	3	-	-
		1,600,159	21	1,628,203	21	1,147,699	17
	Non-Current liabilities:						
2540	Long-term borrowings (note 6(h))	1,050,000	14	1,200,000	15	750,000	10
2570	Deferred tax liabilities and others	653,864	9	605,569	8	656,621	9
		1,703,864	23	1,805,569	23	1,406,621	19
	Total liabilities	3,304,023	44	3,433,772	44	2,554,320	36
	Equity attributable to owners of parent (note 6(l)):						
3100	Ordinary share	793,033	10	793,033	10	793,033	11
3200	Capital surplus	1,208,188	16	1,207,154	15	1,363,943	19
	Retained earnings:						
3310	Legal reserve	436,603	6	436,603	6	376,396	5
3320	Special reserve	38,354	-	38,354	-	-	-
3350	Unappropriated retained earnings	2,016,765	26	2,149,862	27	2,396,288	33
		2,491,722	32	2,624,819	33	2,772,684	38
3400	Other equity interest	(149,289)	(2)	(181,708)	(2)	(273,312)	(4)
	Total equity	4,343,654	56	4,443,298	56	4,656,348	64
	Total liabilities and equity	$ 7,647,677	100	7,877,070	100	7,210,668	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 ended March 31, 2018 and 2017

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

		For the three months ended March 31			
		2018		2017	
		Amount	%	Amount	%
4110	**Operation Revenues (note 6(o))**	$ 834,773	102	881,525	102
4170	Less: Sales returns and allowance	12,553	2	15,950	2
	Net Operating revenues	822,220	100	865,575	100
5000	Operating costs (notes 6(d), (j) and 12)	702,897	85	633,708	73
	Gross profit from operations	119,323	15	231,867	27
	Operating expenses: (notes 6(c), (j), (p) and 12)				
6100	Selling expenses	16,194	2	20,041	2
6200	Administrative expenses	69,638	8	67,730	8
6300	Research and development expenses	24,925	3	18,456	2
		110,757	13	106,227	12
	Net operating income	8,566	2	125,640	15
	Non-operating income and expenses:				
7010	Other income (notes 6(q) and (s))	14,375	2	19,671	2
7020	Other gains and losses, net (notes 6(r) and (s))	(84,806)	(10)	(40,878)	(5)
7050	Finance costs, net	(6,243)	(1)	(3,498)	-
	Total non-operating income and expenses	(76,674)	(9)	(24,705)	(3)
7900	**Profit from continuing operations before tax**	(68,108)	(7)	100,935	12
7950	Less: Tax expense (note 6(k))	64,989	8	(7,005)	(1)
	Profit	(133,097)	(15)	107,940	13
8300	**Other comprehensive income:**				
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation	40,524	5	(283,082)	(33)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(k))	(8,105)	(1)	48,124	6
8300	**Other comprehensive income, net**	32,419	4	(234,958)	(27)
8500	**Total comprehensive income**	$ (100,678)	(11)	(127,018)	(14)
	Profit, attributable to:				
8610	Profit, attributable to owners of parent	$ (133,097)	(15)	107,940	13
	Comprehensive income attributable to:				
8710	Comprehensive income, attributable to owners of parent	$ (100,678)	(11)	(127,018)	(14)
	Basic earnings per share				
9750	Basic earnings per share (NT dollars) (note 6(n))	$	(1.68)		1.36
9850	Diluted earnings per share (NT dollars) (note 6(n))				1.36

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 three months ended March 31, 2018 and 2017
(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	Total equity attributable to owners of parent	Total equity
Balance at January 1, 2017	$ 793,033	1,396,350	376,396	-	2,288,348	(38,354)	4,783,366	4,783,366
Profit for the period	-	-	-	-	107,940	-	107,940	107,940
Other comprehensive income (loss)	-	-	-	-	-	(234,958)	(234,958)	(234,958)
Total comprehensive income (loss)	-	-	-	-	107,940	(234,958)	(127,018)	(127,018)
Balance at March 31, 2017	**$ 793,033**	**1,396,350**	**376,396**	**-**	**2,396,288**	**(273,312)**	**4,656,348**	**4,656,348**
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
Loss for the period	-	-	-	-	(133,097)	-	(133,097)	(133,097)
Other comprehensive income (loss)	-	-	-	-	-	32,419	32,419	32,419
Total comprehensive income (loss)	-	-	-	-	(133,097)	32,419	(100,678)	(100,678)
Stock option compensation cost	-	1,034	-	-	-	-	1,817	1,034
Balance at March 31, 2018	**$ 793,033**	**1,208,188**	**436,603**	**38,354**	**2,016,765**	**(149,289)**	**4,343,654**	**4,343,654**

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 three months ended March 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31,	
	2018	**2017**
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ (68,108)	100,935
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	61,846	58,491
Expected credit loss	458	-
Interest expense	6,243	3,498
Interest income	(11,307)	(11,779)
Stock option compensation cost	1,034	-
Net loss (gain) on financial assets at fair value through profit or loss	68	(1,275)
Loss on disposal of property, plant and equipment	279	13
Recognition losses (reversal of provision) on inventory valuation and obsolescence	24,350	(6,062)
Provision for bad debt expense	-	5,069
	82,971	47,955
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	211,156	(292,225)
Accounts receivable	171,553	286,708
Inventories	(73,226)	(36,136)
Other current assets and other financial assets	(491)	481
Total changes in operating assets	308,992	(41,172)
Changes in operating liabilities:		
Accounts payable	21,944	(75,982)
Other current liabilities	(34,687)	(37,727)
Total changes in operating liabilities	(12,743)	(113,709)
Total adjustments	379,220	(106,926)
Cash inflow(outflow) generated from operations	311,112	(5,991)
Interest received	11,307	11,779
Interest paid	(6,585)	(3,340)
Income taxes paid	(3,235)	(28,197)
Net cash flows from operating activities	312,599	(25,749)
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(128,233)	(79,487)
Proceeds from disposal of property, plant and equipment	13	-
Decrease in other non-current assets	(7,578)	(7,10)
Net cash flows used in investing activities	(135,798)	(86,587)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	(54,930)	(11,520)
Increase (decrease) in short-term notes and bills payable	49,978	-
Repayments of long-term borrowings	(150,000)	-
Increase (decrease) in guarantee deposits received	-	(26)
Net cash flows used in financing activities	(154,952)	(11,546)
Effect of exchange rate changes on cash and cash equivalents	26,980	(226,166)
Net decrease in cash and cash equivalents	48,829	(350,048)
Cash and cash equivalents at beginning of period	3,606,496	3,696,294
Cash and cash equivalents at end of period	$ 3,655,325	3,346,246

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

March 31, 2018 and 2017

(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 May 2, 2018.

(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, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Insurance Contracts" (Applicable for IFRS 9 "Financial Instruments" and IFRS 4 "Insurance Contracts")	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2018
IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

(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 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". The Group elects to retrospectively apply IFRS 15 and restate the comparative reporting periods accordingly.

(b) IFRS 9 "Financial Instruments"

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement" and sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting.

Based on the adoption of IFRS 9, the Group applied with the amendments to IAS 1 "Presentation of Financial Statements" which require the impairment of financial assets shall be disclosed separately in the Statements of Comprehensive Income. Otherwise, the Group applied with the amendments to IFRS 7 "Financial Instruments: Disclosure", but it is not apply retrospectively to each prior reporting period.

The explanation of the Group's accounting policies under IFRS 9 is as following:

(i) Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. Please refer to note 4(c) for information to the relevant accounting policies.

The adoption of IFRS 9 has not had a material impact on the Group's accounting policies related to financial liabilities.

(ii) Impairment-Financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets. Under IFRS 9, the timing to recognize credit loss is earlier than IAS 39, please refer to note 4(c).

(iii) Transition

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

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

– The designation of certain investments in equity instruments not held for trading as at FVOCI.

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

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

	IAS39		IFRS9	
	Measurement category	**Carrying amount**	**Measurement category**	**Carrying amount**
Financial assets				
Cash and cash equivalents	Loans and receivables	3,606,496	Amortized cost	3,606,496
Non-derivatives	Held for trading	620,298	Mandatorily at FVTPL	620,298
Receivables, net	Loans and receivables	1,342,527	Amortized cost	1,342,527
Refundable deposits	Loans and receivables	22,826	Amortized cost	22,826

b. Newly released or amended standards and interpretations not yet endorsed by the FSC

The following new standards, interpretations and amendments have been 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 16 "Leases"	January 1, 2019
IFRS 17 "Insurances Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
Annual Improvements to IFRSs 2015 – 2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

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

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the

depreciation charge for the right-of-use asset during the lease term.

- A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

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, 2017. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2017.

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, 2017. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2017. The financial statements of insignificant consolidated subsidiaries, NISHOKU BOUEKI and NISHOKU VIETNAM, were not reviewed by independent accountants

c. Financial instruments

(a) Financial assets

The Company classifies financial assets into the following categories: financial assets measured at amortized cost and financial assets measured at fair value through profit or loss. Only when the business model for managing financial assets is changed shall all affected financial assets be reclassified.

(i) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

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

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

Such financial assets are recognized initially at fair value, plus any directly attributable transaction costs. Subsequently, these assets are measured at amortized cost using the effective interest method, less any impairment losses. Interest income, foreign exchange gains and losses and recognition (reversal) of impairment losses are recognized in profit or loss.

(ii) Financial assets measured at fair value through profit or loss

All financial assets not classified as measured at amortized cost or at fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes all derivative financial assets.

Such financial assets are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, they are measured at fair value, and changes therein are recognized in profit or loss.

(iii) Impairment of financial assets

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

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

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

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

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

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

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

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls. The difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The recognition or reversal of the loss allowance is recognized in profit or loss.

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

(iv) De-recognition of financial assets

The Group derecognizes financial assets when the contractual rights of the cash inflow from the asset are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets to another entity.

(b) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are recognized initially at fair value, and attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in other gains and losses under non-operating income and expenses.

D. Revenue from Contracts with Customers

Revenue is measured based on the consideration that the Group expects to be entitled in the transfer of goods. The Group recognizes revenue when it satisfies a performance obligation by transferring control over a product to a customer. The following is a description of the Group's major revenues:

(a) Sales of goods

Revenue is recognized when the control over a product has been transferred to the customer. The transfer of control refers to the product has been delivered to and accepted by the customer without remaining performance obligations from the Group. Delivery occurs when a product is shipped to the specified location and the risk of loss over the product has been transferred to the customer, as well as when the product is accepted by the customer according to the terms of sales contract, or when the Group has objective evidence that all the acceptance conditions are satisfied.

Trade receivable is recognized when the Group is entitled for unconditional right to receive payment upon delivery of goods to customers.

(b) Financing components

The Group expects that the length of time when the Group transfers the goods to the customer and when the customer pays for those goods will be less than one year. Therefore, the amount of consideration is not adjusted for the time value of money.

E. 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.

Provided that the statutory tax rate changes during the interim period, the impact on deferred taxes is recognized once during the interim reporting period in which the change in tax rate occurs.

(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.

Except as described below, in preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2017.

A. Losses provision for trade receivables

The provision for impairment of trade receivables is based on assumptions about the risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs for the impairment calculation which based on the Group’s past history and the forecasted direction of economic conditions at the end of each reporting period.

(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, 2017. For the related information, please refer to note 6 of the consolidated financial statements for the year ended December 31, 2017.

(a) Cash and cash Equivalents

		March 31, 2018	**December 31, 2017**	**March 31, 2017**
Cash, and demand deposits	$	1,982,597	1,994,474	1,511,018
Time deposits		1,672,728	1,447,114	1,653,608
Bond acquired under repurchase agreement		-	164,908	181,620
Cash and cash equivalents in the consolidated statement of cash flows	**$**	**3,655,325**	**3,606,496**	**3,346,246**

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

	March 31, 2018	December 31, 2017	March 31, 2017
Financial assets mandatorily measured at FVTPL:			
(i) Non-derivate financial instruments			
Fund	$ 13,930	-	-
Principal guaranteed financial product	389,439	-	-
Bond of oversea	5,690	-	-
Total	409,059	-	-
(ii) Non-hedging derivatives			
FX SWAP	15	-	-
Financial assets held for trading:			
(i) Non-derivate financial instruments			
Fund	-	-	177,429
Principal guaranteed financial product	-	614,276	462,730
Bond of oversea	-	6,022	5,903
Total	$ 409,074	352,562	646,062

The Group entered into derivative contracts to manage exposures due to fluctuations of foreign exchange rates. As of March 31, 2018, these outstanding derivative contracts which are not applied hedge accounting treatment consisted of the following:

	March 31, 2018		
Financial instruments	**Notional amount**	**Currency**	**Maturity date**
FX SWAP	USD5,000 thousands	USD/NTD	June 29, 2018

For the three months ended March 31, 2018 and 2017, total gains and losses from derivative financial instruments, please refer to note 6(s).

As of March 31, 2018 and 2017, the Group did not provide any financial assets as collateral.

(c) Notes and accounts receivable

	March 31, 2018	December 31, 2017	March 31, 2017
Notes receivable	$ 78,435	70,909	61,937
Accounts receivable	1,105,604	1,290,321	1,114,101
Less：allowance for impairment	(13,523)	(18,703)	(23,220)
	$ 1,170,516	1,342,527	1,152,818

As of March 31, 2018, 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 as of March 31, 2018 was as follows:

	Carrying amount of accounts receivable	Expected loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 973,121	-%	-
Past due less than 120 days	115,127	0%~1%	165
Past due 121~270 days	4,405	0%~30%	1,315
Past due 271~365 days	3,035	0%~100%	2,127
Past due over 1 year	9,916	100%	9,916
Total	$ 1,105,604		13,523

As of December 31, 2017 and March 31, 2017, the Group measured the loss allowance for notes and accounts receivable using the incurred loss model. Aging analysis of notes and accounts receivable, which were past due but not impaired, as of December 31, 2017 and March 31, 2017, was as follows:

	December 31, 2017	March 31, 2017
Past due 0~120 days	110,896	74,894
Past due 121~270 days	6,725	3,627
Past due 271~365 days	49	311
	$ 117,670	78,832

	Three months ended March 31,	
	2018	2017
Beginning balance (IAS 39)	$ 18,703	18,151
Adjustments on initial application of IFRS 9	-	
Beginning balance (IFRS 9)	18,703	
Impairment loss	458	5,069
Amounts written off	(5,638)	-
Ending balance	$ 13,523	23,220

(d) Inventories

	March 31, 2018	December 31, 2017	March 31, 2017
Raw materials	$ 168,954	150,930	126,508
Work in process	257,279	188,535	228,513
Finished goods	103,505	141,397	90,568
	$ 529,738	480,862	445,589

For the three months ended March 31, 2018 and 2017, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to $702,897 thousand and $633,708 thousand, respectively. For the three months ended March 31, 2018 and 2017, the Group recognized the losses (reversal) on inventory valuation and obsolescence as cost of goods sold amounting to $24,350 thousand and ($6,062) thousand, respectively.

As of March 31, 2018, December 31, 2017, and March 31, 2017, the Group did not provide any inventories as collateral.

(e) Property, plant and equipment

		Land	Building	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:							
Balance on January 1, 2018	$	179,672	722,490	1,848,475	460,189	221,508	3,432,334
Additions		-	2,337	54,008	15,667	37,583	109,595
Reclassifications		-	270	21,661	1,738	(23,669)	-
Disposals		-	-	(397)	(5,676)	-	(6,073)
Effect of movements in exchange rates		-	3,696	19,075	7,199	3,832	33,802
Balance on March 31, 2018	$	179,672	728,793	1,942,822	479,117	239,254	3,569,658
Balance on January 1, 2017	$	179,672	734,276	1,826,269	471,709	75,845	3,287,771
Additions		-	-	1,086	1,172	64,216	66,474
Reclassifications		-	-	3,850	7,457	(11,501)	(194)
Disposals		-	-	(13,243)	(1,734)	-	(14,977)
Effect of movements in exchange rates		-	(25,608)	(89,135)	(21,865)	(4,993)	(141,601)
Balance on March 31, 2017	$	179,672	708,668	1,728,827	456,739	123,567	3,197,473
Depreciation and impairments loss:							
Balance on January 1, 2018	$	-	310,310	1,262,780	363,408	-	1,936,498
Depreciation for the period		-	10,800	40,218	8,204	-	59,222
Disposals		-	-	(397)	(5,384)	-	(5,781)
Effect of movements in exchange rates		-	2,764	11,203	5,712	-	19,679
Balance on March 31, 2018	$	-	323,874	1,313,804	371,940	-	2,009,618
Balance on January 1, 2017	$	-	272,753	1,220,239	377,217	-	1,870,209
Depreciation for the period		-	10,725	37,669	7,742	-	56,136
Disposals		-	-	(13,230)	(1,734)	-	(14,964)
Effect of movements in exchange rates		-	(11,017)	(60,951)	(17,551)	-	(89,519)
Balance on March 31, 2017	$	-	272,461	1,183,727	365,674	-	1,821,862
Carrying amounts:							
Balance on March 31, 2018	$	179,672	404,919	629,018	107,177	239,254	1,560,040
Balance on January 1, 2018	$	179,672	412,180	585,695	96,781	221,508	1,495,836
Balance on March 31, 2017	$	179,672	436,207	545,100	91,065	123,567	1,375,611

As of March 31, 2018, December 31, 2017 and March 31, 2017, the property, plant and equipment of the Group had not been pledged as collateral.

(f) Short-term borrowings

The details were as follows:

		March 31, 2018	December 31, 2017	March 31, 2017
Credit loans, no pledge	$	382,630	437,560	331,980
Interest rate range		0.92%~2.25%	0.92%~2.08%	1.20%~1.60%

(g) Short-term notes and bills payable

The details were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Commercial paper payable	$ 100,000	50,000	-
Less: Discount on short-term notes and bills payable	(40)	(18)	-
Total	$ 99,960	49,982	-
Interest rate range	0.600%~0.672%	0.662%	-

(h) Long-term borrowings

The details were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured loans	$ 1,250,000	1,400,000	7,500,000
Less: current portion	(200,000)	(200,000)	-
Total	$ 1,050,000	1,200,000	7,500,000
Interest rate range	1.19%~1.26%	1.19%~1.41%	1.15%~1.43%

(i) Operating lease

There were no significant changes in operating lease for the three months ended March 31, 2018 and 2017. Please refer to Note 6(i) of the consolidated financial statements for the year ended December 31, 2017 for other related information.

(j) Employee benefits

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

	For the three months ended March 31,	
	2018	2017
Operating Costs	$ 7,567	7,430
Operating Expenses	1,779	1,477
Total	$ 9,346	8,907

(k) Income tax

(i) According to the amendments to the "Income Tax Act” enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, the corporate income tax rate increases from 17% to 20%. The impact on the deferred income tax arising from the change in tax rate amounting to $94,423 was adjusted to the estimated annual effective income tax rate by the Group.

(ii) The amounts of tax expense for the three months ended March 31, 2018 and 2017 were $64,989 and ($7,005), respectively.

(iii) The amounts of income tax profit under other comprehensive income or loss for the three months ended March 31, 2018 and 2017 were as follows:

	2018	2017
Exchange differences on translation of foreign financial statements	$ (8,105)	48,124

(iv) The Company and NISHOKU BOUEKI income tax returns have been examined by the tax authority through the years up to 2015 and 2016, respectively. However, the Company's 2013 income tax return is still reviewed by the tax authority.

(l) Capital and other equity

In addition to the following, there is no material change in capital and other equity of the Group for the three months ended March 31, 2018 and 2017. For the related information, please refer to Note 6(l) of the consolidated financial statements for the year ended December 31, 2017.

(i) Capital surplus

The balances of capital surplus as of March 31, 2018 and 2017 were as follows:

	March 31, 2018	**December 31, 2017**	**March 31, 2017**
Additional paid-capital	$ 1,205,337	1,205,337	1,363,943
Employee share options	2,851	1,817	-
	$ 1,208,188	**1,207,154**	**1,363,943**

The Company's appropriations of 2016 had been approved by the shareholders' meeting held on June 14, 2017. The cash dividends distributed from capital surplus was $158,606 and $2 (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 2017 and 2016 were decided via board of directors held on May 2, 2018, and April 28, 2017, respectively, and the approval of shareholders' meeting. The relevant dividend distributions to shareholders were as follow:

	2017		2016	
	Payout per share	Amount	Payout per share	Amount
Dividend to shareholders:				
Cash	$ 3.0	237,910	$ 6.0	475,819

(m) Share-based payment

For the three months ended March 31, 2018 and 2017, 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, 2017 for other related information).

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

	Three months ended March 31, 2018	
	Weighted-average Exercise Price(NT$)	Number of Stock Options
Options outstanding at beginning of the period	$ 81.80	600
Options granted	-	-
Options expired	-	-
Options exercised	-	
Options outstanding at end of the period	81.80	600
Options exercisable at end of the period	-	-
The weighted-average fair value per unit of option granted during the years ended March 31, 2018		$ 18.15

	March 31, 2018	December 31, 2017
Weighted-average Remaining Contractual Life (Years)	4.32	4.57

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

	Three months ended March 31, 2018
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) Expenses incurred on share-based payment transactions for the three months ended March 31, 2018 is $1,034 thousands.

(n) Earnings per share

The calculation of basic earnings per share for the three months ended March 31, 2018 and 2017 were calculated as follows:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Basic earnings per share:		
Profit attributable to ordinary shareholders of the Company	$ (133,097)	$ 107,940
Weighted-average number of ordinary shares (thousand shares)	79,303	79,303
Basic earnings per share (NTD)	$ (1.68)	$ 1.36
Diluted earnings per share:		
Profit attributable to ordinary shareholders of the Company		$ 107,940
Weighted-average number of ordinary shares (basic, thousand shares)		79,303
Effect of employee stock bonuses		329
Weighted-average number of ordinary shares (diluted, thousand shares)		79,632
Diluted earnings per share (NTD)		$ 1.36

(o) Revenue from contracts with customers

	For the three months ended March 31, 2018	For the three months ended March 31, 2017
Primary geographical markets		
United States	$ 376,609	451,433
Asia	229,054	238,667
Euro	216,557	175,475
	$ 822,220	865,575
Primary productions		
Plastic injection mold	$ 733,191	793,830
Tooling mold	89,029	71,218
Others	-	527
	$ 822,220	865,575

(p) 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.

For the three months ended March 31, 2018, the Company has net loss and did not estimate employee, board of directors' and supervisors' remuneration. For the three months ended March 31, 2017, the Company estimated its employee remuneration and supervisors' remuneration amounting to $6,255 thousand and $1,650 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, 2017 and 2016, the Company estimated its employee remuneration amounting to $23,620 thousand and $32,710 thousand, respectively, and directors' and supervisors' remuneration amounting to $7,000 thousand and $8,720 thousand, respectively. There is no difference in the actual distribution situation, please refer to Market Observation Post System for further information.

(q) Other revenue

		For the three-months ended March 31,	
		2018	**2017**
Interest income	$	11,307	11,779
Others		3,068	7,892
	$	14,375	19,671

(r) Non-operating gains and losses

		For the three months ended March 31,	
		2018	**2017**
Foreign currency exchange gain, net	$	(84,503)	(40,796)
Gain on valuation of financial assets		(68)	1,275
Gain on disposal of property, plant and equipment		(279)	(13)
Others		44	(1,344)
	$	(84,806)	(40,878)

(s) Financial Instruments

In addition to the following, there is no material change in financial instruments of the Group for the three months ended March 31, 2018 and 2017. For the related information, please refer to note 6(p) of the consolidated financial statements for the year ended December 31, 2017.

(i) Credit risk

1) Credit risk concentrations

Sales to individual customers constituting over 10% of net revenue for the nine months ended March 31, 2018 and 2017, totaled 43% and 41%, respectively. As of March 31, 2018 and 2017, 39% and 30%, respectively, of the Consolidated Company's accounts receivable (including related parties) arose from the top 10 customers. Although there is a potential for concentration of credit risk, the Consolidated Company routinely assesses the collectability of the accounts receivable and provides a corresponding allowance for doubtful accounts.

2) Accounts receivables and debt securities of credit risk

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

(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
March 31, 2018					
Non-derivative financial liabilities					
Short-term borrowings	$ 382,630	384,299	384,299	-	-
Short-term notes and bills payable	99,960	100,000	100,000	-	-
Long-term liabilities, current portion	200,000	201,778	201,778	-	-
Long-term borrowings	1,050,000	1,073,712	12,990	608,627	452,095
Notes and accounts payable	588,658	588,658	588,658	-	-
Other financial liabilities	41,243	41,243	41,243	-	-
Derivative financial assets – FX SWAP					
Outflows	-	144,765	144,765	-	-
Inflows	(15)	(145,675)	(145,675)	-	-
	$ 2,362,476	2,388,780	1,328,058	608,627	452,095
December 31, 2017					
Non-derivative financial liabilities					
Short-term borrowings	$ 437,560	439,706	439,706	-	-
Short-term notes and bills payable	49,982	50,000	50,000	-	-
Long-term liabilities, current portion	200,000	202,408	202,408	-	-
Long-term borrowings	1,200,000	1,229,350	15,060	760,806	453,484
Notes and accounts payable	566,714	566,714	566,714	-	-
Other financial liabilities	50,666	50,666	50,666	-	-
	$ 2,504,922	2,538,844	1,324,554	760,806	453,484
March 31, 2017					
Non-derivative financial liabilities					
Short-term borrowings	$ 331,980	332,490	332,490	-	-
Long-term borrowings	750,000	768,525	9,895	557,812	200,818
Notes and accounts payable	463,879	463,879	463,879	-	-
Other financial liabilities	27,844	27,844	27,844	-	-
	$ 1,573,703	1,592,738	834,108	557,812	200,818

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:

	March 31, 2018			December 31, 2017			March 31, 2017		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets									
Monetary Items									
USD	$ 84,661	29.105	2,464,066	94,038	29.760	2,799,809	75,637	30.33	2,294,070
CNY	15,057	4.647	69,970	17,963	4.560	82,000	17,080	4.407	75,272
Financial liabilities									
Monetary Items									
USD	2,019	29.105	58,768	1,629	29.760	48,484	1,464	30.33	44,415
JPY	47,200	0.2739	12,928	-	-	-	-	-	-

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 at March 31, 2018 and 2017, would have increased or decreased the net profit before tax by $24,623 thousand and $23,249 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 three months ended March 31, 2018 and 2017, foreign exchange gain (including realized and unrealized portions) amounted to $84,503 thousand and $40,796 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 derivative and 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 $412 thousand and $475 thousand for the three months ended March 31, 2018 and 2017, 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:

	March 31, 2018				
		Fair Value			
	Carrying amounts	**Level 1**	**Carrying amounts**	**Level 1**	**Total**
Financial assets at fair value through profit or loss					
Derivative financial assets mandatorily measured at fair value through profit or loss	$ 15	-	-	15	15
Non-derivative financial assets mandatorily measured at fair value through profit or loss	409,059	13,930	5,690	389,439	409,059
	$ 409,074	13,930	5,690	389,454	409,074
Financial assets carried at amortized cost					
Cash and cash equivalents	$ 3,655,325				
Accounts receivable, net	1,170,516				
Other financial assets	12,466				
Refundable deposits	29,465				
	$ 4,867,772				
Financial liabilities carried at amortized cost					
Long and short term borrowings	$ 1,632,630				
Short-term notes and bills payable	99,960				
Accounts payable	588,658				
Other payables	181,355				
	$ 2,502,603				

	December 31, 2017				
		Fair Value			
	Carrying amounts	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Held-for-trading non-derivative financial assets	$ 620,298	-	6,022	614,276	620,298
Loans and receivables					
Cash and cash equivalents	$ 3,606,496				
Accounts receivable, net	1,342,527				
Other financial assets	14,798				
	$ 4,963,821				
Financial liabilities carried at amortized cost					
Long and short term borrowings	$ 1,837,560				
Short-term notes and bills payable	49,982				
Accounts payable	566,714				
Other payables	307,498				
	$ 2,761,754				

	March 31, 2017				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Held-for-trading non-derivative financial assets	$ 646,062	177,429	5,903	462,730	646,062
Loans and receivables					
Cash and cash equivalents	$ 3,346,246				
Accounts receivable, net	1,152,818				
Other receivables	7,639				
	$ 4,506,703				
Financial liabilities carried at amortized cost					
Long and short term borrowings	$ 1,081,980				
Accounts payable	463,879				
Other payables	185,353				
	$ 1,731,212				

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.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the consolidated balance sheet date.

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, 2018	$ -	614,276
Recognized in profit or loss	15	3,028
Purchase	-	325,365
Disposal	-	(553,230)
Balance on March 31, 2018	**$ 15**	**389,439**
Balance on January 1, 2017	$ -	161,637
Recognized in profit or loss	-	6,904
Purchase	-	550,869
Disposal	-	(256,680)
Balance on March 31, 2017	**$ -**	**462,730**

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 three months ended March 31, 2018 and 2017.

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

The Group’s financial instruments that use Level inputs to measure fair value include “financial assets measured at fair value through profit or loss – debt investments” and “available-for-sale financial assets – equity investments”.

(t) Financial risk management

The Group’s risk management policies are no material change in financial instruments of the Group for the three months ended March 31, 2018 and 2017. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2017.

(u) Capital management

As of March 31, 2018, there were no changes in the Group’s approach to capital management. For the related information, please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2017.

(7) Related-party transactions:

(a) Key management personnel compensation

Key management personnel compensation comprised:

		For the three months ended March 31,	
		2018	2017
Short-term employee benefits	$	7,738	11,954
Post-employment benefits		54	54
Termination benefits		-	-
Other long-term benefits		-	-
Share-based payments		-	-
	$	7,792	12,008

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object		March 31, 2018	December 31, 2017	March 31, 2017
Demand deposits (classified under other current financial assets)	Guarantee for Project	$	1,566	1,566	-
〃	Guarantee for customs		4,755	8,336	2,800
〃	Guarantee for Carbon emission		1,884	1,849	1,781
		$	8,205	11,751	4,581

(9) Commitments and contingencies:

(a) The aggregate unpaid amounts of contracts pertaining to the purchase of equipment were as follows:

		March 31, 2018	December 31, 2017	March 31, 2017
Acquisition of property, plant and equipment	$	94,102	79,772	141,912

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

		March 31, 2018	December 31, 2017	March 31, 2017
Outstanding guarantee notes	$	2,116,008	2,186,648	2,117,034
Purchase guarantee		14,553	14,880	15,165
	$	2,130,561	2,201,528	2,132,199
Actual usage amount	$	247,183	252,440	197,145

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events:

(a) To maintain the Company’s credibility and shareholders’ rights and interests, the Company’s board resolved on May 2, 2018, to buy back up to 3,400 thousand common shares with the buyback price ranging from NT$67 to NT$100 between May 3 and July 2, 2018 on the Taiwan Stock Exchange.

(b) For purpose of enhancing the return on equity, profitability per share and proper use of the capital, the capital reduction through a cash return to shareholders, which was proposed by the Company’s board on May 2, 2018. Total capital reduction amounted to $158,607 thousand, which represented the cancellation of 20% of common shares.

(12) Other:

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

By function / By item	Three months ended March 31,					
	2018			2017		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	165,875	50,889	216,764	167,007	50,380	217,387
Labor and health insurance	4,978	2,363	7,341	4,817	2,273	7,090
Pension	7,567	1,779	9,346	7,430	1,477	8,907
Others	4,787	1,287	6,074	5,259	2,896	8,155
Depreciation	51,736	7,486	59,222	49,100	7,036	56,136
Amortization	1,466	1,158	2,624	1,171	1,184	2,355

(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	145,975	145,525	130,973	2.12%	Necessary to loan other parties	-	Operating capital	-	-	-	1,366,038 (Note 1)	1,366,038 (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: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 2)	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
0	The Company	SAME START (Anguilla)	3	1,303,096 (Note 1)	945,918	943,002	-	-	21.71%	4,343,654	Y	N	N
〃	〃	NISHOKU VIETNAM	2	1,303,096	1,144,809	1,079,796	174,630	-	24.86%	〃	〃	〃	〃
〃	〃	NISHOKU BOUEKI	2	1,303,096	93,390	93,210	58,000	-	2.15%	〃	〃	〃	〃
1	NISHOKU KUNSHAN PLASTIC	SAME START (Anguilla)	1	758,509	14,598	14,553	14,553	-	0.58%	2,528,364	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 March 31, 2018 (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: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
SAME START (Anguilla)	Bond of oversea	None	Financial assets at fair value through profit or loss	-	5,690	- %	5,690	
〃	Preferred stock income fund	〃	〃	-	13,930	- %	13,930	
〃	Principal guaranteed financial product	〃	〃	-	87,315	- %	87,315	
NISHOKU SHENZHEN	〃	〃	〃	-	302,124	- %	302,124	

(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: Shares	Beginning Balance: Amount	Purchases: Shares	Purchases: Amount	Sales: Shares	Sales: Price	Sales: Cost	Sales: Gain (loss) on disposal	Ending Balance: Shares	Ending Balance: Amount
NISHOKU KUNSHAN PLASTIC	Principal guaranteed financial product	Financial assets at fair value through profit or loss	China Citic Bank	None	-	228,259	-	232,403	-	463,415	460,662	2,753	-	-
NISHOKU SHENZHEN	〃	〃	GF Asset Management (Guangdong) Co., Ltd	〃	-	296,737	-	-	-	-	-	5,387	-	302,124

(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)		Note
			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)	
SAME START (Anguilla)	NISHOKU KUNSHAN PLASTIC	Associate	Sale	(176,556)	(69) %	〃	Note 1	Note 1	234,785	65%	〃
NISHOKU KUNSHAN PLASTIC	SAME START (Anguilla)	〃	Purchase	176,556	51 %	〃	〃	〃	(234,785)	(42)%	〃

Note 1: Payment term given to related parties and third parties were 90 days and 60 to 120 days, respectively. In addition, the Company did not buy same product from third part, so the purchase price cannot be compared.

Note 2: 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 3: 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	234,785	4.48	-	-	67,413	-

Note 1: Until April 25, 2018.

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 three months ended March 31, 2018.

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions, 2018			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	SAME START (Anguilla)	1	Purchase	34,906	Note 3	4%
〃	〃	〃	1	Account Payable	34,606	〃	- %
1	NISHOKU BOUEKI	〃	3	Sales	36,402	〃	4%
〃	〃	〃	3	Account receivable	42,333	〃	1%
2	SAME START (Anguilla)	NISHOKU SHENZHEN	3	Purchase	35,674	〃	4%
〃	〃	〃	3	Account Payable	35,325	〃	- %
〃	〃	〃	3	Sales	18,963	〃	2%
〃	〃	〃	3	Account receivable	30,362	〃	- %
〃	〃	NISHOKU KUNSHAN PLASTIC	3	Purchase	21,528	〃	3%
〃	〃	〃	3	Account Payable	21,001	〃	- %
〃	〃	〃	3	Sales	176,556	〃	21%
〃	〃	〃	3	Account receivable	234,785	〃	3%

2	SAME START (Anguilla)	NISHOKU VIETNAM	3	Sales	25,207	〃	3%
〃	〃	〃	3	Account receivable	59,319	〃	1%
〃	〃	〃	3	Other receivables	131,708	Loans and interests	2%

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.

(b) Information on investees:

The following is the information on investees for the nine months ended March 31, 2018 (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, 2018	Original investment amount December 31, 2017	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	1,774,490	1,774,490	56,282	100.00%	5,152,511	(11,417)	(11,417)	
〃	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	6,300	100.00%	120,529	4,327	2,627	
〃	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	267,314 (USD 8,500 thousands)	267,314 (USD 8,500 thousands)	-	100.00%	40,020	(35,363)	(35,363)	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	634,278	634,278	21,814	100.00%	1,366,038	70,008	70,008	
〃	NISHOKU HK	HK	Holding	1,800,361 (USD 57,915 thousands)	1,800,361 (USD 57,915 thousands)	62,298	100.00%	3,061,113	(67,052)	(67,052)	
〃	SUNNICE (BVI)	BVI	〃	585,292 (USD 17,948 thousands)	585,292 (USD 17,948 thousands)	15,697	100.00%	723,529	(15,093)	(15,093)	

(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)	(29,382)	100.00%	(29,382)	1,227,091	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)	(47,562)	100.00%	(52,769)	2,528,364	473,544

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2018	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 March 31, 2018				
	United States	**Asia**	**Europe**	**Elimination**	**Total**
Revenue from external customers	$ 376,609	229,054	216,557	-	822,220
Reportable segment profit or loss	$ 40,949	(27,852)	(4,531)	-	8,566

	Three months ended March 31, 2017				
	United States	**Asia**	**Europe**	**Elimination**	**Total**
Revenue from external customers	$ 451,433	238,667	175,475	-	865,575
Reportable segment profit or loss	$ 92,534	18,803	14,303	-	125,640