Stock Code:3679

NISHOKU TECHNOLOGY INC.
AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2018 and 2017
(With Independent Auditors' Review Report Thereon)

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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 September 30, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended September 30, 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 $680,443 thousand and $549,750 thousand constituting 9% and 7% of the Group's consolidated total assets as of September 30, 2018 and 2017, respectively; total liabilities of $339,487 thousand and $294,923 thousand constituting 8% and 9% of the Group's consolidated total liabilities as of September 30, 2018 and 2017, respectively; comprehensive income of $37,756 thousand, $17,503 thousand, $141,975 thousand and $51,374 thousand constituting 10%, 5%, 19% and 8% of the Group's consolidated comprehensive income for the three months and nine months ended September 30, 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)
November 1, 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 September 30, 2018 and 2017

NISHOKU TECHNOLOGY INC. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2018, December 31, 2017 and September 30, 2017

(Expressed in Thousands of New Taiwan Dollars)

		September 30 , 2018		December 31, 2017		September 30, 2017	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 3,534,540	44	3,606,496	46	3,378,291	43
1110	Financial assets at fair value through profit or loss (note 6(b))	395,888	5	620,298	8	757,434	10
1170	Accounts receivable, net (note 6(c))	1,483,779	19	1,342,527	17	1,408,771	18
130X	Inventories (note 6(d))	579,213	7	480,862	6	504,019	6
1470	Other current assets	63,357	1	88,298	1	70,504	1
1476	Other current financial assets (note 8)	5,139	-	14,798	-	18,418	-
		6,061,916	76	6,153,279	78	6,137,437	78
	Non-current assets:						
1600	Property, plant and equipment (note 6(e))	1,622,120	20	1,495,836	19	1,470,978	19
1840	Deferred tax assets	120,507	2	78,027	1	66,556	1
1915	Prepayments for equipment	74,346	1	55,031	1	-	-
1985	Long-term prepaid rents	74,344	1	75,595	1	76,774	2
1990	Other non-current assets	21,137	-	19,302	-	32,556	-
		1,912,454	24	1,723,791	22	1,646,864	22
	Total assets	$ 7,974,370	100	7,877,070	100	7,784,301	100

		September 30, 2018		December 31, 2017		September 30, 2017	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(f))	$ 974,200	12	437,560	5	431,560	6
2111	Short term notes and bills payable (note 6(g))	645,469	8	566,714	7	609,705	9
2170	Notes and Accounts payable	$ 974,200	12	437,560	5	431,560	6
2300	Other current liabilities	342,076	4	373,947	5	323,390	4
2320	Long-term liabilities, current portion (note 6(h))	300,000	4	200,000	3	-	-
		2,461,726	31	1,628,203	21	1,364,655	19
	Non-Current liabilities:						
2540	Long-term borrowings (note 6(h))	950,000	12	1,200,000	15	1,400,000	18
2570	Deferred tax liabilities and others	765,883	10	605,569	8	657,278	8
		1,715,883	22	1,805,569	23	2,057,278	26
	Total liabilities	4,177,609	53	3,433,772	44	3,421,933	45
	Equity attributable to owners of parent (note 6(l)):						
3100	Ordinary share	634,426	8	793,033	10	793,033	10
3200	Capital surplus	972,382	12	1,207,154	15	1,206,064	15
	Retained earnings:						
3310	Legal reserve	480,192	6	436,603	6	436,603	6
3320	Special reserve	181,708	2	38,354	-	38,354	-
3350	Unappropriated retained earnings	1,870,971	23	2,149,862	27	2,055,735	26
		2,532,871	31	2,624,819	33	2,530,692	32
3400	Other equity interest	(233,768)	(3)	(181,708)	(2)	(167,421)	(2)
3500	Treasury stock	(109,150)	(1)	-	-	-	-
	Total liabilities and equity	3,796,761	47	4,443,298	56	4,362,368	55
		$ 7,974,370	100	7,877,070	100	7,784,301	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 nine months ended September 30, 2018 and 2017

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

		Three months ended September 30,				Six months ended September 30,			
		2018		**2017**		**2018**		**2017**	
		Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
4110	**Operation Revenues**	$ 1,247,963	102	1,157,59	102	3,139,823	102	3,032,7	102
4170	Less: Sales returns and allowance	18,658	2	20,99	2	50,405	2	53,4	2
	Net Operating revenues	1,229,305	100	1,136,59	100	3,089,418	100	2,979,2	100
5000	Operating costs (notes 6(d), (h), (i) and 12)	963,077	78	850,62	75	2,507,549	81	2,221,7	75
	Gross profit from operations	266,228	22	285,97	25	581,869	19	757,4	25
	Operating expenses: (notes 6(c), (h), (i) and 12)								
6100	Selling expenses	18,194	1	15,35	1	50,345	2	47,2	1
6200	Administrative expenses	78,539	6	53,32	5	214,264	7	190,4	6
6300	Research and development expenses	26,531	2	22,48	2	78,178	3	62,6	2
6450	Expected credit losses(profit)	26,531	2	22,48	2	78,178	3	62,6	2
		109,565	11	102,967	11	220,322	12	209,194	12
	Net operating income	86,753	8	136,645	14	95,319	5	262,285	14
	Non-operating income and expenses:								
7010	Other income (notes 6(n) and (p))	15,750	1	13,672	1	59,362	2	43,200	1
7020	Other gains and losses, net (notes 6(o) and (p))	41,616	3	(38,453)	(3)	74,967	2	(97,787)	(3)
7050	Finance costs, net	(6,319)	(1)	(4,379)	-	(18,175)	(1)	(11,574)	-
	Total non-operating income and expenses	51,047	3	(29,160)	(2)	116,154	3	(66,161)	(2)
7900	**Profit from continuing operations before tax**	198,878	16	165,645	15	359,304	10	390,929	14
7950	Less: Tax expense (note 6(j))	60,743	5	33,435	3	213,342	7	49,162	2
	Profit	138,135	11	132,210	12	145,962	3	341,767	12
8300	**Other comprehensive income:**								
8360	**Components of other comprehensive income that will be reclassified to profit or loss**								
8361	Exchange differences on translation	(129,221)	(11)	52,002	4	(65,075)	(2)	(155,502)	(5)
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss (note 6(j))	25,844	2	(8,841)	(1)	13,015	-	26,435	1
8300	**Other comprehensive income, net**	(103,377)	(9)	43,161	3	(52,060)	(2)	(129,067)	(4)
8500	**Total comprehensive income**	**$ 34,758**	**2**	**175,371**	**15**	**93,902**	**1**	**212,700**	**8**
	Profit, attributable to:								
8610	Profit, attributable to owners of parent	**$ 138,135**	**11**	**132,210**	**12**	**145,962**	**3**	**341,767**	**12**
	Comprehensive income attributable to:								
8710	Comprehensive income, attributable	**$ 34,758**	**2**	**175,371**	**15**	**93,902**	**1**	**212,700**	**8**

See accompanying notes to consolidated financial statements.

	to owners of parent				
9750	Basic earnings per share (NT dollars) (note 6(l))	**$ 2.02**	**1.67**	**1.93**	**4.31**
9850	Diluted earnings per share (NT dollars) (note 6(l))	**$ 2.02**	**1.66**	**1.93**	**4.29**

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 nine months ended September 30, 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	Treasury stock	Total equity attributable to owners of parent	Total equity
Balance at January 1, 2017	$ 793,033	1,363,943	376,396	-	2,288,348	(38,354)	-	4,783,366	4,783,366
Profit for the period	-	-	-	-	341,767	-	-	341,767	341,767
Other comprehensive income (loss)	-	-	-	-	-	(129,067)	-	(129,067)	(129,067)
Total comprehensive income (loss)	-	-	-	-	341,767	(129,067)	-	212,700	212,700
Appropriation and distribution of retained earnings									
Legal Reserve Appropriated			60,207		(60,207)				
Special Reserve Appropriated				38,354	(38,354)				
Cash Dividends of Common Stock					(475,819)			(475,819)	(475,819)
Cash Dividend distribution from capital surplus		(158,606)						(158,606)	(158,606)
Stock option compensation cost		727						727	727
Balance at September 30, 2017	**$ 793,033**	**1,206,064**	**436,603**	**38,354**	**2,055,735**	**(167,421)**	**-**	**4,362,368**	**4,362,368**
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	-	-	-	-	145,962	-	-	145,962	145,962
Other comprehensive income (loss)	-	-	-	-	-	(52,060)	-	(52,060)	(52,060)
Total comprehensive income (loss)	-	-	-	-	145,962	(52,060)	-	93,902	93,902
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	-	3,138	-	-	-	-	-	3,138	3,138
Treasury Stock Acquired	-	-	-	-	-	-	(112,016)	(112,016)	(112,016)
Reduction of Capital	(158,607)	-	-	-	-	-	2,866	(155,741)	(155,741)
Balance at September 30, 2018	**$ (158,607)**	**-**	**-**	**-**	**-**	**-**	**2,866**	**(155,741)**	**(155,741)**

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 nine months ended September 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the nine months ended September 30, 2018	2017
Cash flows from (used in) operating activities:		
Profit (loss) before tax	$ 359,304	390,929
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	190,493	175,309
Expected credit loss	(4,068)	-
Interest expense	18,175	11,574
Interest income	(53,765)	(33,490)
Stock option compensation cost	3,138	727
Net loss (gain) on financial assets at fair value through profit or loss	(14,369)	(3,044)
Loss on disposal of property, plant and equipment	1,937	(2,006)
Recognition losses (reversal of provision) on inventory valuation and obsolescence	190,493	175,309
Provision for bad debt expense	-	2,521
	161,615	148,324
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss	238,779	(401,828)
Accounts receivable	(137,184)	33,303
Inventories	(119,195)	(97,361)
Other current assets and other financial assets	14,010	(34,633)
Total changes in operating assets	(3,590)	(500,519)
Changes in operating liabilities:		
Accounts payable	78,755	69,844
Other current liabilities	(13,403)	(32,472)
Total changes in operating liabilities	65,352	37,372
Total adjustments	223,377	(314,823)
Cash inflow(outflow) generated from operations	582,681	76,106
Interest received	53,765	33,490
Interest paid	(18,062)	(11,480)
Income taxes paid	(73,130)	(121,794)
Net cash flows from operating activities	545,254	(23,678)
Cash flows from (used in) investing activities:		
Acquisition of property, plant and equipment	(368,518)	(260,702)
Proceeds from disposal of property, plant and equipment	2,437	4,842
Increase Refundable deposits	(1,973)	(3,337)
Decrease in other non-current assets	(4,728)	(9,377)
Net cash flows used in investing activities	(372,782)	(268,574)
Cash flows from (used in) financing activities:		
Increase (decrease) in short-term loans	536,640	88,060
Increase (decrease) in short-term notes and bills payable	150,000	-
Increase in long-term debt	650,000	650,000
Repayments of long-term borrowings	(800,000)	-
Increase (decrease) in guarantee deposits received	(92)	(464)
Cash dividends paid	(475,820)	(634,425)
Treasury stock acquired	(112,016)	-
Reduction of Capital	(155,741)	-
Net cash flows used in financing activities	(207,029)	103,171
Effect of exchange rate changes on cash and cash equivalents	(37,399)	(128,922)
Net decrease in cash and cash equivalents	(71,956)	(318,003)
Cash and cash equivalents at beginning of period	3,606,496	3,696,294
Cash and cash equivalents at end of period	$ 3,534,540	3,378,291

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

September 30, 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 November 1, 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

	September 30, 2018	December 31, 2017	September 30, 2017
Cash, and demand deposits	$ 1,546,745	1,994,474	1,879,656
Time deposits	1,698,070	1,447,114	1,332,297
Bond acquired under repurchase agreement	289,725	164,908	166,338
Cash and cash equivalents in the consolidated statement of cash flows	**$ 3,534,540**	**3,606,496**	**3,378,291**

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

	September 30, 2018	December 31, 2017	September 30, 2017
Financial assets mandatorily measured at FVTPL:			
(i) Non-derivate financial instruments			
Fund	$ 13,21	-	-
Principal guaranteed financial product	376,999	-	-
Bond of oversea	5,868	-	-
Total	395,888	-	-

Financial assets held for trading:			
(i) Non-derivate financial instruments			
Fund	-	-	46,105
Principal guaranteed financial product	-	614276,	705,179
Bond of oversea	-	6,022	6,150
Total	$ 395,888	620,298	757,434

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

For the nine months ended September 30, 2018 and 2017, total gains and losses from derivative financial instruments, please refer to note 6(s).

As of September 30, 2018 and 2017, the Group did not provide any financial assets as collateral.

(c) Notes and accounts receivable

	September 30, 2018	December 31, 2017	September 30, 2017
Notes receivable	$ 50,400	70,909	32,739
Accounts receivable	1,440,932	1,290,321	1,396,394
Less：allowance for impairment	(7,553)	(18,703)	(20,362)
	$ 1,483,779	1,342,527	1,408,771

As of September 30, 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 September 30, 2018 was as follows:

	Carrying amount of accounts receivable	Expected loss rate	Loss allowance for lifetime expected credit losses
Not past due	$ 1,378,060	-%	-
Past due less than 120 days	55,316	0%~1%	-
Past due 271~365 days	889	0%~100%	886
Past due over 1 year	6,667	100%	6,667
Total	$ 1,440,932		7,553

As of December 31, 2017 and September 30, 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 September 30, 2017, was as follows:

	December 31, 2017	September 30, 2017
Past due 0~120 days	110,896	68,571
Past due 121~270 days	6,725	4,396
Past due 271~365 days	49	-
	$ 117,670	72,967

	Nine months ended September 30,	
	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	(4,068)	2,521
Amounts written off	(7,082)	(310)
Ending balance	$ 7,553	20,362

(d) Inventories

	September 30, 2018	December 31, 2017	September 30, 2017
Raw materials	$ 182,222	150,930	126,671
Work in process	292,718	188,535	261,344
Finished goods	104,273	141,397	116,004
	$ 579,213	480,862	504,019

For the three months and nine months ended September 30, 2018 and 2017, raw material, consumables, and changes in the finished goods and work in progress recognized as cost of sale amounted to $963,077 thousand, $850,622 thousand, $2,507,549 thousand and $2,221,792 thousand, respectively. For the three months and nine months ended September 30, 2018 and 2017, the Group recognized the losses on inventory valuation and obsolescence as cost of goods sold amounting to $(11,396) thousand, $4,477 thousand, $20,074 thousand and $(3,267) thousand, respectively

As of September 30, 2018, December 31, 2017, and September 30, 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	-	7,802	191,245	56,088	81,549	336,684
Reclassifications	-	200,533	46,323	16,104	(226,521)	36,439
Disposals	-	-	(7,699)	(57,148)	-	(64,847)
Effect of movements in exchange rates	-	(14,104)	(34,854)	(11,882)	(2,063)	(62,903)
Balance on September 30, 2018	$ 179,672	916,721	2,043,490	463,351	74,473	3,677,707

Balance on January 1, 2017	$	179,672	734,276	1,826,269	471,709	75,845	3,287,771
Additions		-	195	48,840	13,434	184,744	247,213
Reclassifications		-	3,513	34,470	14,159	(52,777)	(635)
Disposals		-	-	(79,099)	(45,851)	-	(124,950)
Effect of movements in exchange rates		-	(14,104)	(34,854)	(11,882)	(2,063)	(62,903)
Balance on September 30, 2017	$	179,672	916,721	2,043,490	463,351	74,473	3,677,707
Depreciation and impairments loss:							
Balance on January 1, 2018	$	-	310,310	1,262,780	363,408	-	1,936,498
Depreciation for the period		-	34,130	120,535	27,054	-	181,719
Reclassifications		-	178	22,487	14,137	-	36,802
Disposals		-	-	(5,894)	(54,579)	-	(60,473)
Effect of movements in exchange rates		-	(5,269)	(25,053)	(8,637)	-	(38,959)
Balance on June 30, 2018	$	-	339,349	1,374,855	341,383	-	2,055,587
Balance on January 1, 2017	$	-	272,753	1,220,239	377,217	-	1,870,209
Depreciation for the period		-	31,932	112,646	23,110	-	167,688
Disposals		-	-	(76,842)	(45,272)	-	(122,114)
Effect of movements in exchange rates		-	(5,013)	(27,759)	(6,722)	-	(39,494)
Balance on September 30, 2017	$	-	299,672	1,228,284	384,333	-	1,876,289
Carrying amounts:							
Balance on September 30, 2018	$	179,672	577,372	668,635	121,968	74,473	1,622,120
Balance on January 1, 2018	$	179,672	412,180	585,695	96,781	221,508	1,495,836
Balance on September 30, 2017	$	179,672	423,954	562,218	96,809	208,325	1,470,978

As of September 30, 2018, December 31, 2017 and September 30, 2017, the property, plant and equipment of the Group had not been pledged as collateral.

(f) Short-term borrowings

The details were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Credit loans, no pledge	$ 974,200	437,560	431,560
Interest rate range	0.90%~2.78%	0.92%~2.08%	0.90%~1.83%

(g) Short-term notes and bills payable

The details were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Commercial paper payable	$ 200,000	50,000	-
Less: Discount on short-term notes and bills payable	(19)	(18)	-
Total	$ 199,981	49,982	-
Interest rate range	0.60~0.672%	0.662%	-

(h) Long-term borrowings

The details were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Unsecured loans	$ 1,250,000	1,400,000	1,400,000
Less: current portion	(300,000)	(200,000)	-
Total	$ 950,000	1,200,000	1,400,000
Interest rate range	1.19%~1.26%	1.19%~1.41%	1.19%~1.41%

(i) Operating lease

There were no significant changes in operating lease for the three months ended September 30, 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:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Operating Costs	$ 7,974	7,835	23,396	22,478
Operating Expenses	1,775	1,607	5,313	6,286
Total	$ 9,749	9,442	28,709	28,764

(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 income tax expense for the three months and nine months ended September 30, 2018and 2017 were $60,743 thousand, $33,435 thousand, $213,342 thousand and $49,162 thousand respectively.

(iii) The amounts of income tax profit under other comprehensive income or loss for the three months and nine months ended September 30, 2018 and 2017 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2018	2017	2018	2017
Foreign currency translation differences for foreign operations	$ (25,844)	8,841	(13,015)	(26,435)

(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.

(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 nine months ended September 30, 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. As of September 30, 2018, December 31, 2017 and September 30, 2017, the Company's authorized capital was $1,500,000 thousands, consisting of 150,000 thousands of ordinary shares (including $20,000 thousands reserved for employee stock options) with a par value of $10 (in dollars) per share which 63,443 thousand shares, 79,303 thousand shares and 79,303 thousand shares were issued. All proceeds shares issued have been collected.

1. Ordinary shares

Reconciliation of shares outstanding for the nine months ended September 30, 2018 and 2017, were as follows (in thousands of shares):

	Ordinary shares	
	Nine months ended September 30,	
	2018	**2017**
Balance on January 1	79,303	79,303
Reduction of Capital	(15,860)	-
Balance on September 30	**79,303**	**79,303**

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 shareholders' meeting on June 14,2018. Total capital reduction amounted to $158,607 thousand, which represented the cancellation of 20% of common shares. The capital reduction had approved by Financial Supervisory Commission (Taiwan) on August 3, 2018 and the record date for reverse split was proposed by the directors' meeting on August 6, 2018. The registration procedure had been completed on August 16, 2018

(i) Capital surplus

The balances of capital surplus as of September 30, 2018 and 2017 were as follows:

	September 30, 2018	**December 31, 2017**	**September 30, 2017**
Additional paid-capital	$ 967,427	1,205,337	1,205,337
Employee share options	4,955	1,817	727
	$ 972,382	**1,207,154**	**1,206,064**

The Company's appropriations of 2017 and 2016 capital surplus had been approved by the shareholders' meeting held on June 14, 2018 and June 14, 2017, respectively. The appropriations and dividends per share were as follow:

	2017		2016	
	Dividend per share	Amount	Dividend per share	Amount
Cash Dividend distribution from capital surplus	$ 3.0	237,910	2.0	158,606

(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 2016 and 2015 were decided via the general meeting of shareholders held on June 14, 2018, and June 14, 2017, respectively. 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

(iii) Treasury shares

For the year ended September 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 September 30, 2018 the Company had bought back 1,433 thousand shares for $112,016 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. Besides, the capital reduction through a cash return to shareholders, which was proposed by the shareholders' meeting on June 14,2018. Total capital reduction amounted to $158,607 thousand, which represented the cancellation of 20% of common shares. As of September 30, 2018 the Company had bought back 1,146 thousand shares for $109,150 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.

(m) Share-based payment

For the nine months ended September 30, 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 Companyo significant changes in share-based is described as follows:

	Nine months ended September 30, 2018		Nine months ended September 30, 2017	
	Weighted-average Exercise Price(NT$)	**Number of Stock Options**	**Weighted-average Exercise Price(NT$)**	**Number of Stock Options**
Options outstanding at beginning of	$ 81.80	600	81.80	600
Options granted	-	-	-	-
Options expired	-	-	-	-
Options exercised	-	-	-	-
Options outstanding at end of the period	99.75 (note)	**600**	81.80	**600**
Options exercisable at end of the period		**-**	**-**	**-**
The weighted-average fair value per unit of option granted during the years ended September 30, 2018		**$ 18.15**		**18.15**

(note) The exercise price of stock options was adjusted based on the cash capital reduction per share distributed.

Information about the Companyptions was adjusted based on the cash is described as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Weighted-average Remaining Contractual Life (Years)	3.82	4.57	4.82

（ii）Expenses incurred on share-based payment transactions for the three months and nine months ended September 30, 2018 and 2017 is $1,072 thousands and $727 thousands and $3,138 thousands and $727 thousands。

(n) Earnings per share

The calculation of basic earnings per share for the three months and six months ended September 30, 2018 and 2017 were calculated as follows:

	Three months ended September 30,		Nine months ended September 30,	
Basic earnings per share:	**2018**	**2017**	**2018**	**2017**
Profit attributable to ordinary shareholders of the Company	$ 138,135	132,210	145,962	341,767
Weighted-average number of ordinary shares (thousand shares)	68,393	79,303	75,530	79,303
Basic earnings per share (NTD)	$ 2.02	1.67	1.9[illegible]	4.31
Diluted earnings per share:				
Profit attributable to ordinary shareholders of the Company	$ 138,135	132,210	145,962	341,767
Weighted-average number of ordinary shares (basic, thousand shares)	68,393	79,303	75,530	79,303
Effect of employee stock bonuses	91	270	15[illegible]	354
Weighted-average number of ordinary shares (diluted, thousand shares)	68,484	79,573	75,688	79,657
Diluted earnings per share (NTD)	$ 2.02	1.66	1.93	4.29

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
Primary geographical markets				
United States	$ 549,187	528,725	1,404,904	1,411,923
Asia	225,898	297,258	665,052	771,811
Euro	454,220	310,614	1,019,462	795,512
	$ 1,229,305	1,136,597	3,089,418	2,979,246

Primary productions

Plastic injection mold	$ 1,143,124	1,046,213	2,818,772	2,742,673
Tooling mold	86,181	91,176	270,646	235,440
Others	-	(792)	-	1,133
	$ 1,229,305	**1,136,597**	**3,089,418**	**2,979,246**

(ii) Contracts balances

For the account receivables, please refer to note 6(c)

(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 and nine months ended September 30, 2018 and 2017, the Company estimated its employee remuneration amounting to $5,428 thousand, $6,255 thousand, $6,828 thousand and $18,765 thousand, directors’ and supervisors’ remuneration amounting to $2,024 thousand, $1,650 thousand, $2,024 thousand and $4,950 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

	Three months ended September 30,		**Nine months ended September 30,**	
	2018	**2017**	**2018**	**2017**
Interest income	$ 14,088	12,391	53,76	33,490
Others	1,662	1,281	5,59	9,710
	$ 15,750	**13,672**	**59,36**	**43,200**

(r) Non-operating gains and losses

	Three months ended September 30, 2018	Three months ended September 30, 2017	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Foreign currency exchange (loss) gain, net	$ 43,881	(42,667)	62,049	(102,427)
Gain on valuation of financial assets	(306)	511	14,369	3,044
Gain on disposal of property, plant and equipment	(2,131)	1,981	(1,937)	2,006
Others	172	1,722	486,	(410)
	$ 41,616	(38,453)	74,967	(97,787)

(s) Financial Instruments

In addition to the following, there is no material change in financial instruments of the Group for the nine months ended September 30, 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 September 30, 2018 and 2017, totaled 29% and 33%, respectively. As of September 30, 2018 and 2017, 23% and 37%, 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
September 30, 2018					
Non-derivative financial liabilities					
Short-term borrowings	$ 974,200	979,263	979,263	-	-
Short-term notes and bills payable	199,981	200,000	200,000	-	-
current portion of long-term loans payable	300,000	303,357	303,357	-	-
Long-term borrowings	950,000	970,195	11,850	958,345	-
Notes and accounts payable	$ 645,469	645,469	645,469	-	-
Other financial liabilities	41,399	41,399	41,399	-	-
	$ 3,111,049	3,139,683	2,181,338	958,345	-

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

September 30, 2017

Non-derivative financial liabilities

Short-term borrowings	$ 431,560	432,634	432,634	-	-
Short-term notes and bills payable	-	-	-	-	-
- Long-term borrowings	1,400,000	1,436,153	17,580	963,682	454,891
Notes and accounts payable	609,705	609,705	609,705	-	-
Other financial liabilities	22,081	22,081	22,081	-	-
	$ 2,463,346	2,500,573	1,082,000	963,682	454,891

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:

	September 30, 2018			**December 31, 2017**			**September 30, 2017**		
	Foreign currency	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**	**Foreign currency**	**Exchange rate**	**NTD**
Financial assets									
Monetary Items									
USD	$ 80,296	30.525	2,451,022	94,038	29.760	2,799,809	89,551	30.260	2,709,807
CNY	15,194	4.436	67,401	17,963	4.560	82,000	17,953	4.551	81,706
Financial liabilities									
Monetary Items									
USD	1,999	30.525	61,022	1,629	29.760	48,484	1,943	30.260	58,803
JPY	44,850	0.2692	12,074	-	-	-	-	-	-

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 September 30, 2018 and 2017, would have increased or decreased the net profit before tax by $24,453 thousand and $27,327 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 nine months ended September 30, 2018 and 2017, foreign exchange gain (including realized and unrealized portions) amounted to $62,049 thousands and ($102,427) thousands, 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 $98 thousand and $558 thousand for the nine months ended September 30, 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:

	September 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	$ -	-	-	-	-
Non-derivative financial assets mandatorily measured at fair value through profit or loss	$ 395,888	13,021	5,868	376,999	395,888
	$ 395,888	**13,021**	**5,868**	**376,999**	**395,888**
Financial assets carried at amortized cost					
Cash and cash equivalents	$ 3,534,540				
Accounts receivable, net	1,483,779				
Other financial assets	5,139				
Refundable deposits	24,800				
	$ 5,048,258				

Financial liabilities carried at amortized cost	
Long and short term borrowings	$ 2,224,200
Short-term notes and bills payable	199,981
Accounts payable	645,469
Other payables	41,399
	$ 3,111,049

	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				

	September 30, 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	$ 757,434	46,105	6,150	705,179	757,434
Loans and receivables					
Cash and cash equivalents	$ 3,378,291				
Accounts receivable, net	1,408,771				
Other receivables	18,418				
	$ 4,805,480				
Financial liabilities carried at amortized cost	$ -				
Long and short term borrowings	$ 1,831,560				
Accounts payable	609,705				
Other payables	215,571				
	$ 2,656,836				

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	16,108	22,106
Purchase	-	1,286,232
Disposal	(16,108)	(1,545,615)
Balance on September 30, 2018	**$ -**	**376,999**
Balance on January 1, 2017	$ -	161,637
Recognized in profit or loss	-	13,992
Purchase	-	1,569,889
Disposal	-	(1,040,339)
Balance on September 30, 2017	**$ -**	**705,179**

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 September 30, 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 September 30, 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 September 30, 2018, there were no material changes in the Group’s approach to capital management, except enhancing returns on equity and adjust the capital structure, the Company were decided reduction of capital by the general meeting of shareholders held on June 14, 2018. 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:

	Three months ended September 30,		Nine months ended September 30,	
	2018	**2017**	**2018**	**2017**
Short-term employee benefits	$ 11,197	11,927	25,641	35,879
Post-employment benefits	3,540	54	3,648	162
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
	$ 14,737	11,981	29,289	36,041

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Object	September 30, 2018	December 31, 2017	September 30, 2017
Demand deposits	Guarantee for Project	$ -	1,566	-

(classified under other current financial assets)				
〃	Guarantee for customs	3,105	8,336	8,629
〃	Guarantee for Carbon emission	25	1,849	1,842
		$ 3,130	11,751	10,471

(9) Commitments and contingencies:

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

	September 30, 2018	December 31, 2017	September 30, 2017
Acquisition of property, plant and equipment	$ 102,570	79,772	90,855

(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:

	September 30, 2018	December 31, 2017	September 30, 2017
Outstanding guarantee notes	$ 2,217,538	2,186,648	2,051,628
Purchase guarantee	15,263	14,880	15,130
	$ 2,232,801	2,201,528	2,066,758
Actual usage amount	$ 259,463	252,440	246,690

(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	Three months ended September 30,					
	2018			2017		
By item	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefit expenses						
Salaries	233,287	58,356	291,643	203,633	45,843	249,476
Labor and health insurance	5,552	2,254	7,806	4,676	2,094	6,770
Pension	7,974	1,775	9,749	7,835	1,607	9,442
Others	6,200	2,745	8,945	5,098	187	5,285
Depreciation	51,643	10,495	62,138	49,677	7,199	56,876
Amortization	1,765	1,295	3,060	1,391	1,053	2,444

By item \ By function	Nine months ended September 30, 2018 Operating cost	2018 Operating expenses	2018 Total	2017 Operating cost	2017 Operating expenses	2017 Total
Employee benefit expenses						
Salaries	602,758	158,113	760,871	552,752	150,357	703,109
Labor and health insurance	15,295	6,702	21,997	14,141	6,116	20,257
Pension	23,396	5,313	28,709	22,478	6,286	28,764
Others	15,902	5,839	21,741	14,972	6,347	21,319
Depreciation	155,499	26,220	181,719	146,589	21,099	167,688
Amortization	5,132	3,642	8,774	4,297	3,324	7,621

(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 Item	Collateral Value	Financing limit for each borrowing company	Maximum financing limit for the lender
1	SAME START (Anguilla)	NISHOKU VIETNAM	Other accounts receivable	Yes	245,720	244,200	244,200	2.12%~2.66%	Necessary to loan other parties	-	Operating capital	-	-	-	1,655,897 (Note 1)	1,655,897 (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	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	1,139,028	995,166	989,010	-	-	26.05%	3,796,761	Y	N	N
〃	〃	NISHOKU VIETNAM	2	1,139,028	1,144,809	1,132,478	244,200	-	29.83%	〃	〃	〃	〃
〃	〃	NISHOKU BOUEKI	2	1,139,028	96,430	96,050	-	-	2.53%	〃	〃	〃	〃
1	NISHOKU KUNSHAN PLASTIC	SAME START (Anguilla)	1	764,457	15,358	15,263	15,263	-	0.60%	2,548,191	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 September 30, 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				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	-	5,868	- %	5,868	
〃	Preferred stock income fund	〃	〃	-	13,021	- %	13,021	
NISHOKU SHENZHEN	Principal guaranteed financial product	〃	〃	-	288,293	- %	288,293	
NISHOKU KUNSHAN PLASTIC		〃	〃	〃	88,706		88,706	

(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 product	Financial assets at fair value through profit or loss	China Citic Bank	None	-	228,259	-	443,528	-	669,794	665,292	4,502	-	-
〃	〃	〃	Agricultural Bank of China Limited	〃	-	-	-	266,117	-	178,200	177,411	789	-	88,706
NISHOKU SHENZHEN	Principal guaranteed financial product	〃	Fullgoal Asset Management (Shanghai) Limited	〃	-	-	-	576,587	-	292,891	288,294	4,597	-	288,293
〃	〃	〃	GF Asset Management (Guangdong) Co., Ltd	〃	-	296,737				307,835	296,737	11,098		

(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)	
NISHOKU TECHNOLOGY INC	SAME START (Anguilla)	Associate	Purchase	107,610	81 %	Note 1	Note 1	Note 1	(41,612)	74%	Note 2
SAME START (Anguilla)	NISHOKU TECHNOLOGY INC	Associate	Sale	(107,610)	(11) %	Open Account 90 Days	〃	〃	41,612	10%	〃
〃	NISHOKU SHENZHEN	Associate	Purchase	120,715	20 %	〃	〃	〃	(44,510)	(22%)	〃

〃	NISHOKU KUNSHAN PLASTIC	Associate	Sale	(687,849)	(71 %)	〃	〃	〃	281,770	71%	〃
〃	NISHOKU BOUEKI CO.LTD.	Associate	Purchase	125,161	(21 %)	〃	〃	〃	(52,473)	(26%)	〃
NISHOKU SHENZHEN	SAME START (Anguilla)	〃	Sale	(120,715)	(21%)	〃	〃	〃	44,510	15%	〃
NISHOKU KUNSHAN PLASTIC	SAME START (Anguilla)	〃	Purchase	687,849	53%	〃	〃	〃	(281,770)	(41%)	〃
	SAME START (Anguilla)	〃	Sale	(120,715)	(21%)	〃	〃	〃	44,510	15%	
NISHOKU BOUEKI CO.LTD.	SAME START (Anguilla)	〃	Sale	(125,161)	(83%)	〃	〃	〃	52,473	100%	〃

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	281,770	3.93	-	-	1	-

Note 1: Until July 25, 2018.

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

(ix) Trading in derivative instruments: Please refer to note 6(s)

(x) Business relationships and significant intercompany transactions:

The following is the information for the nine months ended September 30, 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	107,610	Note 3	3%
〃	〃	〃	1	Account Payable	41,612	〃	- 1%
1	NISHOKU BOUEKI	〃	3	Sales	125,161	〃	4%
〃	〃	〃	3	Commission income	24,884		1%
〃	〃	〃	3	Account receivable	52,473	〃	1%
2	SAME START (Anguilla)	NISHOKU SHENZHEN	3	Purchase	120,715	〃	4%
〃	〃	〃	3	Account Payable	44,510	〃	1%
〃	〃	〃	3	Sales	55,814	〃	2%
〃	〃	〃	3	Account receivable	19,257	〃	- %
〃	〃	NISHOKU KUNSHAN PLASTIC	3	Purchase	40,839	〃	1%
〃	〃	〃	3	Account Payable	11,713	〃	%

〃	〃	〃	3	Sales	687,849	〃	22%
〃	〃	〃	3	Account receivable	281,770	〃	4%
2	SAME START (Anguilla)	NISHOKU VIETNAM	3	Sales	97,409	〃	3%
〃	〃	〃	3	Account receivable	33,399	〃	%
〃	〃	〃	3	Other receivables	247,183	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.

(b) Information on investees:

The following is the information on investees for the nine months ended September 30, 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		Balance as of September 30, 2018			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2018	December 31, 2017	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	SUN NICE (SAMOA)	SAMOA	Holding	1,774,490	1,774,490	56,282	100.00%	5,438,415	381,415	381,415	
〃	NISHOKU BOUEKI	Taiwan	Purchase and sales of plastic raws and parts	1,000	1,000	6,300	100.00%	133,169	38,843	36,270	
〃	NISHOKU VIETNAM	Vietnam	Manufacture and sale of tooling and plastic products	634,278 (USD 8,500 thousands)	634,278 (USD 8,500 thousands)	-	100.00%	-	(103,132)	(103,132)	
SUN NICE (SAMOA)	SAME START (Anguilla)	Anguilla	Purchase and sale of mold and plastic products	634,278	634,278	21,814	100.00%	1,655,897	290,233	290,233	
〃	NISHOKU HK	HK	Holding	1,800,361 (USD 57,915 thousands)	1,800,361 (USD 57,915 thousands)	62,298	100.00%	3,050,723	64,928	64,928	
〃	SUNNICE (BVI)	BVI	〃	585,292 (USD 17,948 thousands)	585,292 (USD 17,948 thousands)	15,697	100.00%	729,304	24,959	24,959	

(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		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
					Outflow	Inflow						
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)	(14,489)	100.00%	(14,489)	1,227,570	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)	34,435	100.00%	29,186	2,580,067	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 September 30, 2018				
	United States	**Asia**	**Europe**	**Elimination**	**Total**
Revenue from external customers	$ 549,187	225,898	454,220	-	1,229,305
Reportable segment profit or loss	$ 95,713	12,695	39,423	-	147,831

	Three months ended September 30, 2017				
	United States	**Asia**	**Europe**	**Elimination**	**Total**
Revenue from external customers	$ 528,725	297,258	310,614	-	1,136,597
Reportable segment profit or loss	$ 127,975	29,858	36,972	-	194,805

	Nine months ended September 30, 2018				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	**$ 1,404,904**	**665,052**	**1,019,462**	**-**	**3,089,418**
Reportable segment profit or loss	**$ 171,371**	**14,120**	**57,659**	**-**	**243,150**

	Nine months ended September 30, 2017				
	United States	Asia	Europe	Elimination	Total
Revenue from external customers	**$ 1,411,923**	**771,811**	**795,512**	**-**	**2,979,246**
Reportable segment profit or loss	**$ 315,408**	**57,263**	**84,419**	**-**	**457,090**