TXC Corporation and Subsidiaries

Consolidated Financial Statements for the Nine Months Ended September 30, 2018 and 2017

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

	September 30, 2018 (Reviewed)		December 31, 2017 (Audited)		September 30, 2017 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 1,672,557	13	$ 2,331,366	18	$ 2,283,410	17
Financial assets at fair value through profit or loss - current (Note 7)	690,090	5	1,007,122	8	898,742	7
Available-for-sale financial assets - current (Note 10)	-	-	39,657	-	39,368	-
Held-to-maturity financial assets - current (Note 11)	-	-	45,680	-	45,661	-
Financial assets at amortized cost - current (Note 9)	79,648	1	-	-	-	-
Notes receivable (Note 14)	86,424	1	65,656	1	65,084	1
Trade receivables (Note 14)	2,533,328	20	2,578,552	19	2,573,228	19
Trade receivables from related parties (Notes 14 and 33)	15,086	-	6,735	-	6,473	-
Other receivables	145,797	1	147,077	1	138,460	1
Other receivables from related parties (Note 33)	553	-	772	-	765	-
Current tax assets	25,393	-	-	-	17,528	-
Inventories (Note 15)	1,868,433	15	1,504,066	11	1,635,939	12
Prepayments for leases (Note 21)	2,304	-	2,371	-	2,371	-
Non-current assets held for sale (Note 16)	-	-	60,816	1	-	-
Other current assets	137,266	1	154,122	1	123,113	1
Debt investments with no active market - current (Note 13)	-	-	39,200	-	39,100	-
Total current assets	7,256,879	57	7,983,192	60	7,869,242	58
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	30,450	-	-	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	544,456	4	-	-	-	-
Available-for-sale financial assets - non-current (Note 10)	-	-	512,967	4	649,888	5
Financial assets measured at cost - non-current (Note 12)	-	-	197,202	1	197,137	2
Investments accounted for using the equity method (Note 18)	257,071	2	96,189	1	83,824	1
Property, plant and equipment (Note 19)	4,256,062	34	4,369,810	33	4,335,006	32
Investment properties (Note 20)	55,034	1	49,957	-	57,462	-
Other intangible assets	12,342	-	8,013	-	8,633	-
Deferred tax assets (Note 28)	29,957	-	48,199	-	26,167	-
Prepayments for equipment	98,352	1	23,139	-	146,709	1
Long-term prepayments for leases (Note 21)	93,646	1	98,184	1	98,736	1
Other non-current assets	13,675	-	15,947	-	15,217	-
Total non-current assets	5,391,045	43	5,419,607	40	5,618,779	42
TOTAL	$ 12,647,924	100	$ 13,402,799	100	$ 13,488,021	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Note 22)	$ -	-	$ 549	-	$ -	-
Financial liabilities at fair value through profit or loss - current (Note 7)	8,081	-	1,265	-	14,241	-
Notes payable	-	-	276	-	294	-
Trade payables	1,424,767	11	1,226,991	9	1,250,767	9
Trade payables to related parties (Note 33)	68	-	24	-	7	-
Other payables (Note 23)	522,739	4	700,743	6	739,134	6
Other payables to related parties (Note 33)	2,956	-	1,821	-	864	-
Current tax liabilities (Note 28)	8,480	-	30,043	-	8,493	-
Current portion of long-term borrowings (Note 22)	154,075	1	286,362	2	364,788	3
Other current liabilities	48,280	1	28,728	-	44,930	-
Total current liabilities	2,169,446	17	2,276,802	17	2,423,518	18
NON-CURRENT LIABILITIES						
Long-term borrowings (Note 22)	1,672,100	13	1,696,875	13	1,712,500	13
Deferred tax liabilities (Note 28)	167,193	1	182,393	1	223,528	2
Net defined benefit liabilities - non-current (Note 24)	53,361	1	62,024	1	46,754	-
Guarantee deposits received	58,173	1	20,114	-	35,049	-
Total non-current liabilities	1,950,827	16	1,961,406	15	2,017,831	15
Total liabilities	4,120,273	33	4,238,208	32	4,441,349	33
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)						
Share capital						
Ordinary shares	3,097,570	24	3,097,570	23	3,097,570	23
Capital surplus	1,665,224	13	1,665,224	12	1,665,224	12
Retained earnings						
Legal reserve	1,349,083	11	1,252,818	9	1,252,818	9
Special reserve	222,793	2	222,793	2	222,793	2
Unappropriated earnings	2,459,208	19	2,767,383	21	2,536,746	19
Total retained earnings	4,031,084	32	4,242,994	32	4,012,357	30
Other equity						
Exchange differences on translating the financial statements of foreign operations	(405,025)	(3)	(264,137)	(2)	(263,462)	(2)
Unrealized gain on Financial assets at fair value through other comprehensive income	138,798	1	-	-	-	-
Unrealized gain on available-for-sale financial assets	-	-	381,048	3	492,289	4
Total other equity	(266,227)	(2)	116,911	1	228,827	2
Total equity attributable to owners of the Company	8,527,651	67	9,122,699	68	9,003,978	67
NON-CONTROLLING INTERESTS	-	-	41,892	-	42,694	-
Total equity	8,527,651	67	9,164,591	68	9,046,672	67
TOTAL	$ 12,647,924	100	$ 13,402,799	100	$ 13,488,021	100

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

(With Deloitte & Touche review report dated November 7, 2018)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
SALES (Note 26)	$ 2,267,348	100	$ 2,266,506	100	$ 5,998,602	100	$ 6,513,008	100
COST OF GOODS SOLD (Note 27)	(1,754,640)	(77)	(1,731,058)	(76)	(4,656,562)	(78)	(4,861,222)	(74)
GROSS PROFIT	512,708	23	535,448	24	1,342,040	22	1,651,786	26
OPERATING EXPENSES (Note 27)								
Selling and marketing expenses	(121,647)	(6)	(127,363)	(6)	(319,756)	(5)	(357,142)	(6)
General and administrative expenses	(93,817)	(4)	(96,087)	(4)	(243,572)	(4)	(282,868)	(4)
Research and development expenses	(137,633)	(6)	(131,886)	(6)	(392,331)	(7)	(408,834)	(6)
Expected credit loss (recognized) reversed on trade receivables	-	-	-	-	513	-	-	-
Total operating expenses	(353,097)	(16)	(355,336)	(16)	(955,146)	(16)	(1,048,844)	(16)
PROFIT FROM OPERATIONS	159,611	7	180,112	8	386,894	6	602,942	10
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 27)	64,483	3	34,657	2	116,672	2	75,590	1
Other gains and losses (Note 27)	49,221	2	31,385	1	19,833	-	141,395	2
Finance costs (Note 27)	(4,843)	-	(5,691)	-	(14,620)	-	(16,215)	-
Share of profit of associates and joint ventures (Note 18)	3,164	-	3,500	-	9,949	-	8,872	-
Total non-operating income and expenses	112,025	5	63,851	3	131,834	2	209,642	3
PROFIT BEFORE INCOME TAX	271,636	12	243,963	11	518,728	8	812,584	13
INCOME TAX EXPENSE (Note 28)	(29,986)	(1)	(18,971)	(1)	(77,362)	(1)	(106,657)	(2)
NET PROFIT FOR THE PERIOD	241,650	11	224,992	10	441,366	7	705,927	11
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(33,862)	(2)	-	-	(128,948)	(2)	-	-
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	20	-	-	-	(147)	-	(187)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	-	-	-	-	2,813	-	-	-
	(33,842)	(2)	-	-	(126,282)	(2)	(187)	-

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2018		2017		2018		2017	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating the financial statements of foreign operations	$ (112,035)	(5)	$ 79,454	4	$ (137,861)	(2)	$ (100,973)	(2)
Unrealized income (loss) on available-for-sale financial assets	-	-	9,266	-	-	-	(462,844)	(7)
Share of the other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(3,375)	-	1,700	-	(3,027)	-	(1,113)	-
	(115,410)	(5)	90,420	4	(140,888)	(2)	(564,930)	(9)
Other comprehensive income (loss) for the period, net of income tax	(149,252)	(7)	90,420	4	(267,170)	(4)	(565,117)	(9)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 92,398	4	$ 315,412	14	$ 174,196	3	$ 140,810	2
NET PROFIT (LOSS) ATTRIBUTABLE TO:								
Owners of the Company	$ 241,650	11	$ 227,110	10	$ 441,467	7	$ 716,763	11
Non-controlling interests	-	-	(2,118)	-	(101)	-	(10,836)	-
	$ 241,650	11	$ 224,992	10	$ 441,366	7	$ 705,927	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	$ 92,398	4	$ 317,530	14	$ 174,297	3	$ 151,646	2
Non-controlling interests	-	-	(2,118)	-	(101)	-	(10,836)	-
	$ 92,398	4	$ 315,412	14	$ 174,196	3	$ 140,810	2
EARNINGS PER SHARE (Note 29)								
From continuing operations								
Basic	$ 0.78		$ 0.73		$ 1.43		$ 2.31	
Diluted	$ 0.78		$ 0.73		$ 1.42		$ 2.29	

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

(With Deloitte & Touche review report dated November 7, 2018) (Concluded)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company											
				Retained Earnings			Other Equity					
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappro-priated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2017	309,757	$ 3,097,570	$ 1,665,224	$ 1,151,202	$ 222,793	$ 2,789,106	$ (161,346)	$ -	$ 955,103	$ 9,719,652	$ 53,530	$ 9,773,182
Appropriation of 2016 earnings												
Legal reserve	-	-	-	101,616	-	(101,616)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(867,320)	-	-	-	(867,320)	-	(867,320)
Net profit for the nine months ended September 30, 2017	-	-	-	-	-	716,763	-	-	-	716,763	(10,836)	705,927
Other comprehensive income (loss) for the nine months ended September 30, 2017, net of income tax	-	-	-	-	-	(187)	(102,116)	-	(462,814)	(565,117)	-	(565,117)
Total comprehensive income (loss) for the nine months ended September 30, 2017	-	-	-	-	-	716,576	(102,116)	-	(462,814)	151,646	(10,836)	140,810
BALANCE AT SEPTEMBER 30, 2017	309,757	$ 3,097,570	$ 1,665,224	$ 1,252,818	$ 222,793	$ 2,536,746	$ (263,462)	$ -	$ 492,289	$ 9,003,978	$ 42,694	$ 9,046,672
BALANCE AT JANUARY 1, 2018	309,757	$ 3,097,570	$ 1,665,224	$ 1,252,818	$ 222,793	$ 2,767,383	$ (264,137)	$ -	$ 381,048	$ 9,122,699	$ 41,892	$ 9,164,591
Effect of retrospective application and retrospective restatement	-	-	-	-	-	102,957	-	283,139	(381,048)	5,048	-	5,048
BALANCE AT JANUARY 1, 2018 AS RESTATED	309,757	3,097,570	1,665,224	1,252,818	222,793	2,870,340	(264,137)	283,139	-	9,127,747	41,892	9,169,639
Appropriation of 2017 earnings												
Legal reserve	-	-	-	96,265	-	(96,265)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(774,393)	-	-	-	(774,393)	-	(774,393)
Changes in percentage of ownership increases in subsidiaries	-	-	-	-	-	-	-		-	-	(41,791)	(41,791)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	-	15,418	-	(15,418)	-	-	-	-
Net profit for the nine months ended September 30, 2018	-	-	-	-	-	441,467	-		-	441,467	(101)	441,366
Other comprehensive income (loss) for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	2,641	(140,888)	(128,923)	-	(267,170)	-	(267,170)
Total comprehensive income (loss) for the nine months ended September 30, 2018	-	-	-	-	-	444,108	(140,888)	(128,923)	-	174,297	(101)	174,196
BALANCE AT SEPTEMBER 30, 2018	309,757	$ 3,097,570	$ 1,665,224	$ 1,349,083	$ 222,793	$ 2,459,208	$ (405,025)	$ 138,798	$ -	$ 8,527,651	$ -	$ 8,527,651

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

(With Deloitte & Touche review report dated November 7, 2018)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2018	**2017**
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 518,728	$ 812,584
Adjustments for:		
Depreciation expenses	627,802	623,448
Depreciation expenses - investment properties	3,224	3,170
Amortization expense	1,404	2,561
Amortization of prepayments for lease	1,778	1,748
Expected credit loss reversed on trade receivables	(513)	-
Reversal of impairment loss on trade receivables	-	(2,295)
Net gain on fair value change of financial assets/ liabilities designated as at fair value through profit or loss	(12,513)	(23,213)
Finance costs	14,620	16,215
Interest income	(16,840)	(13,212)
Dividend income	(1,527)	(2,288)
Share of profits of associates and joint ventures	(9,949)	(8,872)
Gain on disposal of property, plant and equipment	(3,454)	(3,108)
Gain on disposal of non-current assets held for sales	(3,152)	-
Gain on disposal of investment properties	(1,092)	-
Gain on disposal of investments	-	(228,666)
Impairment losses reversed on property, plant and equipment	(1,647)	-
Impairment losses recognized on financial assets	-	9,971
Write-down of inventories	6,288	-
Changes in operating assets and liabilities		
Financial assets held for trading	-	340,028
Financial assets mandatorily classified as at fair value through profit or loss	328,003	-
Notes receivable	(20,769)	(13,851)
Trade receivables	45,868	452,729
Trade receivables from related parties	(8,379)	3,178
Other receivables	(58,838)	6,296
Other receivables from related parties	219	(56)
Inventories	(370,444)	(115,641)
Other current assets	(32,053)	(7,275)
Financial liabilities held for trading	-	(25,100)
Notes payable	(276)	(462)
Trade payables	197,776	(144,890)
Trade payables to related parties	44	(1,595)
Other payables	(177,708)	(136,055)
Other payables to related parties	1,135	(108)

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TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2018	**2017**
Financial liabilities mandatorily classified as at fair value through profit or loss	$ (2,694)	$ -
Other current liabilities	19,552	(70)
Net defined benefit liabilities	(8,663)	(9,557)
Cash generated from operations	1,035,930	1,535,614
Interest paid	(14,916)	(16,382)
Income tax paid	(77,870)	(192,634)
Net cash generated by operating activities	943,144	1,326,598
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of net gain or loss arising on financial assets classified as held for trading recognized originally	-	(1,470,287)
Proceeds from sale of financial assets at fair value through other comprehensive income	22,035	-
Proceeds from sale of net gain arising on financial assets classified as held for trading recognized originally	-	2,107,883
Proceeds from sale of available-for-sale financial assets	-	214,181
Purchase of held-to-maturity financial assets	(42,880)	-
Proceeds from sale of held-to-maturity financial assets	50,280	-
Purchase of financial assets measured at cost	-	(161,587)
Proceeds from sale of financial assets measured at cost	-	87,237
Acquisition of associates	(157,312)	(17,091)
Payments for property, plant and equipment	(621,631)	(821,683)
Proceeds from disposal of property, plant and equipment	32,060	17,741
Payments for intangible assets	(5,786)	(814)
Proceeds from disposal of investment properties	5,143	-
Increase in other financial assets	-	(39,100)
Decrease in other non-current assets	2,272	4,702
Increase in prepayments for equipment	(26,304)	(39,113)
Proceeds from disposal of non-current assets held for sale	97,837	-
Interest received	17,624	13,707
Dividend received	4,623	8,355
Net cash used in investing activities	(622,039)	(95,869)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(549)	(20,280)
Proceeds from long-term borrowings	400,000	500,000
Repayments of long-term borrowings	(562,581)	(608,734)
Proceeds from guarantee deposits received	38,059	-
Refunds of guarantee deposits received	-	(6,144)

(Continued)

TXC CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2018	**2017**
Dividends paid to owners of the Company	$ (774,393)	$ (867,320)
Increase in non-controlling interests	(41,791)	-
Net cash used in financing activities	(941,255)	(1,002,478)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(38,659)	(37,738)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(658,809)	190,513
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	2,331,366	2,092,897
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 1,672,557	$ 2,283,410

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

(With Deloitte & Touche review report dated November 7, 2018) (Concluded)

TXC CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)
(Reviewed, Not Audited)

1. GENERAL INFORMATION

TXC Corporation (the "Company") was incorporated in the Republic of China ("ROC") in December 1983.

TXC specializes in producing high quality Quartz Unite Crystal, Automotive Crystal, Crystal Oscillator (CXO), and Timing Module (TM) as well as develops a variety of sensors by core technology to satisfy the market demand. Sensors are applied to various applications including mobile communication, wearable device, Internet of Things and vehicle electronics, etc. Besides, in order to expand the Group's future development, TXC introduced extension process related to sapphire substrate and accesses the field of LED sapphire.

TXC's shares have been listed on the Taiwan Stock Exchange since August 26, 2002.

The consolidated financial statements are presented in the Company's functional currency, the New Taiwan dollar.

In order to ensure investors' rights and interests, the Company had applied to Taiwan Corporate Governance Association for corporate governance assessment certification. The Company has acquired (CG6005 general version of corporate governance assessment and authentication) and (CG6008 advanced version of corporate governance assessment and authentication), on March 23, 2011 and June 27, 2013, respectively. In the event of first "Corporate Governance Assessment and Authentication" which is jointly held by the "Taiwan Stock Exchange" and "Taipei Exchange", the Company was listed as the top 20 percent of the listed companies in 2014 and awarded the top 5 percent of the listed companies from 2015 to 2017. The Company will continue to strengthen corporate governance functions in order to work with international standards and to protect public interests.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on November 7, 2018.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

1) IFRS 9 "Financial Instruments" and related amendments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as of January 1, 2018.

Financial Assets	Measurement Category IAS 39	Measurement Category IFRS 9	Carrying Amount IAS 39	Carrying Amount IFRS 9	Remark
Equity securities	Available‐for‐sale - non-current	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	$ 512,967	$ 512,967	a)
	Financial assets measured at cost	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	197,202	202,250	a)
Mutual funds	Available‐for‐sale - current	FVTPL - current	39,657	39,657	b)
Structured deposits	Designated as at FVTPL	Mandatorily at FVTPL	864,946	864,946	d)
Debt securities	Held-to-maturity financial assets - current	Amortized cost	45,680	45,680	c)
Time deposits with original maturity of more than 3 months	Debt investments with no active markets	Amortized cost	39,200	39,200	c)

	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remea-surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTOCI	$ -	$ 710,169	$ 5,048	$ 715,217	$ 103,300	$ (98,252)	a)
Equity instruments							
Add: Reclassification from available-for-sale - non-current (IAS 39)	512,967	(512,967)	-	-	-	-	a)
Add: Reclassification from financial assets measured at cost (IAS 39)	197,202	(197,202)	-	-	-	-	a)
	710,169	-	5,048	715,217	103,300	(98,252)	
FVTPL	1,007,122	39,657	-	1,046,779	(343)	343	a)
Add: Reclassification from available-for-sale - current (IAS 39)	39,657	(39,657)	-	-	-	-	b)
	1,046,779	-	-	1,046,779	(343)	343	

(Continued)

	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remea-surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
Amortized cost	$ -	$ 84,880	$ -	$ 84,880	$ -	$ -	c)
Add: Reclassification from held-to-maturity - current (IAS 39)	45,680	(45,680)	-	-	-	-	c)
Add: Reclassification from investments in debt security with no active market (IAS 39)	39,200	(39,200)	-	-	-	-	(c)
	84,880	-	-	84,880	-	-	
	$ 1,841,828	$ -	$ 5,048	$ 1,846,876	$ 102,957	$ (97,909)	

(Concluded)

a) The Group elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized loss on available-for-sale financial assets of $381,048 thousand was reclassified to other equity - unrealized loss on financial assets at FVTOCI.

Investments in unlisted shares previously measured at cost under IAS 39 have been designated as at FVTOCI under IFRS 9 and were remeasured at fair value. Consequently, an increase of $5,048 thousand was recognized in both financial assets at FVTOCI and other equity - unrealized gain on financial assets at FVTOCI on January 1, 2018.

The Group recognized under IAS 39 impairment loss on certain investments in equity securities previously classified as available-for-sale and measured at cost and the loss was accumulated in retained earnings. Since those investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, an adjustment was made that resulted in a decrease of $103,300 thousand in other equity - unrealized gain on financial assets at FVTOCI and an increase of $103,300 thousand in retained earnings on January 1, 2018.

b) Mutual funds previously classified as available-for-sale under IAS 39 were classified mandatorily as at FVTPL under IFRS 9, because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. The retrospective adjustment resulted in an increase of $343 thousand in other equity - unrealized gain (loss) on available-for-sale financial assets and an decrease of $343 thousand in retained earnings on January 1, 2018.

c) Debt investments previously classified as held-to-maturity financial assets and debt investments with no active market and measured at amortized cost under IAS 39 were classified as measured at amortized cost with an assessment of expected credit losses under IFRS 9, because on January 1, 2018, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.

d) Structured deposits were designated as at FVTPL under IAS 39 because they were hybrid instruments. They have been classified as mandatorily measured at FVTPL in their entirety under IFRS 9 since they contain host contracts that are assets within the scope of IFRS 9.

2) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2019

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply IFRS 16 only to contracts entered into (or changed) on or after January 1, 2019 in order to determine whether those contracts are, or contain, a lease. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land located in China are recognized as prepayments for leases. The difference between the actual payments and the expenses, as adjusted for lease incentives, is recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

The Group as lessor

The Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

2) IFRIC 23 "Uncertainty over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

3) Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"

The amendments clarified that IFRS 9 shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the Group's net investment in an associate or joint venture.

4) Amendments to IFRS 9 "Prepayment Features with Negative Compensation"

IFRS 9 stipulated that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of the principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explain that reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

5) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 "Borrowing Costs", were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings.

6) Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group will apply the above amendments prospectively.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance and will disclose these other impacts when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

  The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

  Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e. the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e. the Group's share of the gain or loss is eliminated.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

See Note 17 and table 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the significant accounting policies in 2017 consolidated financial report:

<u>Financial instruments</u>

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

- Financial assets

  All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

  1) Measurement categories

     2018

     Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost, and investments in equity instruments at FVTOCI.

     a) Financial assets at FVTPL

        Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

        Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 32.

     b) Financial assets at amortized cost

        Financial assets that meet the following conditions are subsequently measured at amortized cost:

        i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

        ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

        Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and debt investments with no active market, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

        Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

        i. Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

        ii. Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets.

        Cash equivalents include time deposits and repurchase agreement with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

c) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets, and loans and receivables.

a) Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when such financial assets are either held for trading or designated as at fair value through profit or loss.

A financial asset may be designated as at fair value through profit or loss upon initial recognition if:

i. Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

ii. The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

iii. The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 32.

b) Held-to-maturity investments

Corporate bonds, which have credit ratings above a specific credit rating and which the Group has a positive intent and ability to hold to maturity, are classified as held-to-maturity investments.

Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets (relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments) are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when such investments are disposed of or are determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and presented as a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

d) Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalents, debt investments with no active market) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits and Repurchase Agreement with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

<u>2018</u>

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables, lease receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

2017

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of such financial assets, that the estimated future cash flows of the investment have been affected.

Financial assets at amortized cost, such as trade receivables, are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience with collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with defaults on receivables, and other situations.

For a financial asset at amortized cost, the amount of the impairment loss recognized is the difference between such an asset's carrying amount and the present value of its estimated future cash flows, discounted at the financial asset's original effective interest rate.

For a financial asset at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date on which the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of such an investment can be objectively related to an event occurring after the recognition of the impairment loss.

For a financial asset measured at cost, the amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and overdue receivables, where the carrying amount is reduced through the use of an allowance account. When trade receivables and overdue receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables and overdue receivables that are written off against the allowance account.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Before 2017, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

Revenue recognition

2018

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

- Revenue from the sale of goods

  Revenue from the sale of goods comes from sales of crystals frequency control devices and sensors. Sales of crystals frequency control devices and sensors are recognized as revenue when the goods are delivered to the customer's specific location, the goods are shipped and the goods are picked up by customers because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowances for sales returns and liabilities for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Revenue from the sale of goods

   Revenue from the sale of goods is recognized when all the following conditions are satisfied:

   a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

   b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

   c) The amount of revenue can be measured reliably;

   d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

   e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

   The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of the materials' ownership.

   Revenue from the sale of property in the ordinary course of business is recognized when the construction is completed and the property is transferred to the buyer. Until such revenue is recognized, deposits and installment payments received from sales of properties are carried in the consolidated balance sheets under current liabilities.

2) Dividend and interest income

   Dividend income from investments is recognized when a shareholder's right to receive payment has been established and provided that it is probable that the economic benefits will flow to the Group and that the amount of income can be measured reliably.

   Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis with reference to the principal outstanding and at the applicable effective interest rate.

Retirement benefits

Pension costs for an interim period are calculated on a year-to-date basis by using the actuarially determined pension cost rate as determine at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2017.

6. CASH AND CASH EQUIVALENTS

	September 30, 2018	December 31, 2017	September 30, 2017
Cash on hand	$ 830	$ 920	$ 832
Demand deposits	1,482,136	1,823,081	2,150,747
Checking accounts	4,599	2,717	2,231
Cash equivalents (investments with original maturities of less than three months)			
Time deposits	139,992	119,648	29,600
Repurchase agreements collateralized by bonds	45,000	385,000	100,000
	$ 1,672,557	$ 2,331,366	$ 2,283,410

The market rate intervals of cash in the bank and repurchase agreements collateralized by bonds at the end of the reporting period were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Bank balance	0.72%-3.44%	0.6%-1.9%	0.66%-0.77%
Repurchase agreements collateralized by bonds	0.35%-0.38%	0.34%-0.36%	0.36%-0.40%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	September 30, 2018	December 31, 2017	September 30, 2017
Financial assets at FVTPL - current			
Financial assets designated as at FVTPL			
Structured deposits (a)	$ -	$ 864,946	$ 796,701
Financial assets held for trading			
Derivative financial instruments (not under hedge accounting)			
Foreign exchange forward contracts (b)	-	3,336	-
Non-derivative financial assets			
Mutual funds	-	138,840	102,041
	$ -	$ 1,007,122	$ 898,742
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Mutual funds	$ 402,091	$ -	$ -
Hybrid financial assets			
Structured deposits (a)	287,999	-	-
	$ 690,090	$ -	$ -
Financial assets at FVTPL - non-current			
Financial assets mandatorily classified as at FVTPL			
Non-derivative financial assets			
Domestic listed shares	$ 30,450	$ -	$ -
Financial liabilities at FVTPL - current			
Financial liabilities held for trading			
Derivative financial instruments (not under hedge accounting)			
Foreign exchange forward contracts (b)	$ -	$ 323	$ 14,241
Exchange contracts (b)	-	942	-
	$ -	$ 1,265	$ 14,241
Financial liabilities mandatorily classified as at FVTPL			
Derivative financial instruments (not under hedge accounting)			
Foreign exchange forward contracts (b)	$ 6,611	$ -	$ -
Exchange contracts (b)	1,470	-	-
	$ 8,081	$ -	$ -

a. The Group entered into a short-term structured time deposit contract with a bank from January 1, to September 30, 2018 and 2017. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The contract was designated as at FVTPL under IAS 39. But under IFRS 9, the entire contract is assessed and classified mandatorily as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

b. At the end of the reporting period, outstanding foreign exchange forward contracts and exchange contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
September 30, 2018			
Sell	USD/JPY	2018.10.04-2018.10.15	USD3,000/JPY336,903
Sell	USD/JPY	2018.10.24	USD500/JPY56,515
Sell	USD/RMB	2018.10.09-2018.12.04	USD8,000/RMB53,661
Sell	USD/RMB	2018.10.29	USD600/RMB4,000
Exchange contracts	USD/NTD	2018.10.02-2018.11.30	USD11,000/NTD337,580
Foreign exchange forward contracts	USD/NTD	2018.10.05-2018.11.19	USD12,000/NTD372,340
Knock-out forward	USD/JPY	2018.10.05-2018.10.18	USD2,000/JPY225,225
Knock-out forward	USD/NTD	2018.10.05-2018.12.24	USD8,000/NTD246,930
December 31, 2017			
Buy	USD/JPY	2018.01.04	USD1,000/JPY112,980
Sell	USD/RMB	2018.01.08-2018.04.04	USD7,000/RMB46,414
Knock-out forward	USD/JPY	2018.02.07-2018.03.12	USD4,500/JPY513,225
Foreign exchange forward contracts	USD/NTD	2018.01.09-2018.02.23	USD4,000/NTD120,450
Foreign exchange forward contracts	USD/JPY	2018.01.31	USD2,000/JPY226,700
Exchange contracts	USD/NTD	2018.01.08-2018.02.23	USD4,000/JPY120,199
September 30, 2017			
Sell	USD/NTD	2017.10.02	USD2,000/NTD60,432
Buy	USD/JPY	2017.10.05-2017.11.06	USD3,500/JPY388,490
Sell	USD/RMB	2017.10.10-2018.03.12	USD11,000/RMB72,698
Sell	USD/JPY	2017.10.05-2017.10.19	USD1,000/JPY110,410
Knock-out forward	USD/JPY	2017.10.11-2017.12.18	USD8,000/JPY891,700
Knock-out forward	USD/NTD	2017.11.16-2017.12.25	USD8,000/NTD242,485
Option	USD/NTD	2017.10.16-2017.11.30	USD16,000/NTD487,300

The Group entered into foreign exchange forward contracts and exchange contracts during the nine months ended September 30, 2018 and 2017 to manage exposures due to exchange rate and interest rate fluctuations of assets and liabilities denominated in foreign currency. However, those contracts did not meet the criteria of hedge effectiveness and, therefore, were not accounted for using hedge accounting.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

	September 30, 2018
Non-current	
Investments in equity instruments at FVTOCI	$ 544,456

Investments in Equity Instruments at FVTOCI

	September 30, 2018
Non-current	
Domestic investments	
Listed shares and emerging market shares	
Win Win Precision Technology Company Limited	$ 21,498
Unlisted shares	
Marson Technology Company Limited.	4,773
UPI Semiconductor Corp.	37,597
	63,868
Foreign investments	
Listed shares	
Guandong Failong Crystal Technology Company Limited	325,282
Unlisted shares	
Zhejiang Bright Semiconductor Technology Company Limited	155,306
	480,588
	$ 544,456

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale and measured at cost under IAS 39. Refer to Note 3, Note 10 and Note 12 relating to their reclassification and comparative information for 2017.

9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

	September 30, 2018
Current	
Domestic investments	
Time deposits with original maturity of more than 3 months (a)	$ 39,200
Foreign investments	
Debt investments - Westpac Banking Corp.(b)	40,448
	$ 79,648

a. The interest rates for time deposits with original maturity of more than 3 months was 0.72% as at the end of the reporting period. The time deposits were classified as debt investments with no active market under IAS 39. Refer to Note 3 and Note 13 for information relating to their reclassification and comparative information for 2017.

b. In May 23, 2018, the Group bought one-year corporate bonds issued by Westpac Banking Corporation at value of RMB9,116 thousand with a coupon rate of 4.35%, an effective interest rate of 3.60% and a maturity date of March 29, 2019.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017	September 30, 2017
Current		
Domestic investments		
Mutual funds	$ 39,657	$ 39,368
Non-current		
Domestic investments		
Listed shares and emerging market shares	$ 21,498	$ 8,544
Foreign investments		
Listed shares	491,469	641,344
	$ 512,967	$ 649,888

The Group disposed of 2,000 thousand shares of Guandong Failong Crystal Technology's Co., Ltd in 2017, and recognized a disposal gain of $181,773 thousand.

11. HELD-TO-MATURITY FINANCIAL ASSETS - 2017

	December 31, 2017	September 30, 2017
Current		
Domestic investments		
Debt investments - Cayman Ton Yi	$ 45,680	$ 45,661

In February 2015, the Group bought a unsecured 3-year corporate bonds issued by Cayman Ton Yi with a coupon rate and an effective interest rate of 4.2%, at a par value of RMB10,000 thousand and a maturity date of February 2018. The redemption price was $48,401 thousand.

12. FINANCIAL ASSETS MEASURED AT COST-2017

	December 31, 2017	September 30, 2017
Non-current		
Domestic unlisted ordinary shares	$ 37,322	$ 37,322
Overseas unlisted ordinary shares	159,880	159,815
	$ 197,202	$ 197,137
Classified according to financial asset measurement categories		
Available-for-sale financial assets	$ 197,202	$ 197,137

The Group has assessed the recoverable amount of the financial assets measured at cost and recognized an impairment loss of $9,971 thousand during the period of year ended December 31, 2017.

Management believed that the above unlisted equity investments held by the Group had fair values which cannot be reliably measured because the range of reasonable fair value estimates was so significant. Therefore they were measured at cost less impairment at the end of reporting period.

13. DEBT INVESTMENTS WITH NO ACTIVE MARKET - 2017

	December 31, 2017	September 30, 2017
Current		
Time deposits with original maturities of more than 3 months	$ 39,200	$ 39,100

As of December 31, 2017, the market interest rates of the time deposits with original maturities of more than 3 months was from 0.77%-0.78% and 0.66%-0.77% as of December 31, 2017 and September 30, 2017, respectively.

14. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	September 30, 2018	December 31, 2017	September 30, 2017
Notes receivable			
Notes receivable - operating	$ 86,430	$ 65,662	$ 65,099
Less: Allowance for impairment loss	(6)	(6)	(15)
	$ 86,424	$ 65,656	$ 65,084
Trade receivables			
At amortized cost			
Gross carrying amount	$ 2,561,933	$ 2,599,422	$ 2,593,959
Less: Allowance for impairment loss	(13,519)	(14,135)	(14,258)
	$ 2,548,414	$ 2,585,287	$ 2,579,701

For the nine months ended September 30, 2018

The average credit period of sales of goods was 60 to 120 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

September 30, 2018

	Not Past Due	31 to 90 Days	91 to 150 Days	151 to 180 Days	Over 180 Days	Total
Gross carrying amount	$ 2,645,801	$ 1,909	$ 653	$ -	$ -	$ 2,648,363
Loss allowance (Lifetime ECL)	(13,473)	(19)	(33)	-	-	(13,525)
Amortized cost	$ 2,632,328	$ 1,890	$ 620	$ -	$ -	$ 2,634,838

The expected credit loss rate for each above range of the Group is not more than 1% within and within 90 days of the overdue period; 5% or less within the overdue period from 91 to 180 days; and 5%-100% when the overdue period exceeds 180 days.

The movements of the loss allowance of trade receivables were as follows:

	September 30, 2018
Balance at January 1, 2018 per IAS 39	$ 14,141
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	14,141
Less: Impairment losses reversed	(513)
Foreign exchange gains and losses	(103)
Balance at September 30, 2018	$ 13,525

For the nine months ended September 30, 2017

The Group applied the same credit policy in 2018 and 2017. Historical experience shows that the Group recognized an allowance in accordance with the proportion of trade receivables of each customers, not the aging schedule.

The aging of receivables that were past due was as follows:

	December 31, 2017	September 30, 2017
31-60 days	$ 235	$ 19,236
61-90 days	-	3,804
91-365 days	1,431	1,798
	$ 1,666	$ 24,838

The above aging schedule was based on the number of past due days from end of credit term.

The movements of the allowance for doubtful trade receivables were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ -	$ 16,595	$ 16,595
Less: Impairment losses reversed	-	(2,298)	(2,298)
Foreign exchange translation gains and losses	-	(39)	(39)
Balance at September 30, 2017	$ -	$ 14,258	$ 14,258

The movements of the allowance for doubtful notes receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ -	$ 12	$ 12
Add: Impairment losses recognized on receivables	-	3	3
Balance at September 30, 2017	$ -	$ 15	$ 15

15. INVENTORIES

	September 30, 2018	December 31, 2017	September 30, 2017
Finished goods	$ 334,946	$ 350,089	$ 314,075
Work in process	322,437	324,357	384,874
Raw materials	338,470	272,154	342,658
Supplies and spare parts	82,829	64,404	72,448
Merchandise	503,764	284,231	316,009
Land to be development	285,987	208,831	205,875
	$ 1,868,433	$ 1,504,066	$ 1,635,939

Prepayment for land purchases is the payment made by Chongqing All Sum to acquire the land use right in Chongqing Gao-Shing District to develop and sell real estate in 2012. Chongqing All Sum has acquired real estate certificate issued by Chongqing Association of land and real estate resources during 2013.

The cost of inventories recognized as cost of goods sold for the three and the nine months ended September 30, 2018 and 2017 included $1,754,640 thousand, $1,731,058 thousand, $4,656,562 thousand and $4,861,222 thousand, respectively. The cost of goods sold for the nine months ended September 30, 2018 included inventory write-downs $6,288 thousand.

The details of the building site were as follows:

	September 30, 2018		
Area	**Prepaid Land Rights**	**Project Cost**	**Total**
Jinfeng Group C Division	$ 197,593	$ 88,394	$ 285,987

	December 31, 2017		
Area	**Prepaid Land Rights**	**Project Cost**	**Total**
Jinfeng Group C Division	$ 201,837	$ 6,994	$ 208,831

	September 30, 2017		
Area	**Prepaid Land Rights**	**Project Cost**	**Total**
Jinfeng Group C Division	$ 201,755	$ 4,120	$ 205,875

16. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	September 30, 2018	December 31, 2017	September 30, 2017
Equipment	$ -	$ 60,816	$ -

The disposal of the equipment classified as held for sale in 2017 was complete as of March 31, 2018. The profit on disposal is $3,152 thousand which is disclosed in Note 27.

17. SUBSIDIARIES

Subsidiaries Included in the Consolidated Financial Statements

The detail information of the subsidiaries at the end of reporting period was as follows:

			Percentage of Ownership (%)			
Investor	**Investee**	**Business Nature**	**September 30, 2018**	**December 31, 2017**	**September 30, 2017**	**Note**
TXC Corporation	Taiwan Crystal Technology International Limited (TCTI)	Investment holding	100.00	100.00	100.00	a, n
	TXC Technology, Inc.	Marketing activities	100.00	100.00	100.00	b, n
	TXC Japan Corporation	Marketing activities	100.00	100.00	100.00	c, n
	Taiwan Crystal Technology (HK) Limited (TCT-HK)	Investment holding	100.00	100.00	100.00	d, n
	TXC Optec Corporation (TXC Optec)	Manufacture and sales of electronic products	-	88.90	88.90	k, n
	TXC EUROPE GMBH	Marketing activities	100.00	-	-	m, n
Taiwan Crystal Technology International Limited	Growing Profits Trading Ltd. (GPT)	International trading	100.00	100.00	100.00	e, n
	TXC (Ningbo) Corporation (NGB)	Manufacture and sales of electronic products	100.00	100.00	100.00	f, n
TXC (Ningbo) Corporation	TXC (Chongqing) Corporation (Chongqing)	Manufacture and sales of electronic products	100.00	66.40	66.40	g, n
	Chongqing All Sun Company Limited (Chongqing All sun)	Marketing activities	100.00	100.00	100.00	h, n
	Ningbo Jingyu Company Limited (Ningbo Jingyu)	Purchasing and selling electronic component	100.00	100.00	100.00	i, n
	Ningbo Meishan Bonded Port Area Dingkai Investment Management (Ding Kai Investment)	Investment Management	100.00	100.00	100.00	j, n
Taiwan Crystal Technology (HK) Limited	TXC (Chongqing) Corporation (Chongqing)	Manufacture and sales of electronic products	-	33.60	33.60	i, n
Ningbo Jingyu Company Limited (Ningbo Jingyu)	Ningbo Free Trade Zone Jingyue Trading Company	Trading	-	-	-	l, n

a. Taiwan Crystal Technology International Limited was incorporated on December 23, 1998 in Samoa.

b. TXC Technology, Inc. was incorporated on December 1, 2000 in California, U.S.A.

c. TXC Japan Corporation was incorporated on September 13, 2005 in Yokohama, Japan.

d. Taiwan Crystal Technology (HK) Limited was incorporated on July 6, 2010 in Hong Kong Special Administrative Region, China.

e. Growing Profits Limited was incorporated on March 9, 1999 in the British Virgin Islands.

f. TXC (Ningbo) Corporation was incorporated on March 12, 1999 in Ningbo, China.

g. TXC (Chongqing) Corporation was incorporated on October 11, 2010 in Chongqing, China. During the three months ended March 31, 2018 TXC (Ningbo) Corporation obtained 33.6% equity interest of TXC (Chongqing) which owned by Taiwan Crystal Technology (HK) Limited at RMB86,600 thousand.

h. Chongqing All Sun Corporation was incorporated on February 14, 2011 in Chongqing, China.

i. Ningbo Jingyu Company Limited was incorporated on September 7, 2011 in Ningbo, China.

j. Ningbo Meishan Bonded Port Area Dingkai Investment Management Co., Ltd. was incorporated on May 12, 2017 in Beilun District, Ningbo, China.

k. TXC Optec Corporation was established on April 22, 2015 in Taiwan. On August 24, 2017, it was resolved to liquidate in the shareholders meeting. It had been liquidated on April 9, 2018.

l. Ningbo Free Trade Zone Jingyue Trading Company was incorporated on June 29, 2016 in free trade zone in Ningbo, China. On July 19, 2017, it was resolved to liquidate in the shareholders meeting and was cancelled on October 16, 2017.

m. TXC EUROPE GMBH was founded in Germany on August 17, 2018.

n. Except for the financial statements for the nine months ended September 30, 2018 of TXC (Ningbo) Corporation, all company are immaterial subsidiaries, their financial statements have not been reviewed.

18. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	September 30, 2018	December 31, 2017	September 30, 2017
Investments in associates	$ 196,531	$ 96,189	$ 83,824

a. Investment in associates

	September 30, 2018	December 31, 2017	September 30, 2017
Associates that are not individually material	$ 196,531	$ 96,189	$ 83,824

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
The Group's share of:				
Profit from continuing operations	$ 3,164	$ 3,500	$ 9,949	$ 8,872
Other comprehensive income (loss)	(3,355)	1,700	(3,174)	(1,300)
Total comprehensive income for the period	$ (191)	$ 5,200	$ 6,775	$ 7,572

Refer to Table 5 "name, locations, and related information of investees on which the Company exercises significant influence" for the nature of activities, principal place of business and country of incorporation of the associates.

In May 2017, the Group incorporated Ding Kai Investment Company Limited in Ninbo Meishan Free Trade Port Area. Since the capital verification process has not been completed, it has been represented under the account of Prepayments for investments.

The TXC has power to govern the financial and operating policies of Tai-Shing due to part of directors of TXC are the same as Tai-Shing. As a result, Tai-Shing is accounted for using the equity method.

In May 2018, the Group subscribed for 1,800 thousand shares of the ordinary shares of Godsmith Sensor Inc. for cash of $31,500 thousands; after the subscription, the Group's percentage of ownership in Godsmith Sensor Inc. was 26.47% and the Group was able to exercise significant influence over Godsmith Sensor Inc. Included in the cost of investment in associates was goodwill of $17,802 thousand recognized from the acquisition of Godsmith Sensor Inc.

b. Investment joint venture

	September 30, 2018	December 31, 2017	September 30, 2017
Joint ventures that are not individually material	$ 60,540	$ -	$ -

Refer to Table 5 "name, locations, and related information of investees on which the Company exercises significant influence" and Table 6 "information on investment in Mainland China" for the nature of activities, principal place of business and country of incorporation of the associates.

The Group and LFC SEMICONDUCTOR LIMITED founded a joint venture named Ningbo Longying Semiconductor Co., LTD. The Group subscribed for cash of $60,540 thousands. After the subscription, the Group's percentage of ownership in Ningbo Longying Semiconductor Co., LTD was 40% and able to exercise significant influence over Ningbo Longying Semiconductor Co., LTD.

Except for Godsmith Sensor Inc. and Ningbo Longying Semiconductor Co., LTD., investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have been reviewed. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of Godsmith Sensor Inc. and Ningbo Longying Semiconductor Co., LTD. which has not been reviewed.

19. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Land Improvements	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Property under Construction	Total
Cost								
Balance at January 1, 2017	$ 598,145	$ 920	$ 2,421,579	$ 6,704,359	$ 19,417	$ 227,457	$ 1,044	$ 9,972,921
Additions	-	-	53,308	614,703	35	87,104	66,533	821,683
Disposals	-	-	(9,904)	(557,505)	(1,440)	(5,683)	-	(574,532)
Effect of foreign currency exchange differences	-	-	(16,358)	(59,515)	(321)	(1,437)	1,117	(76,514)
Reclassification	-	-	-	85	-	(85)	-	-
Balance at September 30, 2017	$ 598,145	$ 920	$ 2,448,625	$ 6,702,127	$ 17,691	$ 307,356	$ 68,694	$ 10,143,558
Accumulated depreciation and impairment								
Balance at January 1, 2017	$ -	$ 153	$ 876,558	$ 4,629,247	$ 11,810	$ 177,248	$ -	$ 5,695,016
Disposals	-	-	(1,747)	(455,979)	(384)	(5,298)	-	(463,408)
Depreciation expenses	-	99	100,635	505,471	2,007	15,236	-	623,448
Reclassification	-	-	-	22	-	(22)	-	-
Effect of foreign currency exchange differences	-	-	(4,941)	(39,216)	(187)	(2,160)	-	(46,504)
Balance at September 30, 2017	$ -	$ 252	$ 970,505	$ 4,639,545	$ 13,246	$ 185,004	$ -	$ 5,808,552
Carrying value at September 30, 2017	$ 598,145	$ 668	$ 1,478,120	$ 2,062,582	$ 4,445	$ 122,352	$ 68,694	$ 4,335,006
Cost								
Balance at January 1, 2018	$ 598,145	$ 920	$ 2,507,482	$ 6,926,128	$ 17,698	$ 262,168	$ 37,481	$ 10,350,022
Additions	-	395	7,802	568,066	2,808	42,396	164	621,631
Disposals	-	-	(14,506)	(136,698)	(3,084)	(6,493)	-	(160,781)
Reclassified as property investment	-	-	(22,109)	-	-	-	-	(22,109)
Reclassification	-	-	-	51,245	-	(13,778)	(37,467)	-
Effect of foreign currency exchange differences	-	-	(27,914)	(124,028)	(456)	(6,163)	(18)	(158,579)
Balance at September 30, 2018	$ 598,145	$ 1,315	$ 2,450,755	$ 7,284,713	$ 16,966	$ 278,130	$ 160	$ 10,630,184
Accumulated depreciation and impairment								
Balance at January 1, 2018	$ -	$ 285	$ 1,005,055	$ 4,771,498	$ 13,869	$ 189,505	$ -	$ 5,980,212
Disposals	-	-	(6,861)	(116,060)	(3,084)	(6,170)	-	(132,175)
Depreciation expenses	-	131	100,502	507,265	1,975	17,947	-	627,802
Impairment losses reversed	-	-	-	(1,647)	-	-	-	(1,647)
Reclassified as property investment	-	-	(8,191)	-	-	-	-	(8,191)
Effect of foreign currency exchange differences	-	-	(10,150)	(78,789)	(352)	(2,588)	-	(91,879)
Balance at September 30, 2018	$ -	$ 416	$ 1,080,355	$ 5,082,267	$ 12,390	$ 198,694	$ -	$ 6,374,122
Carrying amounts at September 30, 2018	$ 598,145	$ 899	$ 1,370,400	$ 2,202,446	$ 4,576	$ 79,436	$ 160	$ 4,256,062

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Land improvements	6 years
Buildings	
Industrial building	35-61 years
Electrical power systems	4-10 years
Engineering systems	1-17 years
Equipment	
Major production equipments	1-5 years
Temperature control systems	4-7 years
Transportation equipments	4-7 years
Transportation equipments	3-8 years
Office equipment	2-6 years

The major component parts of the buildings held by the Group included plants, electro-powering machinery and engineering systems, etc., which are depreciated on a straight-line basis over their estimated useful lives.

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 34.

20. INVESTMENT PROPERTIES

	September 30, 2018	December 31, 2017	September 30, 2017
Completed investment properties	$ 55,034	$ 49,957	$ 57,462

	Completed Investment Properties
Cost	
Balance at January 1, 2017	$ 103,492
Effect of foreign currency exchange differences	(1,746)
Balance at September 30, 2017	$ 101,746
Accumulated depreciation and impairment	
Balance at January 1, 2017	$ (41,769)
Depreciation expenses	(3,170)
Effect of foreign currency exchange differences	655
Balance at September 30, 2017	$ (44,284)
Net Balance at January 1, 2017	$ 61,723
Net Balance at September 30, 2017	$ 57,462
Cost	
Balance at January 1, 2018	$ 91,610
Disposals	(6,705)
Reclassification	22,109
Effect of foreign currency exchange differences	(2,950)
Balance at September 30, 2018	$ 104,064
Accumulated depreciation and impairment	
Balance at January 1, 2018	$ (41,653)
Disposals	2,654
Depreciation expenses	(3,224)
Reclassification	(8,191)
Effect of foreign currency exchange differences	1,384
Balance at September 30, 2018	$ (49,030)
Net Balance at January 1, 2018	$ 49,957
Net Balance at September 30, 2018	$ 55,034

The investment properties held by the Group were depreciated over their useful lives of 5-61 years, using the straight-line method.

The fair value of the Group's investment properties as of September 30, 2018, December 31, 2017 and September 30, 2017 was $399,561 thousand, $408,123 thousand and $418,515 thousand, respectively. The determination of fair value wasn't performed by independent qualified professional valuers; however, the management of the Group used the valuation model that market participants would use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment properties were held under freehold interests. The investment properties pledged as collateral for bank borrowing are set out in Note 34.

21. PREPAYMENTS FOR LEASES

	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 2,304	$ 2,371	$ 2,371
Non-current assets	93,646	98,184	98,736
	$ 95,950	$ 100,555	$ 101,107

As of September 30, 2018, December 31, 2017 and September 30, 2017, prepaid lease payments include land use right, which are located in mainland China.

The carrying amount of land use right pledged as collateral for bank borrowing are set out in Note 34.

22. BORROWINGS

a. Short-term borrowings

	September 30, 2018	December 31, 2017	September 30, 2017
Unsecured borrowings			
Letters of credit*	$ -	$ 549	$ -

* The letters of credit interest rates on bank loans was 2.86% and 1.09% per annum as of December 31, 2017.

b. Long-term borrowings

	September 30, 2018	December 31, 2017	September 30, 2017
Secured borrowings (Note 34)			
Bank loans	$ 62,500	$ 109,375	$ 200,000
Unsecured borrowings			
Bank loans	1,763,675	1,873,862	1,877,288
Less: Current portions	(154,075)	(286,362)	(364,788)
Long-term borrowings	$ 1,672,100	$ 1,696,875	$ 1,712,500

The borrowings of the Group were as follows:

	Maturity Date	September 30, 2018	December 31, 2017	September 30, 2017
Floating rate borrowings				
Secured bank borrowing denominated in NT$	2019.09.01	$ 62,500	$ 109,375	$ 125,000
Secured bank borrowing denominated in NT$	2020.04.20	-	-	75,000
Unsecured bank borrowing denominated in NT$	2019.05.31	-	100,000	100,000
Unsecured bank borrowing denominated in NT$	2019.09.06	200,000	200,000	200,000
Unsecured bank borrowing denominated in NT$	2020.08.27	200,000	-	-
Unsecured bank borrowing denominated in NT$	2019.09.04	-	200,000	200,000
Unsecured bank borrowing denominated in NT$	2020.01.25	250,000	250,000	250,000
Unsecured bank borrowing denominated in NT$	2020.09.03	200,000	-	-
Unsecured bank borrowing denominated in NT$	2019.09.04	200,000	400,000	400,000
Unsecured bank borrowing denominated in NT$	2019.09.06	200,000	200,000	200,000
Secured bank borrowing denominated in NT$	2019.12.12	100,000	100,000	100,000
Secured bank borrowing denominated in NT$	2020.09.05	200,000	200,000	200,000
Unsecured bank borrowing denominated in US$	2020.02.26	61,050	59,696	60,610
Unsecured bank borrowing denominated in US$	2020.05.28	61,050	74,621	75,763
Unsecured bank borrowing denominated in US$	2019.09.01	91,575	89,545	90,915
Less: Current portions		(154,075)	(286,362)	(364,788)
		$ 1,672,100	$ 1,696,875	$ 1,712,500

The weighted average effective interest rate of the bank borrowings at September 30, 2018, December 31, 2017 and September 30, 2017 was 0.85%-3.77% per annum, 0.85%-3.20% per annum and 0.85%-3.06% per annum, respectively.

23. OTHER LIABILITIES

	September 30, 2018	December 31, 2017	September 30, 2017
Current			
Other payables			
Payables for bonuses to employees and directors	$ 74,512	$ 125,404	$ 197,431
Payables for commissions	24,286	33,669	41,410
Payables for salaries	99,356	99,893	96,434

(Continued)

	September 30, 2018	December 31, 2017	September 30, 2017
Payables for bonuses	$ 150,824	$ 215,833	$ 171,626
Payables for annual leave	29,196	29,309	27,951
Payables for purchases of equipment	40,967	85,073	88,780
Others	103,598	111,562	115,502
	$ 522,739	$ 700,743	$ 739,134

(Concluded)

24. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in TXC (Ningbo) Corporation and TXC (Chongqing) Corporation are members of a state-managed retirement benefit plan operated by the government of China. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

Employee benefit expense for the three and the nine months ended September 30, 2018 and 2017 were $659 thousand, $654 thousand, $1,978 thousand and $1,961 thousand, respectively. Employee benefit expense was calculated on the basis of the actuarial valuations in December 31, 2017 and 2016.

25. EQUITY

a. Share capital

Ordinary shares

	September 30, 2018	December 31, 2017	September 30, 2017
Number of shares authorized (in thousands)	500,000	500,000	500,000
Shares authorized	$ 5,000,000	$ 5,000,000	$ 5,000,000
Number of shares issued and fully paid (in thousands)	309,757	309,757	309,757
Shares issued	$ 3,097,570	$ 3,097,570	$ 3,097,570

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

30,000 thousand shares of the Company's shares authorized were reserved for the issuance of convertible bonds and employee share options.

b. Capital surplus

	September 30, 2018	December 31, 2017	September 30, 2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital			
Issuance of ordinary shares	$ 611,776	$ 611,776	$ 611,776
Conversion of bonds	977,028	977,028	977,028
Overdue options	73,377	73,377	73,377
The difference between consideration received or paid and the carrying amount of the subsidiaries’ net assets during actual disposal or acquisition	331	331	331
Share of changes in capital surplus of associates or joint ventures	2,712	2,712	2,712
	$ 1,665,224	$ 1,665,224	$ 1,665,224

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company’s capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company’s board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders’ meeting for distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees’ compensation and remuneration of directors before and after the amendment, please refer to e. employee benefits expense in Note 27.

The current industrial development of the group is a growth stage, considering the long-term financial planning of the company and meeting the needs of shareholders' cash inflows the distribution of surpluses are recommended by the board of directors in accordance with the Corporation’s dividend policy. Under this policy, industry trend and growth should be evaluated, investment opportunities should be fully understood, and proper capital adequacy ratios should be considered in determining the dividend to be distributed. In addition, cash dividends should not be less than 20% of the total dividends to be appropriated.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company’s paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company’s paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2017 and 2016 were approved in the shareholders' meetings on June 5, 2018 and June 8, 2017, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2017	**2016**	**2017**	**2016**
Legal reserve	$ 96,265	$ 101,616	$ -	$ -
Cash dividends	774,393	867,320	2.5	2.8

d. Others equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Nine Months Ended September 30	
	2018	**2017**
Balance at January 1	$ (264,137)	$ (161,346)
Exchange differences on translating the financial statements of foreign operations	(137,861)	(100,973)
Share from associates accounted for using the equity method	(3,027)	(1,143)
Balance at September 30	$ (405,025)	$ (263,462)

2) Unrealized gain (loss) on available-for-sale financial assets

Balance at January 1, 2017	$ 955,103
Recognized during the period	
Unrealized loss on revaluation of available-for-sale financial assets	(312,317)
Share from associates accounted for using the equity method	30
Reclassification adjustment	
Disposal of available-for-sale financial assets	(150,527)
Other comprehensive income recognized in the period	(462,814)
Balance at September 30, 2017	$ 492,289
Balance at January 1, 2018 per IAS 39	$ 381,048
Adjustment on initial application of IFRS 9	(381,048)
Balance at January 1, 2018 per IFRS 9	$ -

3) Unrealized gain (loss) on financial assets at FVTOCI

	For the Nine Months Ended September 30, 2018
Balance at January 1 per IAS 39	$ -
Adjustment on initial application of IFRS 9	283,139
Balance at January 1 per IFRS 9	283,139
Effect of change in tax rate	(13,626)
Recognized during the period	
Unrealized loss - equity instruments	(115,322)
Share from associates accounted for using the equity method	25
Other comprehensive income recognized in the period	(128,923)
Cumulative unrealized gain/(loss) of equity instruments transferred to retained earnings due to disposal	(15,418)
Balance at September 30	$ 138,798

26. REVENUE

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Revenue from contracts with customers				
Revenue from sale of goods	$ 2,267,348	$ 2,266,506	$ 5,998,602	$ 6,513,008

	For the Nine Months Ended September 30, 2018
Trade receivables (Note 14)	$ 2,548,414
Contract liabilities	
Sale of goods	$ 28,749
Contract liabilities - current	$ 28,749

The contract liabilities were unearned sales revenue and accounted for other current liabilities.

27. NET PROFIT (LOSS) AND OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operations:

a. Other income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Interest income	$ 6,344	$ 5,057	$ 16,840	$ 13,212
Income from government grants	27,648	20,150	38,434	28,606
Dividends	1,527	2,288	1,527	2,288
Others	28,964	7,162	59,871	31,484
	$ 64,483	$ 34,657	$ 116,672	$ 75,590

b. Other gains and losses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Gain on disposal of property, plant and equipment	$ (1,275)	$ 2,586	$ 3,454	$ 3,108
Gain on disposal of investment property	-	-	1,092	-
Gain on disposal of investment property	-	47,237	-	228,666
Gain on disposal of non-current assets classified as held for sale	-	-	3,152	-
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily at FVTPL	23,713	-	12,513	-
Financial assets designated as at FVTPL	-	1,559	-	23,213
Impairment loss on financial assets	-	(9,971)	-	(9,971)
Net foreign exchange gains (losses)	30,637	(6,800)	7,961	(96,067)
Other expenses	(3,854)	(3,226)	(8,339)	(7,554)
	$ 49,221	$ 31,385	$ 19,833	$ 141,395

c. Impairment loss on financial assets

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	**2017**	**2018**	**2017**
Financial assets measured at cost-non-current	$ -	$ 9,971	$ -	$ 9,971

d. Finance costs

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	**2017**	**2018**	**2017**
Interest on bank loans	$ (4,843)	$ (5,691)	$ (14,620)	$ (16,215)

e. Depreciation and amortization

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	**2017**	**2018**	**2017**
Property, plant and equipment	$ 237,090	$ 202,641	$ 627,802	$ 623,448
Intangible assets	198	774	1,404	2,561
	$ 237,288	$ 203,415	$ 629,206	$ 626,009
An analysis of deprecation by function				
Operating costs	$ 209,702	$ 172,915	$ 541,318	$ 531,354
Operating expenses	27,388	29,726	86,484	92,094
	$ 237,090	$ 202,641	$ 627,802	$ 623,448
An analysis of amortization by function				
Operating expenses	$ 198	$ 774	$ 1,404	$ 2,561

f. Employee benefits expense

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	**2017**	**2018**	**2017**
Post-employment benefits (see Note 24)				
Defined contribution plans	$ 18,132	$ 15,819	$ 53,764	$ 47,799
Defined benefit plans	659	654	1,978	1,961
	18,791	16,473	55,742	49,760

(Continued)

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Other employee benefits				
Payroll expense	$ 381,225	$ 398,345	$ 1,066,574	$ 1,131,315
Labor and health insurance	23,074	25,641	69,324	76,425
Others	14,168	9,000	41,078	26,976
	418,467	432,986	1,176,976	1,234,716
	$ 437,258	$ 449,459	$ 1,232,718	$ 1,284,476
An analysis of employee benefits expense by function				
Operating costs	$ 258,504	$ 250,815	$ 746,574	$ 737,840
Operating expenses	178,754	198,644	486,144	546,636
	$ 437,258	$ 449,459	$ 1,232,718	$ 1,284,476

(Concluded)

g. Employees' compensation and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and the remuneration of directors for the three and the nine months ended September 30, 2018 and 2017, respectively, were as follows:

Accrual rate

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Employees' compensation	9.0%	9.0%	9.0%	9.0%
Remuneration of directors	1.5%	1.5%	1.5%	1.5%

Amount

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Employees' compensation	$ 25,069	$ 23,161	$ 48,040	$ 77,760
Remuneration to directors	$ 4,179	$ 3,860	$ 8,007	$ 12,960

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The appropriations of employees' compensation and remuneration of directors for 2017 and 2016 having been resolved by the board of directors on March 15, 2018 and March 9, 2017, respectively, were as follows:

	For the Year Ended December 31			
	2017		2016	
	Cash	Share	Cash	Share
Employees' compensation	$ 103,140	$ -	$ 113,822	$ -
Remuneration of directors	17,190	-	18,970	-

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2017 and 2016.

Information on the employees' compensation and remuneration of directors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

28. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Income tax recognized in profit or loss

Major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Current tax				
In respect of the current period	$ 33,127	$ 29,845	$ 51,888	$ 113,577
Income tax on unappropriated earnings	-	-	7,656	2,845
Adjustments for prior periods	-	1,607	(6,925)	17,757
Deferred tax				
Change in tax rate	-	-	13,914	-
In respect of the current period	(3,141)	(12,481)	10,829	(27,522)
Income tax expense recognized in profit or loss	$ 29,986	$ 18,971	$ 77,362	$ 106,657

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax income/expense to be recognized in profit or loss. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Deferred tax				
In respect of the current period:				
Fair value changes of financial assets at FVTOCI	$ (8,466)	$ -	$ (28,831)	$ -
Fair value changes of available-for-sale financial assets	-	1,750	-	(93,050)
Reclassification adjustment				
Disposal of equity instruments at fair value through other comprehensive income	(3,854)	-	(3,854)	-
Effect of change in tax rate				
Remeasurement of defined benefit plans	-	-	(2,813)	-
Fair value changes of financial assets at FVTOCI	-	-	13,626	-
	$ (12,320)	$ 1,750	$ (21,872)	$ (93,050)

c. Income tax assessments

The tax returns through 2015, have been assessed by the tax authorities.

29. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Profit for the Period

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Profit for the period attributable to owners of the Company	$ 241,650	$ 227,110	$ 441,467	$ 716,763
Earnings used in the computation of diluted earnings per share	$ 241,650	$ 227,110	$ 441,467	$ 716,763

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Weighted average number of ordinary shares in the computation of basic earnings per share	309,757	309,757	309,757	309,757
Effect of potentially dilutive ordinary shares:				
Employees' compensation or bonuses issued to employees	1,405	1,968	2,108	3,108
Weighted average number of ordinary shares used in the computation of diluted earnings per share	311,162	311,725	311,865	312,865

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

30. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

Operating leases relate to leases of warehouse in trade zone with lease terms 3 years. All operating lease contracts contain clauses for 3-year market rental reviews. The Group does not have a bargain purchase option to acquire the leased land at the expiration of the lease periods.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Not later than 1 year	$ 2,100	$ 2,800	$ 2,800
Later than 1 year and not later than 5 years	-	1,400	2,100
	$ 2,100	$ 4,200	$ 4,900

b. The Group as lessor

Operating leases relate to leasing of investment properties owned by the Group with lease terms between 1 to 2 years. All operating lease contracts contain market review clauses in the event that the lessees exercise their options to renew. The lessees do not have bargain purchase options to acquire the properties at the expiry of the lease periods.

The future minimum lease payments of non-cancellable operating leases were as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Not later than 1 year	$ 5,418	$ 1,437	$ 3,135
Later than 1 year and not later than 5 years	2,026	-	-
	$ 7,444	$ 1,437	$ 3,135

31. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

32. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management consider that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 402,091	$ -	$ -	$ 402,091
Domestic listed shares and emerging market shares	30,450	-	-	30,450
Structured deposits	-	287,999	-	287,999
	$ 432,541	$ 287,999	$ -	$ 720,540

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic unlisted shares and emerging market shares	$ -	$ -	$ 63,868	$ 63,868
Foreign listed shares	325,282	-	-	325,282
Foreign unlisted shares and emerging market shares	-	-	155,306	155,306
	$ 325,282	$ -	$ 219,174	$ 544,456
Financial liabilities at FVTPL				
Foreign exchange forward contracts	$ -	$ 6,611	$ -	$ 6,611
Exchange contracts	-	1,470	-	1,470
	$ -	$ 8,081	$ -	$ 8,081

(Concluded)

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Foreign exchange forward contracts	$ -	$ 3,336	$ -	$ 3,336
Mutual funds	138,840	-	-	138,840
Structured deposits	-	864,946	-	864,946
	$ 138,840	$ 868,282	$ -	$ 1,007,122
Available-for-sale financial assets				
Investments in equity instruments				
Domestic unlisted shares and emerging market shares	$ -	$ -	$ 21,498	$ 21,498
Foreign listed shares	491,469	-	-	491,469
Mutual funds	39,657	-	-	39,657
	$ 531,126	$ -	$ 21,498	$ 552,624
Financial liabilities at FVTPL				
Foreign exchange forward contracts	$ -	$ 323	$ -	$ 323
Exchange contracts	-	942	-	942
	$ -	$ 1,265	$ -	$ 1,265

September 30, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 102,041	$ -	$ -	$ 102,041
Structured deposits	-	796,701	-	796,701
	$ 102,041	$ 796,701	$ -	$ 898,742
Available-for-sale financial assets				
Securities unlisted in ROC				
Equity securities	$ -	$ -	$ 8,544	$ 8,544
Securities listed in other countries				
Equity securities	641,344	-	-	641,344
Mutual funds	39,368	-	-	39,368
	$ 680,712	$ -	$ 8,544	$ 689,256
Financial liabilities at FVTPL				
Forward exchange contracts	$ -	$ 14,241	$ -	$ 14,241

There were no transfers between Levels 1 and 2 between January 1 to September 30, 2018 to 2017.

2) Reconciliation of Level 3 fair value measurements of financial instruments

September 30, 2018

	Unrealized Gain on Financial Assets at Fair Value Through Other Comprehensive Income
	Equity Instruments
Balance at January 1, 2018 (IAS 39)	$ 21,498
Effect of retrospective application and retrospective restatement	202,250
Balance at January 1, 2018 (IFRS 9)	223,748
Exchange differences on translating the financial statements of foreign operations	(4,574)
Balance at September 30, 2018	$ 219,174

December 31, 2017

	Available-for-sale Financial Assets Equity Instruments
Balance at January 1, 2017	$ 17,148
Recognized in other comprehensive income	4,350
Balance at December 31, 2017	$ 21,498

September 30, 2017

	Available-for-sale Financial Assets Equity Instruments
Balance at January 1, 2017	$ 17,148
Recognized in other comprehensive income	(8,604)
Balance at September 30, 2017	$ 8,544

3) Valuation techniques and inputs applied for Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign exchange forward contracts	Discounted cash flow Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Structured deposits	Discounted cash flow. Future cash flows are discounted at a rate that reflects current borrowing interest rates of the bond issuers at the end of the reporting period

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic unlisted shares and emerging market shares were determined using income approach. In this approach, the discounted cash flow method was used to capture the present value of the expected future economic benefits to be derived from the ownership of these investees. The significant unobservable inputs used are listed in the table below. An increase in long-term revenue growth rates or long-term pre-tax operating margin or a decrease in WACC or discount for lack of marketability used in isolation would result in increases in fair value.

	September 30	
	2018	**2017**
Long-term revenue growth rates	11.51%-12.89%	13.08%
Long-term pre-tax operating margin	4.34%-15.20%	4.34%
WACC	10.96%-16.16%	12.33%
Discount for lack of marketability	22.35%-30.24%	30.60%

c. Categories of financial instruments

	September 30, 2018	**December 31, 2017**	**September 30, 2017**
Financial assets			
FVTPL			
Designated as at FVTPL (1)	$ -	$ 1,007,122	$ 898,742
Mandatorily at FVTPL (1)	720,540	-	-
Loans and receivables (2)	-	5,169,358	5,106,520
Held-to-maturity investments (3)	-	45,680	45,661
Available-for-sale financial assets (4)	-	749,826	886,393
Financial assets at amortized cost (5)	4,533,393	-	-
Financial assets at FVTOCI			
Equity instruments	544,456	-	-
Financial liabilities			
FVTPL			
Designated as at FVTPL (6)	-	1,265	14,241
Mandatorily at FVTPL (6)	8,081	-	-
Amortized cost (7)	3,776,705	3,913,641	4,068,354

1) The balances included the carrying amount of mutual fund, foreign exchange forward contracts and structured deposits.

2) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade and other receivables, debt investments with no active market.

3) The balances included the carrying amount of financial debt investment.

4) The balances included the carrying amount of available-for-sale financial assets measured at cost.

5) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, financial debt investment and other receivables.

6) The balances included the carrying amount of foreign exchange forward contracts and exchange contracts.

7) The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term loans, notes payable, trade and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity and debt investments, trade receivables, trade payables and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate treasury function reports quarterly to the Group's risk management committee, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Foreign exchange forward contracts to hedge the exchange rate risk arising on the Group's foreign currency monetary.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which exposes the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period (see Note 37).

<u>Sensitivity analysis</u>

The Group is mainly exposed to the USD and JPY.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The sensitivity analysis included external loans/borrowings as well as loans/borrowings to foreign operations within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A positive number below indicates an increase in post-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on post-tax profit and other equity and the balances below would be negative.

	USD Impact		**JPY Impact**	
	For the Nine Months Ended September 30		**For the Nine Months Ended September 30**	
	2018	**2017**	**2018**	**2017**
Profit or loss	$ 20,561	$ 24,634	$ (2,096)	$ (2,094)

i. This was mainly attributable to the exposure on outstanding receivables and payables in USD which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding payables in JPY which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group deposit and borrow funds at floating interest rates.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	September 30, 2018	**December 31, 2017**	**September 30, 2017**
Fair value interest rate risk			
Financial assets	$ 264,640	$ 543,848	$ 168,700
Financial liabilities	-	-	-
Cash flow interest rate risk			
Financial assets	1,482,136	1,823,081	2,150,747
Financial liabilities	1,826,175	1,983,786	2,077,288

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivatived and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2018 and 2017 would decrease/increase by $645 thousand and $138 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its floating rate bank deposits and bank borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities in overseas. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group's equity price risk is mainly concentrated in equity instruments operating in the Shenzhen Stock Exchange.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, profit for the nine months ended September 30, 2018 and 2017 would have increased/decreased by $3,253 thousand and $6,413 thousand, respectively, as a result of the changes in fair value of held-for-trading investments and available-for-sale investments which have been impaired.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the total of the following: The carrying amount of the respective recognized financial assets as stated in the balance sheets.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liability. As of September 30, 2018, December 31, 2017 and September 30, 2017, the Group had available unutilized short-term bank loan facilities of $5,503,660 thousand, $5,261,301 thousand and $5,261,851 thousand, respectively.

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

September 30, 2018

	Weighted Average Effective Interest Rate (%)	**Less than 1 Year**	**2-3 Years**	**4-5 Years**	**5+ Years**	**Total**
Non-derivative financial liabilities						
Trade payables	-	$ 1,424,835	$ -	$ -	$ -	$ 1,424,835
Other payables	-	525,695	-	-	-	525,695
Other current liabilities	-	48,280	-	-	-	48,280
Variable interest rate liabilities	0.85-3.77	154,075	1,672,100	-	-	1,826,175

December 31, 2017

	Weighted Average Effective Interest Rate (%)	**Less than 1 Year**	**2-3 Years**	**4-5 Years**	**5+ Years**	**Total**
Non-derivative financial liabilities						
Trade payables	-	$ 1,227,291	$ -	$ -	$ -	$ 1,227,291
Other payables	-	702,564	-	-	-	702,564
Other current liabilities	-	28,728	-	-	-	28,728
Variable interest rate liabilities	0.85-3.2	286,911	1,696,875	-	-	1,983,786

September 30, 2017

	Weighted Average Effective Interest Rate (%)	**Less than 1 Year**	**2-3 Years**	**4-5 Years**	**5+ Years**	**Total**
Non-derivative financial liabilities						
Trade payables	-	$ 1,251,068	$ -	$ -	$ -	$ 1,251,068
Other payables	-	739,998	-	-	-	739,998
Other current liabilities	-	44,930	-	-	-	44,930
Variable interest rate liabilities	0.85-3.06	364,788	1,712,500	-	-	2,077,288

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

September 30, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts and exchange contracts	$ (5,150)	$ (2,931)	$ -	$ -	$ -

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts and exchange contracts	$ (349)	$ 1,400	$ 1,020	$ -	$ -

September 30, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Net settled					
Foreign exchange forward contracts	$ (5,369)	$ (7,550)	$ (1,322)	$ -	$ -

33. TRANSACTIONS WITH RELATED PARTY

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Tai-shing Electronics Components Corp.	Associates
EcLife Co., Ltd.	Other associates
TSE Technology (Ningbo) Co., Ltd.	Associates

b. Sales of goods

Line Items	Related Party Categories	For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2018	2017	2018	2017
Sales	Associates	$ 10,913	$ 5,723	$ 28,707	$ 17,330

c. Purchases of goods

Related Party Categories	For the Three Months Ended September 30 2018	For the Three Months Ended September 30 2017	For the Nine Months Ended September 30 2018	For the Nine Months Ended September 30 2017
Others associates	$ 34	$ 4	$ 116	$ 23

d. Receivables from related parties (excluding loans to related parties)

Line Items	Related Party Categories	September 30, 2018	December 31, 2017	September 30, 2017
Trade receivables	Associates	$ 15,154	$ 6,776	$ 6,512
Less: Allowance for impairment loss		(68)	(41)	(39)
		$ 15,086	$ 6,735	$ 6,473
Other receivables	Associates	$ 553	$ 772	$ 765

The outstanding trade receivables from related parties are unsecured.

e. Payables to related parties (excluding loans from related parties)

Line Items	Related Party Categories	September 30, 2018	December 31, 2017	September 30, 2017
Trade payables	Other associates	$ 68	$ 24	$ 7
Other payables	Other associates	$ 1,580	$ 1,821	$ 864
	Associates	1,376	-	-
		$ 2,956	$ 1,821	$ 864

The outstanding trade payables from related parties are unsecured.

Payment term of the transactions to related parties were similar to those for third parties.

f. Acquisitions of property, plant and equipment

Related Party Categories	For the Three Months Ended September 30 2018	For the Three Months Ended September 30 2017	For the Nine Months Ended September 30 2018	For the Nine Months Ended September 30 2017
Others associates	$ 183	$ 261	$ 907	$ 1,304

g. Rental revenue

			For the Three Months Ended September 30				For the Nine Months Ended September 30			
			2018		2017		2018		2017	
Related Party	Location	Rent Collection	Amount	% to Total Account Balance	Amount	% to Total Account Balance	Amount	% to Total Account Balance	Amount	% to Total Account Balance
Associates	1F., No. 189, Huangshan W. Rd., Beilun Dist., Ningbo City	Based on contract, and paid on a monthly basis	$ 798	-	$ 813	-	$ 2,466	-	$ 2,424	-

There is no significant difference in transaction terms between related parties and unrelated parties.

h. Compensation of key management personnel

The remuneration of directors and key executives for the three and the nine months ended September 30, 2018 and 2017 were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2018	2017	2018	2017
Short-term employee benefits	$ 6,685	$ 21,928	$ 41,947	$ 69,528
Post-employment benefits	848	774	2,343	2,344
	$ 7,533	$ 22,702	$ 44,290	$ 71,872

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, the tariff of imported raw materials guarantees or the deposit for hiring foreign workers:

	September 30, 2018	December 31, 2017	September 30, 2017
Land and land improvements	$ 574,132	$ 573,770	$ 573,770
Building and equipment, net	986,119	925,175	1,068,419
Investment property	21,826	22,019	24,261
Prepayment for leases	12,372	13,026	13,117
	$ 1,594,449	$ 1,533,990	$ 1,679,567

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. As of December 31, 2017, unused letters of credit for purchases of machinery and equipment amounted to approximately JPY8,292 thousand.

b. As of September 30, 2018, the Company unrecognized commitments were as follows:

	Contract Amount	Paid Amount	Unpaid Amount
Acquisition of machinery and equipment	$ 63,791	$ 34,085	$ 29,706
Acquisition of machinery and equipment	RMB 8,091	RMB -	RMB 8,091
Acquisition of machinery and equipment	JPY 40,000	JPY -	JPY 40,000
Acquisition of machinery and equipment	US$ 1,244	US$ -	US$ 1,244

36. SIGNIFICANT EVENTS AFTER REPORTING PERIOD: NONE

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

September 30, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 79,453	30.53 (USD:NTD)	$ 2,425,700
USD	32,376	6.8792 (USD:RMB)	988,439
JPY	671,430	0.2692 (JPY:NTD)	180,749
JPY	223,706	0.0607 (JPY:RMB)	60,222
Financial liabilities			
Monetary items			
USD	33,965	30.53 (USD:NTD)	1,036,951
USD	10,517	6.8792 (USD:RMB)	321,084
JPY	1,070,889	0.2692 (JPY:NTD)	288,283
JPY	602,699	0.0607 (JPY:RMB)	162,247

December 31, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 88,327	29.848 (USD:NTD)	$ 2,636,384
USD	38,845	6.5342 (USD:RMB)	1,159,446
JPY	359,244	0.2649 (JPY:NTD)	95,164
JPY	145,623	0.0580 (JPY:RMB)	38,576

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 31,922	29.848 (USD:NTD)	$ 952,808
USD	10,280	6.5342 (USD:RMB)	306,837
JPY	744,028	0.2649 (JPY:NTD)	197,093
JPY	489,148	0.0580 (JPY:RMB)	129,575
			(Concluded)

September 30, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 85,666	30.305 (USD:NTD)	$ 2,596,108
USD	37,817	6.6370 (USD:RMB)	1,146,044
JPY	288,646	0.2695 (JPY:NTD)	77,790
JPY	152,375	0.0590 (JPY:RMB)	41,065
Financial liabilities			
Monetary items			
USD	29,673	30.305 (USD:NTD)	899,240
USD	12,523	6.6370 (USD:RMB)	379,510
JPY	783,942	0.2695 (JPY:NTD)	211,272
JPY	433,988	0.0590 (JPY:RMB)	116,960

For the three and the nine months ended September 30, 2018 and 2017, realized and unrealized net foreign exchange gains (losses) were $30,637 thousand, $(6,800) thousand, $7,961 thousand and $(96,067) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

38. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (Table 1)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (Table 2)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 3)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

9) Trading in derivative instruments. (Note 7)

10) Others: Intercompany relationships and significant intercompany transactions. (Table 8)

11) Information on investees. (Table 5)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (Table 6)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (Table 7)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

39. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows:

- Crystal
- Optec

The crystal (direct sales) segment includes a number of direct sales operations in various cities within Taiwan and China each of which is considered separate operating segment by the chief operating decision maker (CODM). For financial statements presentation purposes, these individual operating segments have been aggregated into a single operating segment taking into account the following factors:

a. These operating segments have similar long-term gross profit margins;
b. The nature of the products and production processes are similar;
c. The methods used to distribute the products to the customers are the same.

Segment Revenue and Results

	Segment Revenue For the Nine Months Ended September 30		Segment Profit For the Nine Months Ended September 30	
	2018	**2017**	**2018**	**2017**
Crystal	$ 5,998,602	$ 6,376,244	$ 386,894	$ 695,779
Optec	-	136,764	-	(92,837)
Continuing operations	$ 5,998,602	$ 6,513,008	386,894	602,942
Other income			116,672	75,590
Other gains and losses			19,833	141,395
Finance costs			(14,620)	(16,215)
Share of profit of associates accounted for using the equity method			9,949	8,872
Profit before tax (continuing operations)			$ 518,728	$ 812,584

Segment revenue reported above represents revenue generated from external customers.

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit of associates, gains recognized on the disposal of interests in former associates, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, gains or losses on disposal of financial instruments, exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TXC Corporation	Stock listed overseas							
	Guandong Failong Crystal Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	7,496	$ 325,282	4	$ 325,282	
	Stock - emerging company							
	Win Win Precision Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	1,365	$ 21,498	3	$ 21,498	
	Stock - unlisted company							
	Marson Technology Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	523	$ 4,773	4	$ 4,773	
	UPI Semiconductor Corp.	Chairman is a direct of the Company	〃	1,516	37,597	2	37,597	
					$ 42,370		$ 42,370	
	Stock - listed company							
	Fubon B special stock	None	Financial assets at fair value through profit or loss - non-current	250	$ 15,250	-	$ 15,250	
	Cathay B special stock	None	〃	250	15,200	-	15,200	
					$ 30,450		$ 30,450	
	Financial bonds							
	Westpac Banking Corp.	None	Financial assets at amortized cost - current	RMB 9,000	$ 40,448	-	$ 40,448	
TXC (Ningbo) Corporation	Structured deposits							
	China Everbright Bank	None	Financial assets at fair value through profit or loss - current	RMB 40,998	$ 181,921	-	$ 181,921	
	Mutual fund							
	GF Fund	None	Financial assets at fair value through profit or loss - current	RMB 10,005	$ 44,395	-	$ 44,395	
	ABC Monetary Fund	〃	〃	RMB 26,054	115,610	-	115,610	
	Taijing No. 1 Monetary Fund	〃	〃	RMB 33,203	147,330	-	147,330	
					$ 307,335		$ 307,335	

(Continued)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	September 30, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
TXC (Chongqing) Limited	Structured deposits							
	Rural Commercial Bank	None	Financial assets at fair value through profit or loss - current	RMB 16,906	$ 75,017	-	$ 75,017	
	China Construction Bank	None	〃	RMB 7,000	31,061	-	31,061	
					$ 106,078		$ 106,078	
	Mutual fund							
	Southern Currency Fund B	None	〃	RMB 5,923	$ 26,284	-	$ 26,284	
	Southern Currency Fund E	None	〃	RMB 1	3	-	3	
					$ 26,287		$ 26,287	
Ningbo Jingyu Company Limited	Mutual fund							
	Southern Cash Fund	None	Financial assets at fair value through profit or loss - current	RMB 60	$ 264	-	$ 264	
Chongqing Allsun Company Limited	Mutual fund							
	Southern Currency Fund	None	Financial assets at fair value through profit or loss - current	RMB 9,453	$ 41,945	-	$ 41,945	
	Southern Currency Fund E	None	〃	RMB 5,918	26,260	-	26,260	
					$ 68,205		$ 68,205	
Ding Kai Investment Management Company Limited	Stock - unlisted company							
	Zhejiang Bright Semiconductor Technology Company Limited	None	Financial assets at fair value through other comprehensive income - non-current	RMB 7,000	$ 155,306	9	$ 155,306	

(Concluded)

TXC CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Recognition or Evaluation of the Equity Method	Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal		Shares	Amount
TXC (Ningbo) Corporation	Structured deposits	Financial assets at fair value through profit or loss - current	Bank of Communication	No	-	$ 160,436	-	$ 138,974	-	$ (305,293)	$ (305,293)	$ -	$ 5,883	-	$ -
TXC (Chongqing) Limited	Mutual Fund	〃	Southern Currency Fund B	No	-	117,791	-	239,362	-	(331,080)	(331,080)	-	211	-	26,284

TABLE 3

TXC CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
TXC Corporation	TXC (Ningbo) Corporation	Subsidiary	Purchase	$ 1,278,246	34	Note	Its trading price depends on its function within the Group	Note	$ (460,102)	(35)	
	〃	〃	Sale	210,846	(4)	〃	〃	〃	93,087	4	
	TXC (Chongqing) Limited	〃	Purchase	573,478	15	〃	〃	〃	(261,374)	(20)	
	Growing Profits Trading Ltd.	〃	Purchase	109,990	3	〃	〃	〃	(41,632)	(3)	
TXC (Ningbo) Corporation	Growing Profits Trading Ltd.	〃	Purchase	142,019	10	〃	〃	〃	(46,448)	(7)	
	TXC (Chongqing) Limited	〃	Purchase	189,215	13	〃	〃	〃	(88,636)	(13)	

Note: The terms of purchases from related parties were not significantly different from those with third parties.

TXC CORPORATION AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Action Taken		
TXC (Ningbo) Corporation	TXC Corporation	The Company's parent	$ 460,102	3.70	$ -	-	$ 187,140	$ -
TXC (Chongqing) Limited	TXC Corporation	〃	261,374	2.93	-	-	63,272	-

TXC CORPORATION AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of September 30, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				September 30, 2018	December 31, 2017	Number of Shares (In Thousands)	%	Carrying Amount			
TXC Corporation	Taiwan Crystal Technology International Limited	Western Samoa	Investment	$ 1,390,461	$ 1,390,461	42,835	100.00	$ 4,993,913	$ 209,522	$ 210,405	Difference from upstream transactions $883 thousand
	Taiwan Crystal Technology (HK) Limited	Hong Kong	Investment	1,958	298,362	80	100.00	85,945	(6,204)	(6,204)	
	TXC Japan Corporation	Japan	Marketing activities	6,172	6,172	2	100.00	25,211	3,196	3,196	
	TXC Technology Inc.	U.S.A.	Marketing activities	9,879	9,879	300	100.00	18,390	3,430	3,430	
	TXC EUROPE GMBH	Germany	Marketing activities	1,746	-	50	100.00	1,774	-	-	
	Taishing Electronics Company	Taiwan	Manufacture and sales of electronics products	151,376	86,104	4,359	16.51	166,699	82,553	11,617	
	TXC Optec Corporation	Taiwan	Manufacture and sales of sapphire	-	444,718	-	-	-	(909)	(808)	Note 1
	Godsmith Sensor Inc.	Taiwan	Manufacture of equipment	31,500	-	1,800	26.47	29,832	(8,655)	(1,668)	
Taiwan Crystal Technology International Ltd.	TXC (Ningbo) Corporation	Ningbo	Manufacture and sales of crystal products	1,487,211	1,487,211	45,835	100.00	4,830,151	198,113	198,113	
	Growing Profit Trading Ltd.	B.V.I.	International trading	1,691	1,691	50	100.00	173,901	2,341	2,341	
TXC (Ningbo) Corporation	Ningbo Jingyu Company Limited	Ningbo	International trading	7,090	7,090	2,500	100.00	4,095	(2,313)	(2,313)	
	Chongqing All Sun Company Limited	Chongqing	Marketing activities	426,259	312,644	91,000	100.00	484,190	(3,592)	(3,592)	
	TXC (Chongqing) Limited	Chongqing	Manufacture and sales of crystal products	1,003,222	604,152	133,825	100.00	1,194,330	67,658	66,105	
	Ningbo Free Trade Zone Ding Kai Investment Management Company	Ningbo	Investment management	160,043	160,043	35,050	100.00	155,452	-	-	
	Ningbo Longying Semiconductor Co., Ltd.	Ningbo	Research and development in integrated circuit	60,540	-	2,400	40.00	60,540	-	-	
Taiwan Crystal Technology (HK) Limited	TXC (Chongqing) Limited	Chongqing	Manufacture and sales of crystal products	-	298,362	-	-	-	67,658	1,553	Note 2

Note 1: TXC Optec Corporation was resolved to liquidate in the shareholders meeting on August 24, 2017. And completed the liquidation on April 9, 2018.

Note 2: In the first quarter of 2018, Taiwan Crystal Technology (HK) Limited transferred its entire equity holding of TXC (Chongqing) Corporation to TXC (Ningbo) Corporation with a consideration of RMB86,600 thousand.

TABLE 6

TXC CORPORATION AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

1. Name of the investees in Mainland China, main businesses and products, paid-in capital, method of investment, information on inflow or outflow of capital, percentage of ownership, investment income or loss, ending balance of investment, dividends remitted by the investee:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of September 30, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2018	Accumulated Repatriation of Investment Income as of September 30, 2018
					Outward	Inward						
TXC (Ningbo) Corporation	Manufacturing and sales of crystal and crystal oscillator, electronic devices and hardware components	$ 1,487,211	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	$ 1,427,630	$ -	$ -	$ 1,427,630	$ 198,113	100.00	$ 198,113	$ 4,830,151	$ 256,146
Guandong Failong Crystal Technology Co., Ltd.	Manufacturing and sales of new electronic components	580,947	Direct investment of the Corporation in Mainland China	46,478	-	-	46,478	11,282	4.00	-	325,282	219,550
TXC (Chongqing) Corporation	Manufacturing and sales of crystal and crystal oscillator, electronic devices and hardware components	902,514	Indirect investment of the Corporation in Mainland China through the Corporation's subsidiary in a third region	298,362	-	-	298,362	67,658	100.00	67,658	1,194,330	-
Chongqing All Suns Company Limited	Real estate intermediary service, real estate management and electronic product wholesale	426,259	Other investment of the Corporation Mainland China	-	-	-	-	(3,592)	100.00	(3,592)	484,190	-
Ningbo Jingyu Company Limited	Purchasing and selling electronic component	7,090	Other investment of the Corporation Mainland China	-	-	-	-	(2,313)	100.00	(2,313)	4,095	-
Ningbo Free Trade Port Area Ding Kai Investment Management Company	Investment management	160,043	Other investment of the Corporation Mainland China	-	-	-	-	-	100.00	-	155,452	-
Ningbo Longying Semiconductor Co., Ltd.	Research and development in integrated circuit	183,180	Other investment of the Corporation Mainland China	-	-	-	-	-	40.00	-	60,540	-

2. The limit of investment in Mainland China:

Accumulated Outward Remittance for Investment in Mainland China as of September 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
$ 1,772,470	$ 1,832,878	$ -

Note: The investment in Mainland China has no maximum limitation since TXC Corporation had acquire the approval by the Industrial Development Bureau of the Company's establishment of operating head quarters in Taiwan.

TXC CORPORATION AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

1. Significant direct or indirect transactions with the investees, prices and terms of payment, unrealized gain or loss:

Company Name	Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
			Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
TXC Corporation	TXC (Ningbo) Corporation	Purchase	$ 1,278,246	34	Its trading price depends on its function within the group	Similar with third parties	Its trading price depends on its function within the group	$ (460,102)	(35)	$ 4,324	
	TXC (Ningbo) Corporation	Sale	210,846	4	〃	〃	〃	93,087	4	824	
	TXC (Chongqing) Limited	Purchase	573,478	15	〃	〃	〃	(261,374)	(20)	1,190	
Growing profits Trading Ltd.	TXC (Ningbo) Corporation	Sale	142,019	28	〃	〃	〃	46,448	22	-	

2. The transactions of properties and the profit or loss: None.

3. Endorsements guarantees or collateral directly or indirectly provided to the investees: None.

4. Financings directly or indirectly provided to the investees: Note.

5. Other transactions that significantly impacted current year’s profit or loss or financial position: None.

TXC CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Intercompany Transactions			
				Accounts	Amount	Payment Terms (Notes 1 and 2)	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	TXC Corporation	TXC Technology, Inc.	a	Other expense - consulting expense	$ 53,018	a	1
		TXC Japan Corporation	a	Other expense - consulting expense	24,477	a	-
				Purchase	5,494	a	-
		TXC (Ningbo) Corporation	a	Sales	210,846	a	4
				Purchase	1,278,246	a	21
				Trade receivables	93,087	a	1
				Other receivables	12,759	a	-
				Trade payables	460,102	a	4
		TXC (Chongqing) Limited	a	Purchase	573,478	a	10
				Trade payables	261,374	a	2
		Growing profits Trading Ltd.	a	Purchase	109,990	a	2
				Trade payables	41,632	a	-
1	TXC (Ningbo) Corporation	Growing profits Trading Ltd.	c	Purchase	142,019	c	2
				Trade payables	46,448	c	-
		TXC (Chongqing) Limited	c	Sales	67,745	c	1
				Purchase	189,215	c	3
				Trade receivables	20,425	c	-
				Trade payables	88,636	c	1

Note 1: a. Represent the transactions from parent company to subsidiary.
c. Represent the transactions between subsidiaries.

Note 2: For the nine months ended September 30, 2018, the selling price and purchasing price were not significantly different from those with third parties, except those for TXC (Ningbo) Corporation, TXC (Chongqing) Limited and Growing profits Trading Ltd. which depends on its function within the Group.