CREATIVE SENSOR INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

SEPTEMBER 30, 2018 AND 2017

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Creative Sensor Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Creative Sensor Inc. and subsidiaries (the "Group") as at September 30, 2018 and 2017, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the consolidated statements of changes in equity and of cash flows for the nine months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity" in the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at September 30, 2018 and 2017, and of its consolidated financial performance for the three months and nine months then ended and its consolidated cash flows for the nine months then ended in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Chang, Shu-Chiung　　　　　　　　Chou Tseng, Hui-Chin

For and on behalf of PricewaterhouseCoopers, Taiwan

November 9, 2018

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2018 and 2017 are reviewed, not audited)

			September 30, 2018		December 31, 2017		September 30, 2017	
	Assets	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,116,426	23	$ 779,885	17	$ 765,412	17
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(4)	319,841	7	392,328	8	328,245	7
1136	Financial assets at amortised cost - current, net	6(4)	788,525	17	-	-	-	-
1170	Accounts receivable, net	6(5)	724,963	15	531,432	12	637,866	14
1180	Accounts receivable - related parties, net	6(5) and 7	869	-	577	-	1,177	-
130X	Inventories, net	6(6)	467,037	10	331,744	7	249,822	5
1476	Other current financial assets	12(4)	-	-	1,095,248	24	1,115,864	24
1479	Other current assets, others		37,872	1	37,775	1	35,805	1
11XX	**Current Assets**		3,455,533	73	3,168,989	69	3,134,191	68
	Non-current assets							
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	338,003	7	-	-	-	-
1523	Non-current available-for-sale financial assets, net	12(4)	-	-	405,033	9	398,342	9
1550	Investments accounted for using equity method	6(7)	307,596	7	324,929	7	319,067	7
1600	Property, plant and equipment, net	6(8)	516,949	11	613,890	13	658,176	15
1780	Intangible assets		7,639	-	4,306	-	5,143	-
1840	Deferred income tax assets		17,879	1	17,038	1	12,574	-
1900	Other non-current assets	6(9)	59,494	1	61,864	1	55,396	1
15XX	**Non-current assets**		1,247,560	27	1,427,060	31	1,448,698	32
1XXX	**Total assets**		$ 4,703,093	100	$ 4,596,049	100	$ 4,582,889	100

(Continued)

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2018 and 2017 are reviewed, not audited)

			September 30, 2018		December 31, 2017		September 30, 2017	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2120	Financial liabilities at fair value through profit or loss - current	6(10)	$ 8,648	-	$ -	-	$ 2,098	-
2170	Accounts payable		881,840	19	668,483	15	685,624	15
2180	Accounts payable - related parties	7	115,501	3	85,983	2	99,498	2
2200	Other payables	6(11)	323,623	7	346,911	8	307,784	7
2230	Income tax payable		19,990	-	19,863	-	27,601	1
2300	Other current liabilities		13,938	-	9,992	-	10,559	-
21XX	**Current Liabilities**		1,363,540	29	1,131,232	25	1,133,164	25
	Non-current liabilities							
2570	Deferred income tax liabilities		111,770	2	60,458	1	48,298	1
25XX	**Non-current liabilities**		111,770	2	60,458	1	48,298	1
2XXX	**Total Liabilities**		1,475,310	31	1,191,690	26	1,181,462	26
	Equity attributable to owners of parent							
	Share capital	6(13)						
3110	Capital stock - common stock		1,270,550	27	1,270,550	28	1,270,550	28
	Capital surplus	6(14)						
3200	Capital surplus		677,467	14	677,467	15	677,467	14
	Retained earnings	6(15)						
3310	Legal reserve		439,415	9	418,413	9	418,414	9
3320	Special reserve		39,847	1	39,847	1	39,847	1
3350	Unappropriated retained earnings		619,712	13	693,805	15	691,497	15
	Other equity interest	6(16)						
3400	Other equity interest		180,792	5	304,277	6	303,652	7
31XX	**Equity attributable to owners of the parent**		3,227,783	69	3,404,359	74	3,401,427	74
3XXX	**Total equity**		3,227,783	69	3,404,359	74	3,401,427	74
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	**Total liabilities and equity**		$ 4,703,093	100	$ 4,596,049	100	$ 4,582,889	100

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)
(Reviewed, not audited)

			Three months ended September 30				Nine months ended September 30			
			2018		2017		2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Net revenue**	6(17) and 7	$ 1,278,867	100	$ 1,103,343	100	$ 3,409,336	100	$ 3,033,298	100
5000	**Cost of revenue**	6(6)(20) and 7	(1,100,301)	(86)	(942,189)	(86)	(2,998,634)	(88)	(2,576,020)	(85)
5900	**Gross profit**		178,566	14	161,154	14	410,702	12	457,278	15
	Operating expenses	6(20)								
6100	Selling expenses		(24,596)	(2)	(26,631)	(2)	(68,228)	(2)	(68,571)	(2)
6200	General and administrative expenses		(49,865)	(4)	(40,402)	(4)	(118,542)	(3)	(114,515)	(4)
6300	Research and development expenses		(17,508)	(1)	(23,215)	(2)	(56,162)	(2)	(66,616)	(2)
6000	**Total operating expenses**		(91,969)	(7)	(90,248)	(8)	(242,932)	(7)	(249,702)	(8)
6900	**Income from operations**		86,597	7	70,906	6	167,770	5	207,576	7
	Non-operating income and expenses									
7010	Other income	6(18)	41,508	3	39,289	4	66,667	2	51,400	2
7020	Other gains and losses	6(19)	(131)	-	(566)	-	2,224	-	(7,729)	-
7060	Share of profit of associates and joint ventures accounted for using equity method, net		8,878	1	11,086	1	13,807	1	19,744	-
7000	**Total non-operating income and expenses**		50,255	4	49,809	5	82,698	3	63,415	2
7900	**Profit before income tax**		136,852	11	120,715	11	250,468	8	270,991	9
7950	Income tax expense	6(21)	(38,897)	(3)	(21,500)	(2)	(96,654)	(3)	(61,111)	(2)
8200	**Net income**		$ 97,955	8	$ 99,215	9	$ 153,814	5	$ 209,880	7
	Other comprehensive income									
	Components of other comprehensive income that will not be reclassified to profit or loss									
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(16)	($ 18,775)	(1)	$ -	-	($ 67,030)	(2)	$ -	-
8320	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(16)	(10,962)	(1)	-	-	(12,914)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	-	-	-	-	(172)	-	-	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		(29,737)	(2)	-	-	(80,116)	(2)	-	-
	Components of other comprehensive income that will be reclassified to profit or loss									
8361	Exchange differences on translation	6(16)	(71,613)	(6)	40,155	4	(46,754)	(2)	(29,025)	(1)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	6(16)	-	-	(10,443)	(1)	-	-	3,883	-
8370	Share of other comprehensive income (loss) of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(16)	(574)	-	223	-	(232)	-	5,537	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		(72,187)	(6)	29,935	3	(46,986)	(2)	(19,605)	(1)
8500	**Total comprehensive income for the period**		($ 3,969)	-	$ 129,150	12	$ 26,712	1	$ 190,275	6
	Basic earnings per share	6(22)								
9750	**Total basic earnings per share**		$ 0.77		$ 0.78		$ 1.21		$ 1.65	
	Diluted earnings per share	6(22)								
9850	**Total diluted earnings per share**		$ 0.77		$ 0.77		$ 1.20		$ 1.63	

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

CREATIVE SENSOR INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in thousands of New Taiwan dollars)

(Reviewed, not audited)

		Equity attributable to owners of the parent									
			Capital surplus		Retained earnings			Other equity interest			
	Notes	Capital stock - common stock	Additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss from financial assets measured at fair value through other comprehensive income	Unrealized gain or loss on available-for-sale financial assets	Total equity
Nine months ended September 30, 2017											
Balance at January 1, 2017		$1,270,550	$ 673,471	$ 3,996	$ 392,660	$ 39,847	$ 710,659	$ 202,102	$ -	$ 121,155	$3,414,440
Net income for the period		-	-	-	-	-	209,880	-	-	-	209,880
Other comprehensive income (loss) for the period	6(16)	-	-	-	-	-	-	(29,967)	-	10,362	(19,605)
Total comprehensive income (loss)		-	-	-	-	-	209,880	(29,967)	-	10,362	190,275
Appropriations of 2016 earnings:	6(15)										
Legal reserve		-	-	-	25,754	-	(25,754)	-	-	-	-
Cash dividends		-	-	-	-	-	(203,288)	-	-	-	(203,288)
Balance at September 30, 2017		$1,270,550	$ 673,471	$ 3,996	$ 418,414	$ 39,847	$ 691,497	$ 172,135	$ -	$ 131,517	$3,401,427
Nine months ended September 30, 2018											
Balance at January 1, 2018		$1,270,550	$ 673,471	$ 3,996	$ 418,413	$ 39,847	$ 693,805	$ 164,115	$ -	$ 140,162	$3,404,359
Effect of retrospective application and restatement	12(4)	-	-	-	-	-	(3,438)	-	143,600	(140,162)	-
Balance at 1 January after adjustments		1,270,550	673,471	3,996	418,413	39,847	690,367	164,115	143,600	-	3,404,359
Net income for the period		-	-	-	-	-	153,814	-	-	-	153,814
Other comprehensive loss for the period	6(16)	-	-	-	-	-	(179)	(46,986)	(79,937)	-	(127,102)
Total comprehensive income (loss)		-	-	-	-	-	153,635	(46,986)	(79,937)	-	26,712
Appropriation of 2017 earnings:	6(15)										
Legal reserve		-	-	-	21,002	-	(21,002)	-	-	-	-
Cash dividends		-	-	-	-	-	(203,288)	-	-	-	(203,288)
Balance at September 30, 2018		$1,270,550	$ 673,471	$ 3,996	$ 439,415	$ 39,847	$ 619,712	$ 117,129	$ 63,663	$ -	$3,227,783

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(Reviewed, not audited)

	Notes	Nine months ended September 30, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 250,468	$ 270,991
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(20)	125,318	120,401
Amortization	6(20)	4,147	3,114
Expected credit impairment losses	12(2)	218	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(10)(19)	47,096	(25,364)
Share of profit of associates and joint ventures accounted for using equity method		(13,807)	(19,744)
Net loss on disposal of property, plant and equipment	6(19)	(715)	695
Interest income	6(18)	(18,308)	(14,623)
Dividend income	6(18)	(15,351)	(14,769)
Reversal of impairment loss on non-financial assets	6(8)(19)	(2,669)	(999)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial asset at fair value through profit or loss		34,039	202,314
Accounts receivable		(194,041)	(88,943)
Inventories		(147,904)	11,905
Other current assets		525	(4,528)
Changes in operating liabilities			
Accounts payable		237,541	53,780
Accounts payable - related parties		32,878	14,464
Other payables		(13,637)	(8,127)
Other current liabilities		3,946	(3,628)
Cash inflow generated from operations		329,744	496,939
Interest received		17,686	11,161
Dividends received		33,345	29,166
Income tax paid		(46,107)	(66,699)
Net cash flows from operating activities		334,668	470,567
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in financial assets at amortised cost		295,733	-
Increase in other financial assets		-	(51,622)
Acquisition of property, plant and equipment	6(24)	(45,770)	(14,447)
Proceeds from disposal of property, plant and equipment		738	206
Acquisition of intangible assets		(6,064)	(1,572)
Increase in refundable deposits		(432)	-
Decrease (increase) in other non-current assets		2,945	(299)
Net cash flows from (used in) investing activities		247,150	(67,734)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends	6(15)	(203,288)	(203,288)
Net cash flows used in financing activities		(203,288)	(203,288)
Effect of exchange rate		(41,989)	(44,657)
Net increase in cash and cash equivalents		336,541	154,888
Cash and cash equivalents at beginning of period		779,885	610,524
Cash and cash equivalents at end of period		$ 1,116,426	$ 765,412

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

CREATIVE SENSOR INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

(REVIEWED, NOT AUDITED)

1. HISTORY AND ORGANIZATION

Creative Sensor Inc. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in manufacturing and trading of image sensor and its electronic components. Starting from May 17, 2005, the Company’s stock was officially listed on the Taiwan Stock Exchange.

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

These consolidated financial statements were reported to the Board of Directors on November 9, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

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

IFRS 9, 'Financial instruments'

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

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

C. The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Notes 12(4)B and C.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

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

In the first quarter of 2018, the Group reported to the Board of Directors that IFRS 16 has no material impact to the Group.

The Group expects to recognize the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (collectively referred herein as the "modified retrospective approach"), and the effects will be adjusted on January 1, 2019.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Except for the compliance statement, basis of preparation and basis of consolidation and additional policies that are set out below, the rest of the significant accounting policies applied in the preparation of these consolidated financial statements are the same as those disclosed in Note 4 to the consolidated financial statements as of and for the year ended December 31, 2017. The policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

A. These consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the FSC.

B. The consolidated financial statements as of and for the nine months ended September 30, 2018 and 2017 should be read together with the consolidated financial statements as of and for the year ended December 31, 2017.

(2) Basis of preparation

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

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

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

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

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 and the third quarter of 2017 was not restated. The financial statements for the year ended December 31, 2017 and the third quarter of 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 11 ('IAS 11'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of these consolidated financial statements is the same as that for the preparation of the consolidated financial statements as of and for the year ended December 31, 2017.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of investor	Name of subsidiary	Main business activities	September 30, 2018	December 31, 2017	September 30, 2017
Creative Sensor Inc.	Creative Sensor Inc. (BVI)	Holding company	100	100	100
Creative Sensor Inc.	Creative Sensor (USA) Co.	Collection of marketing information and maintaining relationship with customers	100	100	100
Creative Sensor Inc. (BVI)	Creative Sensor Co. Ltd.	Holding company	100	100	100
Creative Sensor Co., Ltd.	Wuxi Creative Sensor Technology Co., Ltd.	Manufacturing of image sensor	100	100	100
Creative Sensor Co., Ltd.	Nanchang Creative Sensor Technology Co., Ltd.	Manufacturing of image sensor	100	100	100

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

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

E. Significant restrictions on fund remittance from subsidiaries to the parent company: None.

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

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

Effective 2018

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.

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

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

D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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

Effective 2018

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

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

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(6) Financial assets at amortised cost

Effective 2018

A. Financial assets at amortised cost are those that meet all of the following criteria:

(a) The objective of the Group's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortised cost are recognised and derecognised using trade date accounting.

C. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(7) Loans and receivables

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

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

(8) Impairment of financial assets

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

(9) Notes and accounts payable

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

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

(10) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges.

B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(11) Non-hedging derivatives

Non-hedging derivatives are initially recognised at fair value on the date a derivative contract is entered into and recorded as financial assets or financial liabilities at fair value through profit or loss. They are subsequently remeasured at fair value and the gains or losses are recognised in profit or loss.

(12) Income tax

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

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

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

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

E. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

F. If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

(13) Revenue recognition

Sales of goods

A. The Group manufactures and sells image sensor and electronic components. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume discounts and sales discounts and allowances. The sales usually are made with a credit term of 30-75 days after monthly billing. which is consistent with market practice. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

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

There was no significant change during this period. Please refer to Note 5 to the consolidated financial statements as of and for the year ended December 31, 2017 for related information.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	September 30, 2018	December 31, 2017	September 30, 2017
Cash on hand and revolving funds	$ 298	$ 182	168
Checking accounts and demand deposits	641,047	602,015	550,141
Time deposits	475,081	177,688	215,103
Total	$ 1,116,426	$ 779,885	$ 765,412

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

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

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

Effective 2018

Items	September 30, 2018
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Beneficiary certificates	$ 318,281
Valuation adjustment	1,560
Total	$ 319,841

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

		Three months ended September 30, 2018
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$	338
Derivative instrument	(	39,842)
Total	($	39,504)

		Nine months ended September 30, 2018
Financial assets mandatorily measured at fair value through profit or loss		
Beneficiary certificates	$	1,152
Derivative instrument	(	39,600)
Total	($	38,448)

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

C. The information for the year ended December 31, 2017 and the third quarter of 2017 is provided in Note 12(4).

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

Effective 2018

Items		September 30, 2018
Non-current items:		
Equity instruments		
Listed stocks	$	286,186
Unlisted stocks		3,590
		289,776
Valuation adjustment		48,227
Total	$	338,003

A. The Group has elected to classify abovementioned shares that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $338,003 as at September 30, 2018.

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

	Three months ended September 30, 2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	($ 18,775)

	Nine months ended September 30, 2018
Equity instruments at fair value through other comprehensive income	
Fair value change recognised in other comprehensive income	($ 67,030)

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

D. The information of available-for-sale financial assets for the year ended December 31, 2017 and the third quarter of 2017 is provided in Note 12(4).

(4) Financial assets at amortised cost

Effective 2018

Items	September 30, 2018
Current items:	
Time deposits with maturity over three months	$ 788,525

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended September 30, 2018
Interest income	$ 4,199
Loss on disposals	-
	$ 4,199

	Nine months ended September 30, 2018
Interest income	$ 10,834
Loss on disposals	(1,005)
	$ 9,829

B. As at September 30, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was $788,525.

C. The Group has no financial assets at amortised cost pledged to others.

D. Information of financial assets at amortised cost relating to credit risk is provided in Note 12(2).

E. The information of other financial assets for the year ended December 31, 2017 and the third quarter of 2017 is provided in Note 12(4).

(5) Accounts receivable

	September 30, 2018	December 31, 2017	September 30, 2017
Accounts receivable	$ 725,181	$ 531,432	$ 637,866
Accounts receivable due from related parties	869	577	1,177
Less: Loss allowance	(218)	-	-
	$ 725,832	$ 532,009	$ 639,043

A. The ageing analysis of accounts receivable (including related parties) that were past due but not impaired is as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Without past due	$ 715,424	$ 512,970	$ 630,456
Up to 30 days	10,626	19,039	8,587
	$ 726,050	$ 532,009	$ 639,043

The above ageing analysis was based on past due date.

B. The Group does not hold any collateral as security.

C. As at September 30, 2018, December 31, 2017 and September 30, 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group’s accounts receivable were $725,832, $532,009 and $639,043, respectively.

D. Information of accounts receivable relating to credit risk is provided in Note 12(2).

(6) Inventories

	September 30, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 256,772	($ 4,892)	$ 251,880
Work in progress	42,343	(503)	41,840
Finished goods	180,968	(7,651)	173,317
Total	$ 480,083	($ 13,046)	$ 467,037

	December 31, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 127,874	($ 3,517)	$ 124,357
Work in progress	14,688	-	14,688
Finished goods	199,063	(6,364)	192,699
Total	$ 341,625	($ 9,881)	$ 331,744

	September 30, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 103,731	($ 1,764)	$ 101,967
Work in progress	23,572	-	23,572
Finished goods	128,777	(4,494)	124,283
Inventory in transit	2	(2)	-
Total	$ 256,082	($ 6,260)	$ 249,822

The cost of inventories recognized as expense for the period:

	Three months ended September 30,	
	2018	2017
Cost of goods sold	$ 1,103,833	$ 940,369
Inventory valuation loss	-	2,537
Gain on reversal of decline in market value (Note)	(2,764)	-
Others	(768)	(717)
Total	$ 1,100,301	$ 942,189

	Nine months ended September 30,	
	2018	2017
Cost of goods sold	$ 2,997,663	$ 2,575,489
Inventory valuation loss	3,165	2,675
Others	(2,194)	(2,144)
Total	$ 2,998,634	$ 2,576,020

Note: The gain from price recovery was caused by the reversal of allowance for inventory which were subsequently scrapped or sold.

(7) Investments accounted for using equity method

	September 30, 2018	December 31, 2017	September 30, 2017
K9 Inc.	$ -	$ -	$ -
Teco Image Systems Co., Ltd	307,596	324,929	319,067
	$ 307,596	$ 324,929	$ 319,067

A. The basic information of the associates that are material to the Group is as follows:

		Shareholding ratio			
Company name	Principal place of business	September 30, 2018	December 31, 2017	Nature of relationship	Methods of measurement
Teco Image Systems Co., Ltd	Taiwan	10.66%	10.66%	Buyer	Equity method

		Shareholding ratio		
Company name	Principal place of business	September 30, 2017	Nature of relationship	Methods of measurement
Teco Image Systems Co., Ltd	Taiwan	10.66%	Buyer	Equity method

B. The summarized financial information of the associates that are material to the Group is as follows:

Balance sheet

	Teco Image Systems Co., Ltd		
	September 30, 2018	December 31, 2017	September 30, 2017
Current assets	$ 1,585,247	$ 1,889,630	$ 1,906,270
Non-current assets	1,002,633	931,701	893,662
Current liabilities	(774,054)	(838,503)	(868,443)
Non-current liabilities	(29,286)	(30,265)	(33,903)
Total net assets	$ 1,784,540	$ 1,952,563	$ 1,897,586
Share in associate's net assets	$ 190,560	$ 207,893	$ 202,031
Goodwill	117,036	117,036	117,036
Carrying amount of the associate	$ 307,596	$ 324,929	$ 319,067

Statement of comprehensive income

	Three months ended September 30,	
	2018	2017
Revenue	$ 596,260	$ 670,575
Profit for the period from continuing operations	$ 83,281	$ 103,990
Other comprehensive (loss) income, net of tax	(108,219)	4,452
Total comprehensive (loss) income	($ 24,938)	$ 108,442
Dividends received from associates	$ 17,994	$ 14,397

	Nine months ended September 30,	
	2018	2017
Revenue	$ 1,570,582	$ 1,748,110
Profit for the period from continuing operations	$ 126,476	$ 185,276
Other comprehensive (loss) income, net of tax	(125,694)	51,931
Total comprehensive income	$ 782	$ 237,207
Dividends received from associates	$ 17,994	$ 14,397

C. The Group's material associate, Teco Image Systems Co., Ltd, has quoted market prices. As of September 30, 2018, December 31, 2017 and September 30, 2017, the fair value was $175,741, $199,134 and $191,936, respectively.

D. The Group owns less than 20% of the voting rights in Teco Image Systems Co., Ltd but holds one-third seats (2 out of 7 board seats) in the Board of Directors of Teco Image. The Group is a substantial shareholder of Teco Image and evaluates its investment accounted for under the equity method.

E. In January 2008, the Group invested US$1,000,000 in K9 Inc. Due to the underperformance of K9 Inc. and changes in the Group's investment strategies, the Group adopted the conservatism principle and wrote-off the original investment amount of US$1,000,000 (approximately NT$32,314 thousand) in June 2008. As of September 30, 2018, December 31, 2017 and September 30, 2017, the Group's shareholding ratio in K9 Inc. and the ending balance of investment was all 33.82%. For the three months and nine months ended September 30, 2018 and 2017, the investment income (loss) was both $0.

(8) Property, plant and equipment

	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Others equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2018							
Cost	$ 640,818	$ 1,549,118	$ 49,281	$ 41,868	$ 30,547	$ 396	$ 2,312,028
Accumulated depreciation and impairment	(407,168)	(1,186,781)	(43,679)	(31,784)	(28,726)	-	(1,698,138)
	$ 233,650	$ 362,337	$ 5,602	$ 10,084	$ 1,821	$ 396	$ 613,890
2018							
Opening net book value as at January 1	$ 233,650	$ 362,337	$ 5,602	$ 10,084	$ 1,821	$ 396	$ 613,890
Additions	-	2,777	4,270	1,368	292	30,244	38,951
Disposals	-	(23)	-	-	-	-	(23)
Transfer	-	21,229	-	-	-	(21,229)	-
Reclassifications	-	-	-	-	-	(1,528)	(1,528)
Gain on reversal of impairment	-	2,669	-	-	-	-	2,669
Depreciation	(36,048)	(81,147)	(2,910)	(4,405)	(808)	-	(125,318)
Net exchange differences	(4,366)	(7,191)	(56)	(50)	(29)	-	(11,692)
Closing net book value as at September 30	$ 193,236	$ 300,651	$ 6,906	$ 6,997	$ 1,276	$ 7,883	$ 516,949
At September 30, 2018							
Cost	$ 625,446	$ 1,469,276	$ 52,492	$ 42,756	$ 30,095	$ 7,883	$ 2,227,948
Accumulated depreciation and impairment	(432,210)	(1,168,625)	(45,586)	(35,759)	(28,819)	-	(1,710,999)
	$ 193,236	$ 300,651	$ 6,906	$ 6,997	$ 1,276	$ 7,883	$ 516,949

	Buildings and structures	Machinery and equipment	Office equipment	Leasehold improvements	Others equipment	Construction in progress and equipment to be inspected	Total
At January 1, 2017							
Cost	$ 654,501	$ 1,529,585	$ 51,925	$ 77,968	$ 31,431	$ 63,266	$ 2,408,676
Accumulated depreciation and impairment	(367,295)	(1,121,475)	(42,771)	(61,967)	(28,071)	(907)	(1,622,486)
	$ 287,206	$ 408,110	$ 9,154	$ 16,001	$ 3,360	$ 62,359	$ 786,190
2017							
Opening net book value as at January 1	$ 287,206	$ 408,110	$ 9,154	$ 16,001	$ 3,360	$ 62,359	$ 786,190
Additions	-	201	66	-	-	7,564	7,831
Disposals	-	(32)	-	-	-	(869)	(901)
Transfer	-	66,493	155	-	106	(66,754)	-
Reclassifications	-	-	-	-	-	(367)	(367)
Gain on reversal of impairment	-	130	-	-	-	869	999
Depreciation	(35,064)	(76,973)	(2,788)	(4,355)	(1,221)	-	(120,401)
Net exchange differences	(5,491)	(7,886)	(152)	(90)	(66)	(1,490)	(15,175)
Closing net book value as at September 30	$ 246,651	$ 390,043	$ 6,435	$ 11,556	$ 2,179	$ 1,312	$ 658,176
At September 30, 2017							
Cost	$ 643,724	$ 1,554,045	$ 50,133	$ 41,955	$ 30,775	$ 1,312	$ 2,321,944
Accumulated depreciation and impairment	(397,073)	(1,164,002)	(43,698)	(30,399)	(28,596)	-	(1,663,768)
	$ 246,651	$ 390,043	$ 6,435	$ 11,556	$ 2,179	$ 1,312	$ 658,176

A. For the three months and nine months ended September 30, 2018 and 2017, the Group recognized impairment loss both amounting to $0 after assessing and comparing the carrying amount and recoverable amount of property, plant and equipment. The gain on reversal of impairment was $0, $0, $2,669 and $999, respectively.

B. The Group has not pledged property, plant and equipment as a collateral or capitalise the interest.

(9) Other non-current assets

	September 30, 2018	December 31, 2017	September 30, 2017
Long-term prepaid rents	$ 41,689	$ 43,542	$ 44,017
Prepayments for equipment	2,735	4,420	-
Refundable deposits	4,611	4,179	4,186
Others	10,459	9,723	7,193
	$ 59,494	$ 61,864	$ 55,396

On June 29, 2007, the Group signed a land use right contract with Gaoxin branch of the Bureau of Land and Resources Bureau in Nanchang City, Jiangxi Province, People's Republic of China with a term of 50 years. All rentals had been paid on the contract date. The Group recognized rental expenses of $272, $273, $834 and $814 for the three months and nine months ended September 30, 2018 and 2017, respectively.

(10) Financial liabilities at fair value through profit or loss

Items	September 30, 2018
Current items:	
Financial liabilities held for trading	
Derivative instruments	$ 8,648

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

	Three months ended September 30, 2018
Financial liabilities held for trading	
Derivative instruments	$ 23,003

	Nine months ended September 30, 2018
Financial liabilities held for trading	
Derivative instruments	($ 8,648)

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

	September 30, 2018	
Derivative instruments	Contract amount (Notional principal) (In thousands)	Maturity date of the contract
Current items:		
Cross currency swap	USD 4,000	2018.10.22
Cross currency swap	USD 1,000	2018.10.22
Cross currency swap	USD 1,000	2018.10.22
Cross currency swap	USD 3,000	2018.10.22
Cross currency swap	USD 5,500	2018.12.12
Cross currency swap	USD 1,500	2018.12.20
Cross currency swap	USD 2,000	2019.01.22
Forward foreign exchange contracts	USD 4,000	2018.12.21
Forward foreign exchange contracts	USD 3,000	2019.01.23
Forward foreign exchange contracts	USD 1,000	2019.01.29
Forward foreign exchange contracts	USD 2,000	2019.01.29
Forward foreign exchange contracts	USD 2,000	2019.04.29

(a) Cross currency swap

The Group entered into cross currency swap contracts which were exchange swap transactions between foreign currencies to hedge the volatility risk of the exchange rate. However, these cross currency swap contracts are not accounted for under hedge accounting.

(b) Forward foreign exchange contracts

The Group entered into forward foreign exchange contracts to sell USD to hedge the volatility risk of the exchange rate. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(11) Other payables

	September 30, 2018	December 31, 2017	September 30, 2017
Accrued employees' compensation and directors' and supervisors' remuneration	$ 27,687	$ 37,803	$ 37,779
Royalties payable	52,191	52,191	52,191
Bonus payable	104,813	119,698	95,129
Wages and salaries payable	49,966	49,241	38,287
Service fees payable	5,370	7,301	5,797
Payables on equipment	13,888	20,707	22,832
Freight payable	4,847	3,641	3,832
Others	64,861	56,329	51,937
	$ 323,623	$ 346,911	$ 307,784

(12) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. In June 2017 and July 2018, the Department of Labor, Taipei City Government approved that the Company stop contributing to the retirement fund temporarily for 2018 and 2019.

(b) For the aforementioned pension plan, the Group recognized pension costs (benefit) of $0 for the three months and nine months ended September 30, 2018 and 2017, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018 amounts to $0.

B. (a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6 % of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company's mainland China subsidiaries, Nanchang Creative Sensor Technology Co., Ltd. and Wuxi Creative Sensor Technology Co., Ltd., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under defined contribution pension plans of the Group for the three months and nine months ended September 30, 2018 and 2017, were $4,237, $4,007, $12,687 and $11,564, respectively.

(13) Capital stock

A. As of September 30, 2018, the Company's authorized capital was $1,600,000, consisting of 160,000 thousand shares of ordinary stock (including 15,000 thousand shares reserved for employee stock options), and the paid-in capital was $1,270,550 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. For the nine months ended September 30, 2018 and 2017, there was no movement in the number of the Company's shares which was both 127,055 thousand shares.

(14) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(15) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order:

(a) Pay all taxes.

(b) Cover accumulated deficit.

(c) Set aside 10% for legal reserve until the legal reserve equals the total capital stock balance.

(d) Set aside or reverse special reserve in accordance with related regulations.

(e) The appropriation of the amount of distributable earnings after deducting items from (a) to (d), along with the accumulated unappropriated earnings, shall be proposed by the Board of Directors and resolved by the shareholders.

The Company operates in a steady growth environment. Since the Company has plans for plant expansion and reinvestment, the current distributable earnings less the amount as legal reserve and special reserve, plus unappropriated earnings in prior years, shall be appropriated as shareholders' bonus that account for 80% of the amount. Dividends to shareholders in the form of cash shall generally account for 50% but shall account for at least 5%.

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

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

D. Details of 2017 and 2016 earnings appropriation resolved by the stockholders on June 27, 2018 and June 15, 2017, respectively, are as follows:

	Years ended December 31,			
	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 21,002	$ -	$ 25,754	$ -
Cash dividends	203,288	1.6	203,288	1.6
Total	$ 224,290		$ 229,042	

Information about earnings appropriation as resolved at the Board of Directors' and stockholders' meetings will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

Abovementioned distribution of 2017 earnings is consistent with the proposal of the Board of Directors of the Company on March 21, 2018.

E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6 (20).

(16) Other equity items

	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1, 2018	$ 140,162	$ 164,115	$ 304,277
Effect of retrospective application and retrospective restatement:			
—Group	(3,590)	-	(3,590)
—Associates	7,028	-	7,028
Valuation adjustment:			
—Group	(67,030)	-	(67,030)
—Associates	(12,907)	-	(12,907)
Currency translation differences:			
—Group	-	(46,754)	(46,754)
—Associates	-	(232)	(232)
At September 30, 2018	$ 63,663	$ 117,129	$ 180,792

	Available-for-sale investment	Currency translation	Total
At January 1, 2017	$ 121,155	$ 202,102	$ 323,257
Valuation adjustment of available-for-sale investments:			
—Group	3,883	-	3,883
—Associates	6,479	-	6,479
Currency translation differences:			
—Group	-	(29,025)	(29,025)
—Associates	-	(942)	(942)
At September 30, 2017	$ 131,517	$ 172,135	$ 303,652

(17) Operating revenue

	Three months ended September 30, 2018
Revenue from contracts with customers	$ 1,278,867

	Nine months ended September 30, 2018
Revenue from contracts with customers	$ 3,409,336

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the following major geographical regions:

Three months ended September 30, 2018	China	Others	Total
Revenue from external customer contracts	$ 619,158	$ 659,709	$ 1,278,867

Nine months ended September 30, 2018	China	Others	Total
Revenue from external customer contracts	$ 1,739,134	$ 1,670,202	$ 3,409,336

The Group derives revenue from the transfer of goods and services at a point in time.

B. Related disclosures for the three months and nine months ended September 30, 2017, operating revenue are provided in Note 12(5) B.

(18) Other income

	Three months ended September 30,	
	2018	2017
Interest income:		
Interest income from bank deposits	$ 2,813	$ 5,449
Interest income from financial assets measured at amortised cost	4,199	-
Total interest income	7,012	5,449
Rental revenue	1,017	1,018
Government grants	1,411	-
Dividend income	15,351	14,769
Directors' and supervisors' remuneration	13,381	14,722
Other income, others	3,336	3,331
	$ 41,508	$ 39,289

	Nine months ended September 30,	
	2018	2017
Interest income:		
Interest income from bank deposits	$ 7,474	$ 14,623
Interest income from financial assets measured at amortised cost	10,834	-
Total interest income	18,308	14,623
Rental revenue	3,080	3,012
Government grants	12,149	-
Dividend income	15,351	14,769
Directors' and supervisors' remuneration	13,381	14,722
Other income, others	4,398	4,274
	$ 66,667	$ 51,400

(19) Other gains and losses

	Three months ended September 30,	
	2018	2017
Gains on disposal of property, plant and equipment	($ 11)	$ -
Foreign exchange gains (losses)	17,202	(394)
(Losses) gains on financial assets (liabilities) at fair value through profit or loss	(16,501)	649
Other gains and losses	(821)	(821)
	($ 131)	($ 566)

	Nine months ended September 30,	
	2018	2017
Gains (losses) on disposal of property, plant and equipment	$ 715	($ 695)
Foreign exchange gains (losses)	49,764	(30,903)
(Losses) gains on financial assets (liabilities) at fair value through profit or loss	(47,096)	25,364
Gains on reversal of impairment loss recognised in profit or loss - property, plant and equipment	2,669	999
Other gains and losses	(3,828)	(2,494)
	$ 2,224	($ 7,729)

(20) Employee benefit expense, depreciation and amortization

For the three months and nine months ended September 30, 2018 and 2017, employee benefit expense, depreciation and amortization categorized by function were summarized as follows:

	Three months ended September 30, 2018		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 92,034	$ 52,143	$ 144,177
Labor and health insurance fees	6,878	2,755	9,633
Pension costs	2,729	1,508	4,237
Other personnel expense	2,656	1,984	4,640
Depreciation	37,239	4,387	41,626
Amortization	1,025	476	1,501

	Three months ended September 30, 2017		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 78,567	$ 50,249	$ 128,816
Labor and health insurance fees	7,971	3,056	11,027
Pension costs	2,405	1,602	4,007
Other personnel expense	2,110	1,839	3,949
Depreciation	36,826	4,273	41,099
Amortization	839	417	1,256

	Nine months ended September 30, 2018		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 253,693	$ 124,190	$ 377,883
Labor and health insurance fees	20,955	7,639	28,594
Pension costs	8,057	4,630	12,687
Other personnel expense	6,846	5,590	12,436
Depreciation	111,674	13,644	125,318
Amortization	2,771	1,376	4,147

	Nine months ended September 30, 2017		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 210,377	$ 133,417	$ 343,794
Labor and health insurance fees	22,981	7,914	30,895
Pension costs	6,853	4,711	11,564
Other personnel expense	6,396	5,554	11,950
Depreciation	107,651	12,750	120,401
Amortization	1,789	1,325	3,114

A. According to the Articles of Incorporation of the Company, the profit before deduction of employees' compensation and directors' and supervisors' remuneration and after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall account for 5%~15% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

B. For the three months and nine months ended September 30, 2018 and 2017, employees' compensation was accrued at $13,224, $13,394, $20,765 and $28,334, respectively; directors' and supervisors' remuneration was accrued at $4,408, $4,465, $6,922 and $9,445, respectively. The aforementioned amounts were recognized in salary expenses.

For the nine months ended September 30, 2018, employees' compensation and directors' and supervisors' remuneration were estimated based on the current profit, and the amount of 2017 resolved by the Board of Directors were in agreement with the amount recorded on the 2017 financial statements were $28,352 and $9,451, respectively. Employees' compensation would be distributed in the form of cash.

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

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30, 2018	Three months ended September 30, 2017
Current tax:		
Total current tax	$ 18,213	$ 28,579
10% tax imposed on undistributed surplus earnings	-	-
Prior year income tax (over) under estimation	(23)	266
Total current tax	18,190	28,845
Deferred tax:		
Origination and reversal of temporary differences	20,485	(6,788)
Effect of exchange rate	222	(557)
Total deferred tax	20,707	(7,345)
Income tax expense	$ 38,897	$ 21,500

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Current tax:		
Total current tax	$ 45,907	$ 56,085
10% tax imposed on undistributed surplus earnings	-	2,948
Prior year income tax (over) under underestimation	(71)	2,915
Total current tax	45,836	61,948
Deferred tax:		
Origination and reversal of temporary differences	27,292	(83)
Impact of change in tax rate	23,007	-
Effect of exchange rate	519	(754)
Total deferred tax	50,818	(837)
Income tax expense	$ 96,654	$ 61,111

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

	Three months ended September 30,	
	2018	2017
Impact of change in tax rate	$ -	$ -

	Nine months ended September 30,	
	2018	2017
Impact of change in tax rate	$ 172	$ -

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

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

(22) Earnings per share

	Three months ended September 30, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 97,955	127,055	$ 0.77
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 97,955	127,055	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	966	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 97,955	$ 128,021	$ 0.77

	Three months ended September 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 99,215	127,055	$ 0.78
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 99,215	127,055	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,140	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 99,215	$ 128,195	$ 0.77

	Nine months ended September 30, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 153,814	127,055	$ 1.21
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 153,814	127,055	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,273	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 153,814	$ 128,328	$ 1.20

	Nine months ended September 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 209,880	127,055	$ 1.65
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 209,880	127,055	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,561	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 209,880	$ 128,616	$ 1.63

(23) Operating leases

The Group leases in operational assets under non-cancellable operating lease agreements. The lease terms are between 1 and 5 years, and all these lease agreements are renewable at the end of the lease period. Rental is increased every 3 to 5 years to reflect market rental rates. The Group recognized rental expenses of $4,835, $4,882, $14,603 and $14,485 for these leases in profit or loss for the three months and nine months ended September 30, 2018 and 2017, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2018	December 31, 2017	September 30, 2017
Not later than one year	$ 9,495	$ 19,751	$ 12,061
Later than one year but not later than five years	-	3,564	6,237
Total	$ 9,495	$ 23,315	$ 18,298

(24) Supplemental cash flow information

Investing activities with partial cash payments:

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Purchase of property, plant and equipment	$ 38,951	$ 7,831
Add: Opening balance of payable on equipment	20,707	29,448
Less: Ending balance of payable on equipment	(13,888)	(22,832)
Cash paid during the period	$ 45,770	$ 14,447

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
KROM ELECTRONICS CO., LTD	The Group's key management
Teco Image Systems Co., Ltd	Associates
Teco Image Systems (DongGuan) Co., Ltd	Associates

(2) Significant related party transactions and balances

A. Operating revenue

	Three months ended September 30, 2018	Three months ended September 30, 2017
Sales of goods:		
－Associates	$ 1,352	$ 1,173

	Nine months ended September 30, 2018	Nine months ended September 30, 2017
Sales of goods:		
－Associates	$ 5,278	$ 3,383

Sales to aforementioned related parties are based on the price lists in force and term that would be available to third parties. The term is 30 days after monthly billing upon shipment of goods.

B. Purchases

	Three months ended September 30,	
	2018	2017
Purchases of goods:		
－The Group's key management		
－KROM ELECTRONICS	$ 115,607	$ 94,933

	Nine months ended September 30,	
	2018	2017
Purchases of goods:		
－The Group's key management		
－KROM ELECTRONICS	$ 312,036	$ 256,166

Purchases from related parties are based on the price lists in force and terms that would be available to third parties.

C. Receivables from related parties

	September 30, 2018	December 31, 2017	September 30, 2017
Accounts receivable:			
－Associates	$ 869	$ 577	$ 1,177

The sales and price term to aforementioned related parties are approximately the same as the third parties which is 30 days after monthly billing upon shipment of goods.

D. Payables to related parties

	September 30, 2018	December 31, 2017	September 30, 2017
Accounts payable:			
－The Group's key management			
－KROM ELECTRONICS	$ 115,501	$ 85,983	$ 99,498

The purchase and price term to aforementioned related parties are approximately the same as the third parties which is 60 days after monthly billing upon the purchase. The payables bear no interest.

(3) Key management compensation

For the three months and nine months ended September 30, 2018 and 2017, the key management compensation (including salaries and other short-term employee benefits) paid to directors, supervisors, general manager and vice general manager was $9,059, $17,744, $28,300 and $38,858, respectively, including employees' compensation and directors' and supervisors' remuneration accrued in the profit or loss for the three months and nine months ended September 30, 2018 and 2017.

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

Please refer to Note 6(23).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUNT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There is no significant change in this period. Please refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2017 for the related information.

(2) Financial instruments

A. Financial instruments by category

	September 30, 2018	December 31, 2017	September 30, 2017
Financial assets			
Financial assets at fair value through profit or loss			
Financial assets mandatorily measured at fair value through profit or loss	$ 319,841	$ -	$ -
Financial assets held for trading	-	392,328	328,245
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	338,003	-	-
Available-for-sale financial assets	-	405,033	398,342
Financial assets at amortised cost			
Cash and cash equivalents	1,116,426	779,885	765,412
Accounts receivable (including related parties)	725,832	532,009	639,043
Guarantee deposits paid	4,611	4,179	4,186
Other financial assets	-	1,095,248	1,115,864
Financial assets at amortised cost	788,525	-	-
	$ 3,293,238	$ 3,208,682	$ 3,251,092
Financial liabilities			
Financial liabilities at fair value through profit or loss			
Financial liabilities held for trading	$ 8,648	$ -	$ 2,098
Financial liabilities at amortised cost			
Accounts payable (including related parties)	997,341	754,466	785,122
Other payables	323,623	346,911	307,784
	$ 1,329,612	$ 1,101,377	$ 1,095,004

B. Financial risk management policies

There is no significant change in this period. Please refer to Note 12 to the consolidated financial statements as of and for the year ended December 31, 2017 for the related information.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use cross currency swap and forward foreign exchange contracts, transacted with Group treasury.

iii. The Group hedges foreign exchange rate by using forward exchange contracts and cross currency swap. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(2), 6(10) and 12(4).

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

	September 30, 2018					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 60,202	30.59	$ 1,841,579	1%	$ 18,416	$ -
RMB：NTD	2,368	4.45	10,538	1%	105	-
USD：RMB	39,106	6.88	1,196,253	1%	11,963	-
Financial liabilities						
Monetary items						
USD：NTD	$ 39,275	30.59	$ 1,201,422	1%	$ 12,014	$ -
USD：RMB	25,819	6.88	789,803	1%	7,898	-

	December 31, 2017					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 40,551	29.77	$ 1,207,203	1%	$ 12,072	$ -
RMB：NTD	67,408	4.56	307,380	1%	3,074	-
USD：RMB	31,838	6.53	947,817	1%	9,478	-
Financial liabilities						
Monetary items						
USD：NTD	$ 29,595	29.77	$ 881,043	1%	$ 8,810	$ -
USD：RMB	21,946	6.53	653,332	1%	6,533	-

	September 30, 2017					
				Sensitivity analysis		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD：NTD	$ 44,815	30.38	$ 1,361,480	1%	$ 13,615	$ -
RMB：NTD	66,961	4.58	306,681	1%	3,067	-
USD：RMB	32,101	6.64	975,228	1%	9,752	-
Financial liabilities						
Monetary items						
USD：NTD	$ 32,765	30.38	$ 995,401	1%	$ 9,954	$ -
USD：RMB	22,297	6.64	677,383	1%	6,774	-

v. The summary amount for the three months and nine months ended September 30, 2018 and 2017, of total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group, were $17,202, ($394), $49,764 and ($30,903), respectively.

Price risk

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

ii. The Group's investments in equity securities comprise, beneficiary certificates, domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 10% with all other variables held constant, post-tax profit for the nine months ended September 30, 2018 and 2017 would have increased/decreased by $31,984 and $32,825, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. For the nine months ended September 30, 2018, other components of equity would have increased/decreased by $33,800, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income. For the nine months ended September 30, 2017, shareholders' equity would have increased/decreased by $39,834, as a result of gains/losses on equity instrument classified as available-for-sale.

Cash flow and fair value interest rate risk

i The Group's interest rate risk arises from short-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

ii. As of September 30, 2018 and 2017, the borrowing facilities have not been drawn by the Group.

(b) Credit risk

Effective 2018

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

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

iii. The Group adopts the assumptions under IFRS 9, the default occurs when the contract payments are past due over 90 days.

iv. The Group adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

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

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vi. The Group classifies customers' accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vii. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. As of September 30, 2018, the Group had no written-off financial assets that are still under recourse procedures.

viii. The Group's accounts receivable arose from customers with excellent credit, and the expected loss rate was 0.03%. On September 30, 2018, the total book value of accounts receivable and loss allowance were $726,050 and $218, respectively.

ix. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2018
	Accounts receivable (including related parties)
At January 1_IFRS 9	$ -
Provision for impairment	218
At September 30	$ 218

For provisioned loss for the nine months ended September 30, 2018, the impairment losses arising from customers' contracts amount to $218.

x. For investments in debt instruments at amortized cost, the credit rating levels are presented below:

	September 30, 2018			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 788,525	$ -	$ -	$ 788,525

The financial assets at amortised cost held by the Group are all time deposits with maturity over three months. The credit risk rating has no significant abnormal situation.

xi. Credit risk information of 2017 and the third quarter of 2017 is provided in Note 12(4).

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

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

Non-derivative financial liabilities

September 30, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Accounts payable (including related parties)	$ 997,341	$ -	$ -
Other payables	323,623	-	-

Derivative financial liabilities

September 30, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Cross currency swap	$ 5,618	$ -	$ -
Forward foreign exchange contracts	3,030	-	-

Non-derivative financial liabilities

December 31, 2017	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Accounts payable (including related parties)	$ 754,466	$ -	$ -
Other payables	346,911	-	-

Non-derivative financial liabilities

September 30, 2017		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years
Accounts payable (including related parties)	$	785,122	$	-	$	-
Other payables		307,784		-		-

Derivative financial liabilities

September 30, 2017		Less than 1 year		Between 1 and 2 years		Between 2 and 5 years
Cross currency swap	$	2,098	$	-	$	-

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

The carrying amounts of cash and cash equivalents, accounts receivable, other receivables, financial assets at amortised cost - current, other financial assets - current, guarantee deposits paid, accounts payable and other payables are approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities are as follows:

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

September 30, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 319,841	$ -	$ -	$ 319,841
Financial assets at fair value through other comprehensive income				
Equity securities	338,003	-	-	338,003
Total	$ 657,844	$ -	$ -	$ 657,844
Liabilities:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Derivative instruments	$ -	$ 8,648	$ -	$ 8,648
Total	$ -	$ 8,648	$ -	$ 8,648

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 388,626	$ -	$ -	$ 388,626
Derivative instruments	-	3,702	-	3,702
Available-for-sale financial assets				
Equity securities	405,033	-	-	405,033
Total	$ 793,659	$ 3,702	$ -	$ 797,361

September 30, 2017	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 328,245	$ -	$ -	$ 328,245
Available-for-sale financial assets				
Equity securities	398,342	-	-	398,342
Total	$ 726,587	$ -	$ -	$ 726,587
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Cross currency swap	$ -	$ 2,098	$ -	$ 2,098
Total	$ -	$ 2,098	$ -	$ 2,098

(b) The methods and assumptions the Group used to measure fair value are as follows:

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

	Listed shares	Open-end fund
Market quoted price	Closing price	Net assets value

ii The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts and cross currency swap are usually valued based on the current forward exchange rate.

D. For the nine months ended September 30, 2018 and 2017, there was no transfer between Level 1 and Level 2.

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies in adopted for the year ended December 31, 2017 and the third quarter of 2017:

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

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

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

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

(b) Available-for-sale financial assets

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

ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

iii. They are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(c) Receivables

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

(d) Impairment of financial assets

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

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

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

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

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

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

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

(i) Financial assets at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. 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 loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(ii) Available-for-sale financial assets

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

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

		Available-for-sale-equity	Other financial assets		Effects	
	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income-equity	Measured at amortised cost	Total	Retained earnings	Other equity
IAS39	$ 392,328	$ 405,033	$ 1,095,248	$ 1,892,609	$ 693,805	$ 304,277
Transferred into and measured at fair value through other comprehensive income-equity	-	-	-	-	3,590	(3,590)
Effect on investments accounted for using equity method	-	-	-	-	(7,028)	7,028
IFRS9	$ 392,328	$ 405,033	$ 1,095,248	$ 1,892,609	$ 690,367	$ 307,715

(a) Under IAS 39, because the equity instruments, which were classified as: available-for-sale financial assets, amounting to $405,033, were not held for the purpose of trading, they were reclassified as "financial assets at fair value through other comprehensive income (equity instruments)" amounting to $405,033, increased retained earnings and decreased other equity interest in the amounts of $3,590 and $3,590 on initial application of IFRS 9.

(b) Under IAS 39, because the cash flows of debt instruments, which were classified as: other financial assets - current, amounting to $1,095,248, met the condition that it is intended to settle the principal and interest on the outstanding principal balance, they were reclassified as "financial assets at amortised cost" amounting to $1,095,248 on initial application of IFRS 9.

(c) Effects on investments accounted for using equity method under IFRS 9 (reclassifying 'financial assets at fair value through profit or loss and available-for-sale financial assets' as 'financial assets at fair value through other comprehensive income') were decreasing retained earnings in the amount of $7,028 and increasing other equity interest in the amount of $7,028.

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

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

Items	December 31, 2017	September 30, 2017
Current items:		
Financial assets held for trading		
Beneficiary certificates	$ 387,104	$ 327,104
Non-hedging derivatives	3,702	-
	390,806	327,104
Valuation adjustment	1,522	1,141
Total	$ 392,328	$ 328,245

i. The Group recognised net (loss) profit amounting to $2,747 and $20,037 on financial assets held for trading for the three months and nine months ended September 30, 2017.

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

iii The non-hedging derivative instruments transaction and contract information are as follows:

Derivative instruments	December 31, 2017 Contract amount (Notional principal) (in thousand)	Expiry date
Current items:		
Cross currency swap	USD 4,000	2018.01.22
Cross currency swap	USD 1,000	2018.01.30
Cross currency swap	USD 1,000	2018.01.30
Cross currency swap	USD 5,500	2018.02.12
Cross currency swap	USD 2,000	2018.03.20
Cross currency swap	USD 2,000	2018.03.29
Cross currency swap	USD 3,000	2018.04.20
Cross currency swap	USD 1,500	2018.04.20

The Group entered into cross currency swap contracts which were exchange rate swap transaction between foreign currencies to hedge exchange rate risk. However, it did not meet the condition of hedge accounting, thus it was not accounted for using hedge accounting.

(b) Available-for-sale financial assets

Items	December 31, 2017	September 30, 2017
Non-current items:		
Listed stocks	$ 286,186	$ 286,186
Unlisted stocks	3,590	3,590
Subtotal	289,776	289,776
Adjustments for change in value of available-for-sale financial assets	118,847	112,156
Accumulated impairment	(3,590)	(3,590)
Total	$ 405,033	$ 398,342

i. For the three months and nine months ended September 30, 2017, the Group recognized other comprehensive (loss) income due to change in fair value in the amount of ($10,443) and $3,883, respectively.

ii. The Group has no available-for-sale financial assets pledged to others.

(c) Other current financial assets

	December 31, 2017	September 30, 2017
Time deposits	$ 1,095,248	$ 1,115,864

It refers to time deposits with original maturity over three months.

(d) Financial liabilities at fair value through profit or loss

Items	December 31, 2017	September 30, 2017
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	$ -	$ 2,098

i. The Group recognised net (loss) profit amounting to ($2,098) and $5,327 on financial assets held for trading for the three months and nine months ended September 30, 2017.

ii The non-hedging derivative instruments transaction and contract information are as follows:

	September 30, 2017	
Derivative instruments	Contract amount (notional principal) (In thousand dollars)	Contract period
Current items:		
Cross currency swap	USD 2,000	2017.10.20
Cross currency swap	USD 1,000	2017.10.30
Cross currency swap	USD 1,500	2017.12.20
Cross currency swap	USD 3,000	2017.12.20
Cross currency swap	USD 4,000	2018.01.22
Cross currency swap	USD 5,500	2018.02.12
Cross currency swap	USD 2,000	2018.03.29

Cross currency swap contracts signed by the Group were foreign exchange contracts among different foreign currencies. However, these cross currency swap contracts are not accounted for under hedge accounting.

D. Credit risk information for the year ended December 31, 2017 and the third quarter of 2017 are as follows:

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

(b) For the nine months ended September 30, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) The credit quality of accounts receivable (including related parties) that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	December 31, 2017	September 30, 2017
Group 1	$ 7,898	$ 8,657
Group 2	5,639	9,380
Group 3	499,433	612,419
	$ 512,970	$ 630,456

Group 1: New customers (less than 6 months from the first transaction).

Group 2: Existing customers (more than 6 months from the first transaction) with share capital less than $500,000.

Group 3: Existing customers (more than 6 months from the first transaction) with share capital exceeding $500,000.

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

	December 31, 2017	September 30, 2017
Up to 30 days	$ 19,039	$ 8,587
31 to 90 days	-	-
91 to 180 days	-	-
Over 180 days	-	-
	$ 19,039	$ 8,587

The above ageing analysis was based on past due date, the credit quality did not change significantly and the related accounts can still be recovered after assessment. There was no concern about impairment.

(e) As of December 31, 2017 and September 30, 2017, no impairment was recognized for the Group's accounts receivable.

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

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

Sales of goods

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

B. The revenue recognised by using above accounting policies for the third quarter of 2017 are as follows:

	Three months ended September 30, 2017
Sales of goods	$ 1,103,343

	Nine months ended September 30, 2017
Sales of goods	$ 3,033,298

C. There were no effects on description of current balance sheet and comprehensive income statement items if the Group continues adopting above accounting policies.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", the significant transactions for the nine months ended September 30, 2018 are as follows:

A. Loans to others: None.

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

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

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

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

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

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

H. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 3.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Notes 6(2)(10) and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland China: Please refer to table 4.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Segment information

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	Nine months ended September 30, 2018		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	$ 3,409,336	$ -	$ 3,409,336
Total	$ 3,409,336	$ -	$ 3,409,336
Reportable segments profit	$ 250,468	$ -	$ 250,468
Segments profit (loss), including:			
Interest income	$ 18,308	$ -	$ 18,308
Depreciation and amortization	$ 129,465	$ -	$ 129,465
Share of profit (loss) of associates and joint ventures accounted for using equity method	$ 13,807	$ -	$ 13,807
Income tax expense	$ 96,654	$ -	$ 96,654

	Nine months ended September 30, 2017		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	$ 3,033,298	$ -	$ 3,033,298
Total	$ 3,033,298	$ -	$ 3,033,298
Reportable segments profit	$ 270,991	$ -	$ 270,991
Segments profit (loss), including:			
Interest income	$ 14,623	$ -	$ 14,623
Depreciation and amortization	$ 123,515	$ -	$ 123,515
Share of profit (loss) of associates and joint ventures accounted for using equity method	$ 19,744	$ -	$ 19,744
Income tax expense	$ 61,111	$ -	$ 61,111

(3) Reconciliation for segment income (loss)

The Group has only one reportable operating segment. The profit and assets of the reportable segment are consistent with that in the consolidated financial statements. Related information is as follows:

	Nine months ended September 30,	
	2018	2017
Reportable segments income	$ 250,468	$ 270,991
Income before tax from continuing operations	$ 250,468	$ 270,991

Creative Sensor Inc. and subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Nine months ended September 30, 2018

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Securities held by	Marketable securities categories (Note 1)	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2018 Number of shares (in thousands)	Book value (Note 2)	Ownership (%)	Fair value	Footnote
The Company	Beneficiary certificate	Mega Diamond Money Market Fund	-	Financial assets at fair value through profit or loss - current	3,642	$ 45,557	-	$ 45,557	
〃	〃	Prudential Financial Money Market Fund	-	〃	1,776	28,021	-	28,021	
〃	〃	FSITC Money Market Fund	-	〃	227	40,326	-	40,326	
〃	〃	FSITC Taiwan Money Market Fund	-	〃	4,295	65,530	-	65,530	
〃	〃	Allianz Global Investors Taiwan Money Market Fund	-	〃	2,422	30,266	-	30,266	
〃	〃	Jih Sun Money Market Fund	-	〃	4,070	60,130	-	60,130	
〃	〃	Union Money Market Fund	-	〃	1,519	20,000	-	20,000	
〃	〃	CTBC Hua Win Money Market Fund	-	〃	2,731	30,011	-	30,011	
						$ 319,841		$ 319,841	

Securities held by	Marketable securities categories (Note 1)	Marketable securities	Relationship with the securities issuer	General ledger account	As of September 30, 2018 Number of shares (in thousands)	Book value (Note 2)	Ownership (%)	Fair value	Footnote
The Company	Stock	TECO ELECTRIC & MACHINERY CO., LTD.	A company which accounts the Company using equity method	Financial assets at fair value through other comprehensive income- non-current	10,000	$ 221,500	0.50%	$ 221,500	
〃	〃	Koryo Electronics Co., Ltd.	-	〃	2,871	72,780	5.54%	72,780	
〃	〃	MUTUALPAK	-	〃	108	-	0.89%	-	
〃	〃	Taiwan Pelican Express Co., Ltd.	-	〃	1,781	43,723	1.87%	43,723	
						$ 338,003		$ 338,003	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

Note 2: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Creative Sensor Inc. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Nine months ended September 30, 2018

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions (Note)		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
The Company	Wuxi Creative Sensor Technology Co., Ltd.	The Company's third-tier subsidiary	Purchases	$ 346,817	11%	75~90 days after monthly billing	$ -	Note	($ 117,678)	10%	-
〃	Nanchang Creative Sensor Technology Co., Ltd.	〃	〃	2,757,474	89%	75~90 days after monthly billing	-	Note	(1,033,607)	90%	-
Nanchang Creative Sensor Technology Co., Ltd.	Krom Electronics Co., Ltd	The compmany is a director of the Company’s ultimate holding company	〃	290,661	12%	45~60 days after monthly billing	-	Note	(106,931)	12%	-

Note: The payment term is 45~90 days after monthly billing for third parties and is 75 days after semi-monthly billing for foreign parties.

Creative Sensor Inc. and subsidiaries
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
Nine months ended September 30, 2018

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2018	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
Wuxi Creative Sensor Technology Co., Ltd.	The Company	Parent company	$ 117,678	3.75	$ -	-	$ 36,688	$ -
Nanchang Creative Sensor Technology Co., Ltd.	〃	〃	1,033,607	4.24	-	-	380,251	-

Creative Sensor Inc. and subsidiaries
Significant inter-company transactions during the reporting periods
Nine months ended September 30, 2018

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	The Company	Wuxi Creative Sensor Technology Co., Ltd.	1	Accounts payable	$ 117,678	75~90 days after monthly billing	2.50%
〃	〃	〃	〃	Purchases	346,817	〃	10.17%
〃	〃	Nanchang Creative Sensor Technology Co., Ltd.	〃	Accounts payable	1,033,607	75~90 days after monthly billing	21.98%
〃	〃	〃	〃	Purchases	2,757,474	〃	80.88%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 4: Individual transactions not reaching $10,000 and their corresponding transactions will not be disclosed.

Creative Sensor Inc. and subsidiaries
Information on investees
Nine months ended September 30, 2018

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at September 30, 2018					
Investor	Investee	Location	Main business activities	Balance as at September 30, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the nine months ended September 30, 2018	Investment income(loss) recognised by the Company for the nine months ended September 30, 2018 (Note)	Footnote
The Company	Creative Sensor Inc.	British Virgin Islands	Holding company	$ 974,576	$ 974,576	29,414,994	100	$ 2,611,552	$ 135,147	$ 135,147	Subsidiary
The Company	Creative Sensor (USA) Co.	U.S.A.	Collection of marketing information and maintaining customer relationship	3,169	3,169	100,000	100	3,074	40	40	Subsidiary
The Company	K9 Inc.	South Korea	Packaging for image sensor module	32,314	32,314	845,000	33.82	-	-	-	Investee accounted for using equity method
The Company	Teco Image Systems Co., Ltd.	Taiwan	Design, manufacturing and trading of multi-function printer, fax machine and scanner	271,728	271,728	11,996,000	10.66	307,596	126,476	13,807	Investee accounted for using equity method
Creative Sensor Inc.	Creative Sensor Co., Ltd.	Hong Kong	Holding company	977,388	977,388	29,501,368	100	1,845,239	100,768	-	Subsidiary

Note: The Company has not directly recognised the income (loss) on investment in Creative Sensor Co., Ltd.

Creative Sensor Inc. and subsidiaries
Information on investments in Mainland China
Nine months ended September 30, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

A. Information on reinvestment in Mainland Area

					Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the nine months ended September 30, 2018								
Investee in Mainland China	Main business activities	Paid-in capital (Note 2)	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018 (Note 3)	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2018 (Note 3)	Net income of investee as of September 30, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2018 (Note 4)	Book value of investments in Mainland China as of September 30, 2018	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2018	Footnote
Wuxi Creative Sensor Technology Co., Ltd.	Image Sensor	$ 551,035	Note 1	$ 456,250	$ -	$ -	$ 456,250	$ 19,986	100	$ 19,986	$ 714,160	$ 149,550	None
Nanchang Creative Sensor Technology Co., Ltd.	Image Sensor	965,890	Note 1	443,555	-	-	443,555	91,523	100	91,523	1,129,934	-	"

Note 1: Through investing in an existing company in the third area (Creative Sensor Inc.), which then invested in the investee in Mainland China.
Note 2: The paid-in capital of two investee companies in the original currency amounted to RMB$123,920 thousand and RMB$217,215 thousand, respectively.
Note 3: Wuxi Creative Sensor Technology Co., Ltd.'s accumulated amount of remittance from Taiwan to Mainland China as of January 1 and September 30, 2018 in the original currency was both US$14,915 thousand. Nanchang Creative Sensor Technology Co., Ltd.'s accumulated amount of remittance from Taiwan to Mainland China as of January 1 and September 30, 2018 in the original currency was both US$14,500 thousand.
Note 4: Investment income (loss) recognised for the nine months ended September 30, 2018 was evaluated and disclosed based on the financial statements that are reviewed and attested by R.O.C. parent company's CPA.

B. Ceiling on reinvestments in Mainland Area

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
The Company	$ 899,805	$ 902,558	$ 1,936,670

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2018 in original currency amounted to US$29,415 thousand.
Note 2: Investment amount in the original currency approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) amounted to US$29,505 thousand.
Furthermore, Wuxi Creative Sensor Technology Co., Ltd. distributed dividends to Creative Sensor Co., Ltd., then invested US$15,300 thousand in Nanchang Creative Sensor Technology Co., Ltd.