CREATIVE SENSOR INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 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.

Creative Sensor Inc.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2018, pursuant to "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," the company that is required to be included in the consolidated financial statements of affiliates, is the same as the company required to be included in the consolidated financial statements of parent and subsidiary companies under International Financial Reporting Standard 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare separate consolidated financial statements of affiliates.

Hereby declare,

Representative: Ko Ikujin

March 25, 2019

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying consolidated balance sheets of Creative Sensor Inc. and its subsidiaries (the "Group") as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

The key audit matters in relation to the consolidated financial statements for the year ended December 31, 2018, are outlined as follows:

Impairment assessment of investments accounted for using equity method

Description

Please refer to Note 4(14) for accounting policy on investments of associates accounted for using equity method, Note 5 for the details of uncertainty of impairment assessment and assumption of investments accounted for using equity method, and Note 6(7) for the details of investments accounted for using equity method.

The Group applied value-in-use to measure recoverable amount and assessed the impairment of its investment, Teco Image Systems Co., Ltd. (hereinafter referred to as "Teco Image Systems"), accounted for using equity method. Since value-in-use involved forecasting of future years' cash flow and determination of discounted rate, there is high uncertainty in relation to the assumptions, and the estimated outcome had a significant effect to the valuation of value-in-use, we identified the impairment assessment of investments accounted for using equity method as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding of the procedures in estimating future cash flows, and confirmed that the future cash flows which were used in the valuation model was in agreement with the Teco Image Systems's operation plan.
2. Compared the estimated revenue growth rate, gross rate and operating expense rate which were used in assessing value-in-use with historical data, other independent sources of economic and industry forecasting.
3. Compared the discounted rate which was used in assessing value-in-use with the capital cost in cash-generating units and similar return on assets.
4. Checked the calculation accuracy of the valuation model.

Existence of revenues of the newly top 10 significant customers

Description

Please refer to Note 4(25) for accounting policy on revenue recognition, Note 6(16) for the details of operating revenue.

The Group was mainly engaged in manufacturing and trading of image sensor and its electronic components. The products were primarily applied in multi-function printers, fax machines and scanners. The Group's sales counterparties were mostly optimal OEM or system vendors and were based on the long-term business partnership. The Group was improving and developing their market share in order to maintain their leadership in the market.

After comparing the lists of the Group's top 10 significant customers for years ended December 31, 2018 and 2017, there were changes in sales revenue resulting in some customers being newly included in the top 10 list, and impacts the consolidated operating revenue. We considered the existence of sales revenues in relation to those newly top 10 significant customers to be significant to the financial statements. Therefore, we determined the existence of revenues from the newly top 10 significant customers as a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

1. Assessed the revenue cycle and performed tests to determine that the Group's direct revenue process follows the internal control procedures.
2. Checked the related industry background information in respect of the newly top 10 significant customers.
3. Obtained and selected samples to verify related vouchers of sales revenue from the newly top 10 significant customers.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of Creative Sensor Inc. as at and for the years ended December 31, 2018 and 2017.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chang, Shu-Chiung　　　　　　　　　　Chou Tseng, Hui-Chin

For and on behalf of PricewaterhouseCoopers, Taiwan

March 25, 2019

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)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 773,409	17	$ 779,885	17
1110	Financial assets at fair value through profit or loss - current	6(2) and 12(4)	276,972	6	392,328	8
1136	Financial assets at amortised cost - current, net	6(4)	1,233,141	26	-	-
1170	Accounts receivable, net	6(5)	636,693	14	531,432	12
1180	Accounts receivable - related parties, net	6(5) and 7	1,653	-	577	-
130X	Inventories, net	6(6)	497,264	11	331,744	7
1476	Other current financial assets	12(4)	-	-	1,095,248	24
1479	Other current assets, others		47,654	1	37,775	1
11XX	**Current Assets**		3,466,786	75	3,168,989	69
	Non-current assets					
1517	Non-current financial assets at fair value through other comprehensive income	6(3)	284,042	6	-	-
1523	Non-current available-for-sale financial assets, net	12(4)	-	-	405,033	9
1550	Investments accounted for using equity method	6(7)	303,321	7	324,929	7
1600	Property, plant and equipment, net	6(8)	485,435	10	613,890	13
1780	Intangible assets		6,909	-	4,306	-
1840	Deferred income tax assets	6(20)	23,213	1	17,038	1
1900	Other non-current assets	6(9)	64,598	1	61,864	1
15XX	**Non-current assets**		1,167,518	25	1,427,060	31
1XXX	**Total assets**		$ 4,634,304	100	$ 4,596,049	100

(Continued)

CREATIVE SENSOR INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2170	Accounts payable		$ 789,060	17	$ 668,483	15
2180	Accounts payable - related parties	7	115,601	3	85,983	2
2200	Other payables	6(10)	345,215	7	346,911	8
2230	Income tax payable		24,543	1	19,863	-
2300	Other current liabilities		10,173	-	9,992	-
21XX	**Current Liabilities**		1,284,592	28	1,131,232	25
	Non-current liabilities					
2570	Deferred income tax liabilities	6(20)	111,553	2	60,458	1
25XX	**Non-current liabilities**		111,553	2	60,458	1
2XXX	**Total Liabilities**		1,396,145	30	1,191,690	26
	Equity attributable to owners of parent					
	Share capital	6(12)				
3110	Capital stock - common stock		1,270,550	27	1,270,550	28
	Capital surplus	6(13)				
3200	Capital surplus		677,467	15	677,467	15
	Retained earnings	6(14)				
3310	Legal reserve		439,415	9	418,413	9
3320	Special reserve		39,847	1	39,847	1
3350	Unappropriated retained earnings		674,960	15	693,805	15
	Other equity interest	6(15)				
3400	Other equity interest		135,920	3	304,277	6
31XX	**Equity attributable to owners of the parent**		3,238,159	70	3,404,359	74
3XXX	**Total equity**		3,238,159	70	3,404,359	74
	Significant contingent liabilities and unrecognized contract commitments	9				
	Significant subsequent events	11				
3X2X	**Total liabilities and equity**		$ 4,634,304	100	$ 4,596,049	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)

			Year ended December 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Net revenue**	6(16) and 7	$ 4,576,761	100	$ 3,957,862	100
5000	**Cost of revenue**	6(6)(19) and 7	(4,023,893)	(88)	(3,405,903)	(86)
5900	**Gross profit**		552,868	12	551,959	14
	Operating expenses	6(19)				
6100	Selling expenses		(93,048)	(2)	(91,921)	(2)
6200	General and administrative expenses		(161,152)	(3)	(149,520)	(4)
6300	Research and development expenses		(72,233)	(2)	(97,398)	(3)
6000	**Total operating expenses**		(326,433)	(7)	(338,839)	(9)
6900	**Income from operations**		226,435	5	213,120	5
	Non-operating income and expenses					
7010	Other income	6(17)	76,024	2	62,945	1
7020	Other gains and losses	6(18)	(1,449)	-	(15,906)	-
7060	Share of profit of associates and joint ventures accounted for using equity method, net		17,178	-	23,529	1
7000	**Total non-operating income and expenses**		91,753	2	70,568	2
7900	**Profit before income tax**		318,188	7	283,688	7
7950	Income tax expense	6(20)	(112,388)	(2)	(73,669)	(2)
8200	**Net income**		$ 205,800	5	$ 210,019	5
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Other comprehensive income, before tax, actuarial gains (losses) on defined benefit plans	6(11)	$ 4,358	-	$ 2,527	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	6(3)(15)	(120,991)	(3)	-	-
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(15)	(20,696)	-	71	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	(1,044)	-	(430)	-
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**		(138,373)	(3)	2,168	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(15)	(30,242)	(1)	(37,097)	(1)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	6(15)	-	-	10,575	1
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(15)	(97)	-	7,542	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**		(30,339)	(1)	(18,980)	-
8500	**Total comprehensive income for the year**		$ 37,088	1	$ 193,207	5
	Basic earnings per share	6(21)				
9750	**Total basic earnings per share**		$	1.62	$	1.65
	Diluted earnings per share	6(21)				
9850	**Total diluted earnings per share**		$	1.60	$	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)

		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
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 2017		-	-	-	-	-	210,019	-	-	-	210,019
Other comprehensive income (loss) for 2017	6(15)	-	-	-	-	-	2,168	(37,987)	-	19,007	(16,812)
Total comprehensive income (loss)		-	-	-	-	-	212,187	(37,987)	-	19,007	193,207
Appropriations of 2016 earnings	6(14)										
Legal reserve		-	-	-	25,753	-	(25,753)	-	-	-	-
Cash dividends		-	-	-	-	-	(203,288)	-	-	-	(203,288)
Balance at December 31, 2017		$1,270,550	$ 673,471	$ 3,996	$ 418,413	$ 39,847	$ 693,805	$ 164,115	$ -	$ 140,162	$3,404,359
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)	-	-	-	-	-	(3,437)	-	143,599	(140,162)	-
Balance at 1 January after adjustments		1,270,550	673,471	3,996	418,413	39,847	690,368	164,115	143,599	-	3,404,359
Net income for 2018		-	-	-	-	-	205,800	-	-	-	205,800
Other comprehensive income (loss) for 2018	6(15)	-	-	-	-	-	3,082	(30,339)	(141,455)	-	(168,712)
Total comprehensive income (loss)		-	-	-	-	-	208,882	(30,339)	(141,455)	-	37,088
Appropriations of 2017 earnings	6(14)										
Legal reserve		-	-	-	21,002	-	(21,002)	-	-	-	-
Cash dividends		-	-	-	-	-	(203,288)	-	-	-	(203,288)
Balance at December 31, 2018		$1,270,550	$ 673,471	$ 3,996	$ 439,415	$ 39,847	$ 674,960	$ 133,776	$ 2,144	$ -	$3,238,159

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)

	Notes	Years ended December 31, 2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 318,188	$ 283,688
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(8)(19)	166,719	162,372
Amortization	6(19)	5,529	4,460
Expected credit impairment losses	12(2)	192	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	6(2)(18)	51,786	(31,831)
Share of profit of associates and joint ventures accounted for using equity method		(17,178)	(23,529)
Net (gain) loss on disposal of property, plant and equipment	6(18)	(716)	695
Interest income	6(17)	(26,238)	(20,386)
Dividend income	6(17)	(15,351)	(14,769)
Reversal of impairment loss on non-financial assets	6(8)(18)	(2,669)	(999)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial asset at fair value through profit or loss		63,570	142,600
Accounts receivable		(106,529)	18,091
Inventories		(173,672)	(76,838)
Other current assets		(4,743)	(8,357)
Changes in operating liabilities			
Accounts payable		133,125	50,015
Accounts payable - related parties		31,612	2,700
Other payables		15,464	35,551
Other current liabilities		181	(4,195)
Cash inflow generated from operations		439,270	519,268
Interest received		21,102	18,790
Dividends received		33,345	29,166
Income tax paid		(64,089)	(79,453)
Net cash flows from operating activities		429,628	487,771
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost		(145,174)	-
Increase in other financial assets		-	(31,006)
Acquisition of property, plant and equipment	6(23)	(58,634)	(17,640)
Proceeds from disposal of property, plant and equipment		739	206
Acquisition of intangible assets		(6,239)	(1,572)
Increase in refundable deposits		(451)	-
Increase in other non-current assets		1,965	(4,930)
Net cash flows used in investing activities		(207,794)	(54,942)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of cash dividends	6(14)	(203,288)	(203,288)
Net cash flows used in financing activities		(203,288)	(203,288)
Effect of exchange rate		(25,022)	(60,180)
Net (decrease) increase in cash and cash equivalents		(6,476)	169,361
Cash and cash equivalents at beginning of year		779,885	610,524
Cash and cash equivalents at end of year		$ 773,409	$ 779,885

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

CREATIVE SENSOR INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT AS OTHERWISE INDICATED)

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 authorised by the Board of Directors on March 25, 2019.

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 in other comprehensive income.

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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.

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.

The Group expects to recognise 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"). It is expected that 'right-of-use asset' and lease liability will be increased by $46,687 and $4,899, and other non-current assets will be decreased by $41,788 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
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'
Amendments to IFRS 3, 'Definition of a business'
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'
IFRS 17, 'Insurance contracts'

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(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 was not restated. The financial statements for the year ended December 31, 2017 was 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:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

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

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in New Taiwan dollars, which is the Company’s functional and the Group’s presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;

(c) All resulting exchange differences are recognized in other comprehensive income.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) 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.

(8) 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.

(9) 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.

(10) Accounts and notes receivable

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.

(11) 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.

(12) Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(13) Inventories

Inventories are stated at the lower of cost and net realisable value. The perpetual inventory system is adopted for inventory recognition. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate, if it loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20 years
Machinery and equipment	3 - 10 years
Office equipment	3 - 5 years
Leasehold improvements	5 years
Other equipment	3 - 5 years

(16) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(17) Operating leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(19) 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.

(20) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(21) 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.

(22) 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.

(23) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expenses and liabilities, provided that such recognition is required under legal obligation or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(24) 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.

(25) 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.

(26) Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. Government grants related to property, plant and equipment are presented by deducting the grants from the asset's carrying amount and are amortized to profit or loss over the estimated useful lives of the related assets as reduced depreciation expenses

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Impairment assessment of investments accounted for using equity method

The Group assesses the impairment of an investment accounted for using equity method as soon as there any indication that it might have been impaired and its carrying amount cannot be recoverable. The Group assesses the recoverable amounts of an investment accounted for under the equity method based on the present value of the Group's share of expected future cash flows of the investee, and analyses the reasonableness of related assumptions.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and revolving funds	$ 373	$ 182
Checking accounts and demand deposits	616,013	602,015
Time deposits	157,023	177,688
Total	$ 773,409	$ 779,885

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	December 31, 2018
Current items:	
Financial assets mandatorily measured at fair value through profit or loss	
Beneficiary certificates	$ 273,461
Derivative instrument	1,802
	275,263
Valuation adjustment	1,709
Total	$ 276,972

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

	Year ended December 31, 2018
Financial assets mandatorily measured at fair value through profit or loss	
Beneficiary certificates	$ 1,496
Derivative instrument	(53,282)
Total	($ 51,786)

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

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

Derivative instruments	December 31, 2018 Contract amount (Notional principal) (In thousands)	Maturity date of the contract
Cross currency swap	USD 2,000	2019.01.22
Cross currency swap	USD 4,000	2019.02.22
Cross currency swap	USD 5,500	2019.04.12
Cross currency swap	USD 1,000	2019.04.22
Cross currency swap	USD 1,500	2019.06.20
Cross currency swap	USD 3,000	2019.06.21
Forward foreign exchange contracts	USD 3,000	2019.01.23
Forward foreign exchange contracts	USD 2,000	2019.01.29
Forward foreign exchange contracts	USD 1,000	2019.01.29
Forward foreign exchange contracts	USD 2,000	2019.04.26
Forward foreign exchange contracts	USD 2,000	2019.05.21

(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.

D. The information for the year ended December 31, 2017 is provided in Note 12(4).

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

Effective 2018

Items	December 31, 2018
Non-current items:	
Equity instruments	
Listed stocks	$ 286,186
Unlisted stocks	3,590
	289,776
Valuation adjustment	(5,734)
Total	$ 284,042

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 $284,042 as at December 31, 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:

		Year ended December 31, 2018
Equity instruments at fair value through other comprehensive income		
Fair value change recognised in other comprehensive income	($	120,991)
Dividend income recognised in profit or loss		
Held at end of year	$	15,351

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 is provided in Note 12(4).

(4) Financial assets at amortised cost

Effective 2018

Items		December 31, 2018
Current items:		
Time deposits with maturity over three months	$	1,233,141

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

		Year ended December 31, 2018
Interest income	$	14,700
Loss on disposals	(	1,005)
	$	13,695

B. As at December 31, 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 $1,233,141.

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 is provided in Note 12(4).

(5) Accounts receivable

	December 31, 2018	December 31, 2017
Accounts receivable	$ 636,885	$ 531,432
Accounts receivable due from related parties	1,653	577
Less: Loss allowance	(192)	-
	$ 638,346	$ 532,009

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

	December 31, 2018	December 31, 2017
Without past due	$ 637,034	$ 512,970
Up to 30 days	1,504	19,039
	$ 638,538	$ 532,009

The above ageing analysis was based on past due date.

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

C. As at December 31, 2018 and 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 $638,346 and $532,009, respectively.

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

(6) Inventories

	December 31, 2018		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 186,901	($ 7,332)	$ 179,569
Work in progress	23,294	(90)	23,204
Finished goods	298,628	(4,137)	294,491
Total	$ 508,823	($ 11,559)	$ 497,264

	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

The cost of inventories recognized as expense for the year:

	Years ended December 31, 2018	Years ended December 31, 2017
Cost of goods sold	$ 4,025,414	$ 3,402,586
Inventory valuation loss	1,678	6,296
Others	(3,199)	(2,979)
Total	$ 4,023,893	$ 3,405,903

(7) Investments accounted for using equity method

	December 31, 2018	December 31, 2017
K9 Inc.	$ -	$ -
Teco Image Systems Co., Ltd	303,321	324,929
	$ 303,321	$ 324,929

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

Company name	Principal place of business	Shareholding ratio December 31, 2018	Shareholding ratio December 31, 2017	Nature of relationship	Methods of measurement
Teco Image Systems Co., Ltd	Taiwan	10.66%	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 December 31, 2018	Teco Image Systems Co., Ltd December 31, 2017
Current assets	$ 1,504,127	$ 1,889,630
Non-current assets	1,010,122	931,701
Current liabilities	(742,630)	(838,503)
Non-current liabilities	(24,805)	(30,265)
Total net assets	$ 1,746,814	$ 1,952,563
Share in associate's net assets	$ 186,285	$ 207,893
Goodwill	117,036	117,036
Carrying amount of the associate	$ 303,321	$ 324,929

Statement of comprehensive income

	Years ended December 31,	
	2018	2017
Revenue	$ 2,162,117	$ 2,354,414
Profit for the period from continuing operations	$ 160,483	$ 220,773
Other comprehensive (loss) income, net of tax	(197,427)	71,411
Total comprehensive (loss) income	($ 36,944)	$ 292,184
Dividends received from associates	$ 17,994	$ 14,395

C. The Group's material associate, Teco Image Systems Co., Ltd, has quoted market prices. As of December 31, 2018 and 2017, the fair value was $167,944 and $199,134, 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 December 31, 2018 and 2017, the Group's shareholding ratio in K9 Inc. and the ending balance of investment was all 33.82%. For the years ended December 31, 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	-	2,897	4,325	2,186	349	34,797	44,554
Disposals	-	(23)	-	-	-	-	(23)
Transfer	-	32,732	-	-	819	(33,551)	-
Reclassifications	-	-	-	-	-	(1,528)	(1,528)
Gain on reversal of impairment	-	2,669	-	-	-	-	2,669
Depreciation	(47,667)	(108,316)	(3,757)	(5,945)	(1,034)	-	(166,719)
Net exchange differences	(2,736)	(4,655)	(34)	(16)	(9)	42	(7,408)
Closing net book value as at December 31	$ 183,247	$ 287,641	$ 6,136	$ 6,309	$ 1,946	$ 156	$ 485,435
At December 31, 2018							
Cost	$ 631,003	$ 1,492,832	$ 52,395	$ 43,763	$ 31,209	$ 156	$ 2,251,358
Accumulated depreciation and impairment	(447,756)	(1,205,191)	(46,259)	(37,454)	(29,263)	-	(1,765,923)
	$ 183,247	$ 287,641	$ 6,136	$ 6,309	$ 1,946	$ 156	$ 485,435

	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		-		59		8,573		8,899
Disposals		-	(	32)		-		-		-	(	869)	(	901)
Transfer		-		68,409		155		-		106	(| 68,670)		-
Reclassifications		-		-		-		-		-	(	367)	(	367)
Gain on reversal of impairment		-		130		-		-		-		869		999
Depreciation	(	46,926)	(	104,410)	(	3,597)	(	5,811)	(	1,628)		-	(	162,372)
Net exchange differences	(	6,630)	(	10,071)	(	176)	(	106)	(	76)	(	1,499)	(	18,558)
Closing net book value as at December 31	$	233,650	$	362,337	$	5,602	$	10,084	$	1,821	$	396	$	613,890
At December 31, 2017														
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

A. For the years ended December 31, 2018 and 2017, the Group recognized impairment loss both amounting to $0 and gain on reversal of impairment was $2,669 and $999, respectively, after assessing and comparing the carrying amount and recoverable amount of property, plant and equipment.

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

(9) Other non-current assets

	December 31, 2018		December 31, 2017	
Long-term prepaid rents	$	41,788	$	43,542
Prepayments for equipment		2,245		4,420
Refundable deposits		4,630		4,179
Others		15,935		9,723
	$	64,598	$	61,864

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 $1,104 and $1,090 for the years ended December 31, 2018 and 2017, respectively.

(10) Other payables

	December 31, 2018		December 31, 2017	
Accrued employees' compensation and directors' and supervisors' remuneration	$	37,044	$	37,803
Royalties payable		52,191		52,191
Bonus payable		107,266		119,698
Wages and salaries payable		71,034		49,241
Service fees payable		6,798		7,301
Payables on equipment		6,627		20,707
Freight payable		6,811		3,641
Others		57,444		56,329
	$	345,215	$	346,911

(11) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act,, 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 Act,. 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) The amounts recognized in the balance sheet are as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$ 8,624	$ 12,303
Fair value of plan assets	(19,606)	(18,842)
Net defined benefit assets	($ 10,982)	($ 6,539)

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit asset
Year ended December 31, 2018			
Balance at January 1	$ 12,303	($ 18,842)	($ 6,539)
Interest expense (income)	160	(245)	(85)
	12,463	(19,087)	(6,624)
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	(519)	(519)
Change in financial assumptions	141	-	141
Experience adjustments	(3,980)	-	(3,980)
	(3,839)	(519)	(4,358)
Balance at December 31	$ 8,624	($ 19,606)	($ 10,982)

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit asset
Year ended December 31, 2017			
Balance at January 1	$ 14,698	($ 18,647)	($ 3,949)
Interest expense (income)	235	(298)	(63)
	14,933	(18,945)	(4,012)
Remeasurements:			
Return on plan asset (excluding amounts included in interest income or expense)	-	103	103
Change in financial assumptions	561	-	561
Experience adjustments	(3,191)	-	(3,191)
	(2,630)	103	(2,527)
Balance at December 31	$ 12,303	($ 18,842)	($ 6,539)

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS19 paragraph 142. The percentage composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2018	2017
Discount rate	1.20%	1.30%
Future salary increases	3.00%	3.00%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	($ 347)	$ 364	$ 334	($ 322)
December 31, 2017				
Effect on present value of defined benefit obligation	($ 470)	$ 492	$ 451	($ 434)

The sensitivity analysis above is based on other conditions that are unchanged but only one assumption is changed. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2019 amounts to $0.

(g) As of December 31, 2018, the weighted average duration of that retirement plan is 17 years.

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 years ended December 31, 2018 and 2017, were $17,289 and $15,622, respectively.

(12) Capital stock

A. As of December 31, 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 years ended December 31, 2018 and 2017, there was no movement in the number of the Company's shares which was both 127,055 thousand shares.

(13) 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.

(14) 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 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. (a) 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	$ -	$ 25,753	$ -
Cash dividends	203,288	1.6	203,288	1.6
Total	$ 224,290		$ 229,041	

The abovementioned earnings appropriation for the year of 2017 was in agreement with the amounts proposed by the Board of Directors on March 21, 2018.

(b) The 2018 earnings appropriation which was proposed at the Board of Directors' meeting on March 25, 2019, is as follows:

	Year ended December 31, 2018	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 20,580	$ -
Cash dividends	165,171	1.3
Total	$ 185,751	

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.

E. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6 (19).

(15) 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	7,027	-	7,027
Valuation adjustment:			
－Group	(120,991)	-	(120,991)
－Associates	(20,464)	-	(20,464)
Currency translation differences:			
－Group	-	(30,242)	(30,242)
－Associates	-	(97)	(97)
At December 31, 2018	$ 2,144	$ 133,776	$ 135,920

	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	10,575	-	10,575
－Associates	8,432	-	8,432
Currency translation differences:			
－Group	-	(37,097)	(37,097)
－Associates	-	(890)	(890)
At December 31, 2017	$ 140,162	$ 164,115	$ 304,277

(16) Operating revenue

	Year ended December 31, 2018
Revenue from contracts with customers	$ 4,576,761

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the following major geographical regions:

Year ended December 31, 2018	China	Others	Total
Revenue from external customer contracts	$ 2,295,882	$ 2,280,879	$ 4,576,761

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

B. Related disclosures for the year ended December 31, 2017, operating revenue are provided in Note 12(5) B.

(17) Other income

	Years ended December 31, 2018	2017
Interest income:		
Interest income from bank deposits	$ 11,538	$ 20,386
Interest income from financial assets measured at amortised cost	14,700	-
Total interest income	26,238	20,386
Rental revenue	4,061	4,036
Government grants	12,259	4,272
Dividend income	15,351	14,769
Directors' and supervisors' remuneration	13,381	14,722
Other income, others	4,734	4,760
	$ 76,024	$ 62,945

(18) Other gains and losses

	Years ended December 31, 2018	Years ended December 31, 2017
Gains (losses) on disposal of property, plant and equipment	$ 716	($ 695)
Foreign exchange gains (losses)	51,633	(44,723)
(Losses) gains on financial assets (liabilities) at fair value through profit or loss	(51,786)	31,831
Gains on reversal of impairment loss recognised in profit or loss - property, plant and equipment	2,669	999
Other gains and losses	(4,681)	(3,318)
	($ 1,449)	($ 15,906)

(19) Employee benefit expense, depreciation and amortization

For the years ended December 31, 2018 and 2017, employee benefit expense, depreciation and amortization categorized by function were summarized as follows:

	Year ended December 31, 2018		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 349,438	$ 160,488	$ 509,926
Labor and health insurance fees	31,077	10,178	41,255
Pension costs	10,996	6,208	17,204
Other personnel expense	11,216	7,461	18,677
Depreciation	148,842	17,877	166,719
Amortization	3,777	1,752	5,529

	Year ended December 31, 2017		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 283,996	$ 174,788	$ 458,784
Labor and health insurance fees	30,622	10,266	40,888
Pension costs	9,228	6,331	15,559
Other personnel expense	8,986	7,342	16,328
Depreciation	144,907	17,465	162,372
Amortization	2,708	1,752	4,460

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 years ended December 31, 2018 and 2017, employees' compensation was accrued at $27,783 and $28,352, respectively; directors' and supervisors' remuneration was accrued at $9,261 and $9,451, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated based on the distributable profit of current year for the year ended December 31, 2018. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors were $27,783 and $9,261, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration of 2017 as resolved by the Board of Directors were in agreement with those amounts recognized in the 2017 financial statements were $28,352 and $9,451, respectively, and the employees' compensation will 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.

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2018	Years ended December 31, 2017
Current tax:		
Total current tax	$ 68,296	$ 64,329
10% tax imposed on undistributed surplus earnings	-	2,948
Prior year income tax (over) under estimation	(204)	(146)
Total current tax	68,092	67,131
Deferred tax:		
Origination and reversal of temporary differences	20,869	7,183
Impact of change in tax rate	23,007	-
Effect of exchange rate	420	(645)
Total deferred tax	44,296	6,538
Income tax expense	$ 112,388	$ 73,669

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

	Years ended December 31, 2018	Years ended December 31, 2017
Remeasurement of defined benefit obligations	$ 872	$ 430
Impact of change in tax rate	172	-
	$ 1,044	$ 430

B. Reconciliation between income tax expense and accounting profit:

	Years ended December 31, 2018	Years ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 92,759	$ 64,267
Effect from items disallowed by tax regulations	(6,230)	(6,708)
Prior year income tax underestimation	(204)	(146)
Tax on undistributed surplus earnings	-	2,948
Change in assessment of realisation of deferred tax assets	3,056	13,308
Effect from changes in tax regulation	23,007	-
Income tax expense	$ 112,388	$ 73,669

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary difference and investment tax credit are as follows:

	2018			
Temporary differences:	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
－Deferred tax assets:				
Unrealized gain on affiliates	$ 499	($ 178)	$ -	$ 321
Unrealized inventory valuation losses	2,421	596	-	3,017
Unrealized expenses	4,079	7,402	-	11,481
Loss on scraps of property, plant and equipment	1,747	(27)	-	1,720
Unrealized grant revenue	2,425	(722)	-	1,703
Impairment loss on property, plant and equipment	5,867	(896)	-	4,971
	$ 17,038	$ 6,175	$ -	$ 23,213
－Deferred tax liabilities:				
Unrealised exchange gain	($ 1,443)	$ 767	$ -	($ 676)
Gain on investments accounted for using equity method	(57,903)	(50,418)	-	(108,321)
Unrealized valuation gain on financial assets	-	(360)	-	(360)
Defined benefit plan	(1,112)	(40)	(1,044)	(2,196)
	($ 60,458)	($ 50,051)	($ 1,044)	($ 111,553)
	($ 43,420)	($ 43,876)	($ 1,044)	($ 88,340)

Temporary differences:	2017 January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
—Deferred tax assets:				
Unrealized gain on affiliates	$ 697	($ 198)	$ -	$ 499
Unrealized inventory valuation losses	791	1,630	-	2,421
Unrealized valuation loss on foreign financial assets	3,061	(3,061)	-	-
Unrealized expenses	893	3,186	-	4,079
Loss on scraps of property, plant and equipment	1,784	(37)	-	1,747
Unrealized grant revenue	3,255	(830)	-	2,425
Impairment loss on property, plant and equipment	5,786	81	-	5,867
Unrealized exchange gain	1,293	(1,293)	-	-
	$ 17,560	($ 522)	$ -	$ 17,038
—Deferred tax liabilities:				
Unrealised exchange gain	$ -	($ 1,443)	$ -	($ 1,443)
Gain on investments accounted for using equity method	(52,696)	(5,207)	-	(57,903)
Defined benefit plan	(671)	(11)	(430)	(1,112)
	($ 53,367)	($ 6,661)	($ 430)	($ 60,458)
	($ 35,807)	($ 7,183)	($ 430)	($ 43,420)

D. The amounts of deductible temporary difference that are not recognized as deferred tax assets are as follows:

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ 39	$ 87

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

F. 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.

(21) Earnings per share

	Year ended December 31, 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	$ 205,800	127,055	$ 1.62
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 205,800	127,055	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,626	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 205,800	$ 128,681	$ 1.60

	Year ended December 31, 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	$ 210,019	127,055	$ 1.65
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 210,019	127,055	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	1,410	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 210,019	$ 128,465	$ 1.63

(22) 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 $19,394 and $18,987 for these leases in profit or loss for the years ended December 31, 2018 and 2017, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	December 31, 2018	December 31, 2017
Not later than one year	$ 17,691	$ 19,751
Later than one year but not later than five years	1,556	3,564
Total	$ 19,247	$ 23,315

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2018	2017
Purchase of property, plant and equipment	$ 44,554	$ 8,899
Add: Opening balance of payable on equipment	20,707	29,448
Less: Ending balance of payable on equipment	(6,627)	(20,707)
Cash paid during the year	$ 58,634	$ 17,640

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

	Years ended December 31,	
	2018	2017
Sales of goods:		
－Associates	$ 6,930	$ 4,141

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

	Years ended December 31,	
	2018	2017
Purchases of goods:		
－The Group's key management		
－KROM ELECTRONICS	$ 427,814	$ 343,131

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

	December 31, 2018	December 31, 2017
Accounts receivable:		
－Associates	$ 1,653	$ 577

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

	December 31, 2018	December 31, 2017
Accounts payable:		
－The Group's key management		
－KROM ELECTRONICS	$ 115,601	$ 85,983

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 years ended December 31, 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 $40,686 and $34,883, respectively, including employees' compensation and directors' and supervisors' remuneration accrued in the profit or loss for the years ended December 31, 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(22).

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUNT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to Note 6(14).

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase treasury shares to optimise capital structure. The Group monitors capital on the basis of the gearing ratio or net worth per share. The former is calculated as net debt divided by total capital while the latter is calculated with total equity divided by number of shares. Total borrowings is net debt. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

During the year ended December 31, 2018, the Group's strategy, which was unchanged from 2017, was to maintain the gearing ratio within 0% to 20%.

The gearing ratios at December 31, 2018 and 2017 were as follows:

	December 31, 2018	December 31, 2017
Net debt	$ -	$ -
Total eauity	$ 3,238,159	$ 3,404,359
Total capital	$ 3,238,159	$ 3,404,359
Gearing ratio	$ -	$ -

(2) Financial instruments

A. Financial instruments by category

	December 31, 2018	December 31, 2017
Financial assets		
Financial assets at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$ 276,972	$ -
Financial assets held for trading	-	392,328
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	284,042	-
Available-for-sale financial assets	-	405,033
Financial assets at amortised cost		
Cash and cash equivalents	773,409	779,885
Accounts receivable (including related parties)	638,346	532,009
Guarantee deposits paid	4,630	4,179
Other financial assets	-	1,095,248
Financial assets at amortised cost	1,233,141	-
	$ 3,210,540	$ 3,208,682

	December 31, 2018	December 31, 2017
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ -	$ -
Financial liabilities at amortised cost		
Accounts payable (including related parties)	904,661	754,466
Other payables	345,215	346,911
	$ 1,249,876	$ 1,101,377

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) in accordance with internal plans or policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments as well as acquisition and disposal of assets.

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) 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 are as follows:

	December 31, 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	$ 55,185	30.79	$ 1,699,146	1%	$ 16,991	$ -
RMB：NTD	2,371	4.49	10,646	1%	106	-
USD：RMB	36,882	6.86	1,135,597	1%	11,356	-
Financial liabilities						
Monetary items						
USD：NTD	$ 35,593	30.79	$ 1,095,908	1%	$ 10,959	$ -
USD：RMB	25,114	6.86	773,260	1%	7,733	-

	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	-

v. The summary amount for the years ended December 31, 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 $51,633 and ($44,723), 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 years ended December 31, 2018 and 2017 would have increased/decreased by $27,517 and $38,863, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. For the year ended December 31, 2018, other components of equity would have increased/decreased by $28,404, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income. For the year ended December 31, 2017, shareholders' equity would have increased/decreased by $40,503, 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 December 31, 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 December 31, 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 December 31, 2018, the total book value of accounts receivable and loss allowance were $638,538 and $192, 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	192
At December 31	$ 192

For provisioned loss for the year ended December 31, 2018, the impairment losses arising from customers' contracts amount to $192.

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

	December 31, 2018			
		Lifetime		
	12 months	Significant increase in credit risk	Impairment of credit	Total
Financial assets at amortised cost	$ 1,233,141	$ -	$ -	$ 1,233,141

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 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

December 31, 2018	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Accounts payable (including related parties)	$ 904,661	$ -	$ -
Other payables	345,215	-	-

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	-	-

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 are as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 275,170	$ -	$ -	$ 275,170
Derivative instruments	-	1,802	-	1,802
Financial assets at fair value through other comprehensive income				
Equity securities	284,042	-	-	284,042
Total	$ 559,212	$ 1,802	$ -	$ 561,014

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

(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 years ended December 31, 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:

(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	-	-	-	-	(7,027)	7,027
IFRS9	$ 392,328	$ 405,033	$ 1,095,248	$ 1,892,609	$ 690,368	$ 307,714

(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 $7,027 and increasing other equity interest in the amount of $7,027.

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

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

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

i. The Group recognised net profit amounting to $24,406 on financial assets held for trading for the year ended December 31, 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:

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

i. For the year ended December 31, 2017, the Group recognized other comprehensive income due to change in fair value in the amount of $10,575.

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

(c) Other current financial assets

	December 31, 2017
Time deposits	$ 1,095,248

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

D. Credit risk information for the year ended December 31, 2017 is 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 year ended December 31 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
Group 1	$ 7,898
Group 2	5,639
Group 3	499,433
	$ 512,970

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 are as follows:

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

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 , 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 is 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 year ended December 31, 2017 is as follows:

	Year ended December 31, 2017
Sales of goods	$ 3,957,862

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 year ended December 31, 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) 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.

The Group's Chief Operating Decision-Maker evaluates performance based on information such as segment profit or loss before tax and segment assets.

(2) Measurement of segment information

The Group's Chief Operating Decision-Maker evaluates performance based on information such as segment profit or loss before tax and segment assets.

(3) Segment information

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

	Year ended December 31, 2018		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	$ 4,576,761	$ -	$ 4,576,761
Total	$ 4,576,761	$ -	$ 4,576,761
Reportable segments profit	$ 318,188	$ -	$ 318,188
Reportable segments income			
Segments profit, including:			
Interest income	$ 26,238	$ -	$ 26,238
Depreciation and amortization	$ 172,248	$ -	$ 172,248
Share of profit of associates and joint ventures accounted for using equity method	$ 17,178	$ -	$ 17,178
Segment assets	$ 4,634,304	$ -	$ 4,634,304
Income tax expense	$ 112,388	$ -	$ 112,388

	Year ended December 31, 2017		
	Single operating segment	Reconciliation and elimination	Total
Reportable segments income			
Revenue from external customers	$ 3,957,862	$ -	$ 3,957,862
Total	$ 3,957,862	$ -	$ 3,957,862
Reportable segments profit	$ 283,688	$ -	$ 283,688
Reportable segments income			
Segments profit, including:			
Interest income	$ 20,386	$ -	$ 20,386
Depreciation and amortization	$ 166,832	$ -	$ 166,832
Share of profit of associates and joint venturess accounted for using equity method	$ 23,529	$ -	$ 23,529
Segment assets	$ 4,596,049	$ -	$ 4,596,049
Income tax expense	$ 73,669	$ -	$ 73,669

(4) Reconciliation for segment income

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:

	Years ended December 31, 2018	Years ended December 31, 2017
Reportable segments income	$ 318,188	$ 283,688
Income before tax from continuing operations	$ 318,188	$ 283,688
Reportable segment assets	$ 4,634,304	$ 4,596,049
Total assets	$ 4,634,304	$ 4,596,049

(5) Information on products and services

It is not applicable since the Group operates a single segment.

(6) Geographical information

Geographical information for the years ended December 31, 2018 and 2017 is as follows:

	Years ended December 31,			
	2018		2017	
	Revenue	Non-current assets	Revenue	Non-current assets
China	$ 2,295,882	$ 531,225	$ 2,015,311	$ 659,452
Others	2,280,879	9,946	1,942,551	9,730
	$ 4,576,761	$ 541,171	$ 3,957,862	$ 669,182

(7) Major customer information

Information relating to major customers who account for more than 10% of sales revenue disclosed on the consolidated statements of comprehensive income for the years ended December 31, 2018 and 2017 is as follows:

	Years ended December 31,			
	2018		2017	
Customers	Sales amount	Proportions (%)	Sales amount	Proportions (%)
Company A	$ 1,049,680	23	$ 849,485	22
Company B	663,442	15	489,816	12
Company C	655,781	14	647,523	16
Company D	530,744	12	512,143	13

Creative Sensor Inc. and subsidiaries

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

Year ended Decemberber 31, 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 December 31, 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	$ 45,610	-	$ 45,610	
〃	〃	Allianz Global Investors Taiwan Money	-	〃	1,776	28,054	-	28,054	
〃	〃	FSITC Taiwan Money Market Fund	-	〃	227	40,372	-	40,372	
〃	〃	Prudential Financial Money Market Fund	-	〃	3,313	50,605	-	50,605	
〃	〃	Jih Sun Money Market Fund	-	〃	2,422	30,303	-	30,303	
〃	〃	FSITC Money Market Fund	-	〃	4,070	60,203	-	60,203	
〃	〃	Union Money Market Fund	-	〃	1,519	20,023	-	20,023	
						$ 275,170		$ 275,170	

Securities held by	Marketable securities categories (Note 1)	Marketable securities	Relationship with the securities issuer	General ledger account	As of December 31, 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	$ 174,500	0.50%	$ 174,500	
〃	〃	Koryo Electronics Co., Ltd.	-	〃	2,871	70,627	5.54%	70,627	
〃	〃	MUTUALPAK	-	〃	108	-	0.89%	-	
〃	〃	Taiwan Pelican Express Co., Ltd.	-	〃	1,781	38,915	1.87%	38,915	
						$ 284,042		$ 284,042	

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

Year ended Decemberber 31, 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	$ 486,850	12%	75~90 days after monthly billing	$ -	Note	($ 139,695)	13%	-
〃	Nanchang Creative Sensor Technology Co., Ltd.	〃	〃	3,663,137	88%	75~90 days after monthly billing	-	Note	(903,744)	86%	-
Nanchang Creative Sensor Technology Co., Ltd.	Krom Electronics Co., Ltd	The compmany is a director of the Company’s ultimate holding company	〃	397,261	13%	60 days after monthly billing	-	Note	(106,442)	13%	-

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

Year ended Decemberber 31, 2018

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 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	$ 139,695	3.62	$ -	-	$ 92,399	$ -
Nanchang Creative Sensor Technology Co., Ltd.	〃	〃	903,744	4.56	-	-	625,444	-

Creative Sensor Inc. and subsidiaries
Significant inter-company transactions during the reporting periods
Year ended Decemberber 31, 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	$ 139,695	75~90 days after monthly billing	3.01%
〃	〃	〃	〃	Purchases	486,850	〃	10.64%
〃	〃	Nanchang Creative Sensor Technology Co., Ltd.	〃	Accounts payable	903,744	75~90 days after monthly billing	19.50%
〃	〃	〃	〃	Purchases	3,663,137	〃	80.04%

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
Year ended Decemberber 31, 2018

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance as at December 31, 2018	Balance as at December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income(loss) recognised by the Company for the year ended December 31, 2018 (Note)	Footnote
The Company	Creative Sensor Inc.	British Virgin Islands	Holding company	$ 974,576	$ 974,576	29,414,994	100	$ 2,644,502	$ 152,517	$ 151,199	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	3,103	48	48	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	303,321	160,483	17,178	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	1,869,653	108,689	-	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

Year ended Decemberber 31, 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 year ended December 31, 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 December 31, 2018 (Note 3)	Net income of investee as of December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 （Note 4）	Book value of investments in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
Wuxi Creative Sensor Technology Co., Ltd.	Image Sensor	$ 555,930	Note 1	$ 459,233	$ -	$ -	$ 459,233	$ 17,457	100	$ 17,457	$ 718,217	$ 149,550	None
Nanchang Creative Sensor Technology Co., Ltd.	Image Sensor	974,470	Note 1	446,455	-	-	446,455	102,973	100	101,655	1,099,696	-	"

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 December 31, 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 December 31, 2018 in the original currency was both US$14,500 thousand.

Note 4: Investment income (loss) recognised for the year ended December 31, 2018 was evaluated and disclosed based on the financial statements that are audited 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 December 31, 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	$ 905,688	$ 908,459	$ 1,942,895

Note 1: Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 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.