Stock Code:8201

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
With Independent Auditors' Review Report
For the Nine Months Ended September 30, 2018 and 2017

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The independent auditors' review report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Review Report

To the Board of Directors of Inventec Besta Co.,Ltd.

Introduction

We have reviewed the accompanying consolidated balance sheets of Inventec Besta Co., Ltd. and its subsidiaries as of September 30, 2018 and 2017, and the related consolidated statements of comprehensive income for the three and the nine months ended September 30, 2018 and 2017, and the consolidated statements of changes in equity and cash flows for the nine months ended September 30, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non- significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to $48,375 thousand and $62,270 thousand, constituting 4.60% and 5.46% of consolidated total assets as of September 30, 2018 and 2017, respectively, total liabilities amounting to $16,034 thousand and $29,381 thousand, constituting 5.07% and 11.68% of consolidated total liabilities as of September 30, 2018 and 2017, respectively, and total comprehensive income (loss) to $27,763 thousand, $(1,514) thousand, $27,401 thousand and $(2,235) thousand, constituting (64.22)%, 17.81%, (27.62)% and 2.86%, respectively, of consolidated total comprehensive income (loss) for the three months and the six months ended September 30, 2018 and 2017, respectively.

Furthermore, as stated in Note 6(g), the other equity accounted investments of Inventec Besta Co., Ltd. and its subsidiaries in its investee companies of $7,373 thousand and $15,399 thousand as of September 30, 2018 and 2017, respectively, and the share of profit(loss) of associates accounted for the using equity method of $(1,020) thousand, $(916) thousand, $(3,513) thousand and $(2,387) thousand for the three months and the September months ended September 30, 2018 and 2017, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Inventec Besta Co., Ltd. and its subsidiaries as of September 30, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the nine months and the nine months ended September 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Shu-Ling Lien and Wan-Wan Lin.

KPMG

Taipei, Taiwan (Republic of China) November 13, 2018

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A REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

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

(Expressed in Thousands of New Taiwan Dollars)

		2018.9.30		2017.12.31		2017.9.30	
	ASSETS	AMOUNT	%	AMOUNT	%	AMOUNT	%
	CURRENT ASSETS：						
1100	Cash and cash equivalents (Note 6(a))	$ 305,335	29	390,490	31	299,157	27
1150	Notes receivable, net (Note 6(d)	10,943	1	16,980	1	22	-
1170	Accounts receivable, net (Note 6(d))	172,743	17	151,032	12	176,400	16
1180	Accounts receivable due from related parties, net (Note 6(d)and7)	12,519	1	1,904	-	385	-
1200	Other receivables, net(Notes 6 (e) and 7)	107,427	10	145,517	12	82,255	7
1220	Current tax assets	196	-	294	-	271	-
130X	Inventories(Note 6(f))	57,568	5	51,090	4	64,506	6
1479	Other current assets others	8,877	1	36,677	3	34,348	3
		675,608	64	793,984	63	657,344	59
	NON-CURRENT ASSETS：						
1517	Non-current financial assets at fair value through other comprehensive income (Notes 4 and 6(b))	62,590	6	-	-	-	-
1543	Non-current financial assets at cost (Notes 4 and 6(c))	-	-	155,400	12	155,400	14
1550	Investments accounted for using equity method(Note 6(g))	7,373	1	10,841	1	15,399	1
1600	Property, plant and equipment (Note 6(h))	276,777	27	287,864	23	289,147	25
1780	Intangible assets (Note 6(i))	10,187	1	11,240	1	12,122	1
1840	Deferred tax assets	3,063	-	3,000	-	3,000	-
1980	Other non-current financial assets (Note 6(d) and 8)	15,590	1	7,132	-	7,338	-
1990	Other non-current assets, others	273	-	606	-	-	-
		375,853	36	476,083	37	482,406	41
	TOTAL ASSETS	$ 1,051,461	100	1,270,067	100	1,139,750	100

		2018.9.30		2017.12.31		2017.9.30	
	LIABILITIES AND EQUITY	AMOUNT	%	AMOUNT	%	AMOUNT	%
	CURRENT LIABILTIES ：						
2130	Current contract liabilities (Note 6(o))	23,729	2	-	-	-	-
2150	Notes payable	2,252	-	6,140	-	-	-
2170	Accounts payable(Note 7)	153,352	15	222,179	17	100,901	9
2200	Other payables (Note 7)	56,891	5	54,473	5	51,270	5
2230	Current tax liabilities	-	-	576	-	226	-
2250	Current provisions	1,114	-	1,220	-	1,064	-
2300	Other current liabilities	7,498	1	43,784	4	21,406	2
		244,836	23	328,372	26	174,867	16
	NON-CURRENT LIABILITIES：						
2570	Deferred tax liabilities	12,057	1	11,819	1	11,849	1
2640	Net defined benefit liability, non-current	57,467	6	59,730	5	62,203	5
2670	Other non-current liabilities, others	1,587	-	2,320	-	2,654	-
		71,111	7	73,869	6	76,706	6
	TOTAL LIABILITIES	315,947	30	402,241	32	251,573	22
	EQUITY ATTRIBUTABLE TO OWNERS OF PARENTE：(Note 6(m))						
3100	Ordinary share	623,663	59	623,663	49	623,663	55
3200	Capital surplus	198,959	19	296,189	23	296,189	26
3300	Retained earnings	(36,791)	(3)	(97,230)	(8)	(77,026)	(7)
3400	Other equity interest	(50,317)	(5)	45,204	4	45,351	4
	TOTAL EQUITY	735,514	70	867,826	68	888,177	78
	TOTAL LIABILITIES AND EQUITY	$ 1,051,461	100	1,270,067	100	1,139,750	100

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Three and the Nine Months Ended September 30, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended September 30,				For the nine months ended September 30,			
		2018		2017		2018		2017	
		AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	Sales revenue (Notes 4,6(o),6(p)and 7)	$ 287,617	100	290,847	100	983,259	100	915,534	100
5000	Operating costs (Notes 6(f))	(245,868)	(85)	(233,502)	(80)	(851,012)	(87)	(774,786)	(85)
	Gross profit from operations	41,749	15	57,345	20	132,247	13	140,748	15
5910	Less :Unrealized profit (loss) from sales	34	-	-	-	(503)	-	(967)	-
5920	Add: Realized profit (loss) on from sales	-	-	-	-	836	-	763	-
		41,783	15	57,345	20	132,580	13	140,544	15
	Operating expenses:								
6100	Selling expenses	(36,721)	(13)	(29,151)	(10)	(98,179)	(10)	(89,618)	(10)
6200	Administrative expenses	(14,384)	(5)	(17,414)	(6)	(43,729)	(4)	(54,371)	(5)
6300	Research and development expenses	(24,462)	(9)	(23,043)	(9)	(73,333)	(8)	(67,993)	(7)
6450	Expected credit gain (loss)	(537)	-	-	-	(202)	-	-	-
	Total operating expenses	(76,104)	(27)	(69,608)	(25)	(215,443)	(22)	(211,982)	(22)
	Net-operating loss	(34,321)	(12)	(12,263)	(5)	(82,863)	(9)	(71,438)	(7)
	Non-operating income and expenses:								
7010	Other income (Note 6(r))	3,500	1	2,985	1	11,703	1	9,810	-
7020	Other gains and losses(Note 6(r))	31,815	11	232	-	38,194	4	(12,353)	(2)
7050	Finance costs(Note 6(r))	(21)	-	(21)	-	(92)	-	(33)	-
7060	Share of loss of associates accounted for using equity method(Note 6(g))	(1,020)	-	(916)	-	(3,513)	-	(2,387)	-
	Total non-operating income and expenses	34,274	12	2,280	1	46,292	5	(4,963)	(2)
7900	Loss from continuing operations before tax	(47)	-	(9,983)	(4)	(36,571)	(4)	(76,401)	(9)
7950	Less: Tax expense (Note 4 and 6(l))	4	-	(134)	-	(220)	-	(625)	-
	Loss for the period Other comprehensive income (loss):	(43)	-	(10,117)	(4)	(36,791)	(4)	(77,026)	(9)
8310	Items that will never be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(40,267)	(14)	-	-	(59,698)	(6)	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(40,267)	(14)	-	-	(59,698)	(6)	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Foreign operations – foreign currency translation differences	(3,570)	(1)	1,733	1	(2,580)	-	(1,373)	-
8370	Share of other comprehensive income of associates accounted for using equity method	5	-	212	-	45	-	21	-
8399	Income tax related to components of other comprehensive income that will be	642	-	(329)	-	(176)	-	230	-

	reclassified to profit or loss								
	Total items that may be reclassified subsequently to profit or loss	(2,923)	(1)	1,616	1	(2,711)	-	(1,122)	-
	Other comprehensive income (loss) for the year net of tax	(43,190)	(15)	1,616	1	(62,409)	(6)	(1,122)	-
8500	Total comprehensive loss for the period	**$ (43,233)**	**(15)**	**(8,501)**	**(3)**	**(99,200)**	**(10)**	**(78,148)**	**(9)**
	Earnings per share (Note (6)(n))								
9750	Basic earnings per share (dollars)	**$ -**		**(0.16)**		**(0.59)**		**(1.24)**	

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INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the nine months ended September 30, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent					
				Other Equity Interest		
	Capital Stock Share Capital	Capital Surplus	Retained Earnings Unappropriated Retained Earnings	ExchangeDifferences on Translation of Foreign FinancialStatements	Unrealized Gains (Losses)from financial assets measured at fair value through other comprehensive income	Total Equity
Balance at January 1, 2017	$ 623,663	39	(94,650)	46,	-	966,325
Net income loss	-	-	(77,026)	-	-	(77,026)
Other comprehensive loss for the period	-	-	-	(1,1	-	(1,122)
Total comprehensive income (loss) for the period	-	-	(77,026)	(1,1	-	(78,148)
Other changes in capital surplus:						
Capital surplus used to offset accumulated deficits	-	(94	94,650	-	-	-
Balance at September 30, 2017	**$ 623,663**	**29**	**(77,026)**	**45,**	**-**	**888,177**
Balance at January 1,2018	$ 623,663	29	(97,230)	45,	-	867,826
Effects of retrospective application	-	-	-	-	(33,1	(33,112)
Adjusted Balance as of January 1, 2018	623,663	29	(97,230)	45,	(33,1	834,714
Net income loss	-	-	(36,791)	-	-	(36,791)
Other comprehensive loss for the period	-	-	-	(2,7	(59,6	(62,409)
Total comprehensive loss for the period	-	-	(36,791)	(2,7	(59,6	(99,200)
Other changes in capital surplus:						
Capital surplus used to offset accumulated deficits	-	(97	97,230	-	-	-
Balance at September 30, 2018	**$ 623,663**	**19**	**(36,791)**	**42,**	**(92,8**	**735,514**

CONSOLIDATED STATEMENTS OF CASH FLOWS

September 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		For the nine months ended September 30,	
		2018	2017
Cash flows from operating activities:			
Loss before income tax	$	(36,571)	(76,401)
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		5,148	7,098
Amortization expense		5,718	15,994
Expected credit loss / provisions for bad debt expenses		202	1,038
Interest expense		92	33
Interest income		(2,928)	(2,994)
Share of losses of associates and joint ventures accounted for using equity method		3,513	2,387
(Gain) loss on disposal of property, plant and equipment		(27,962)	(71)
Others		(9)	(9)
Total adjustments to reconcile profit		(16,226)	23,476
Changes in operating assets and liabilities:			
Changes in operating assets:			
Decrease in notes receivable		6,048	4,935
Increase in accounts receivable		(23,086)	(79,104)
Decrease (increase) in accounts receivable due from related parties		(10,615)	7,099
Decrease (increase) in other receivable		39,098	(18,458)
increase in inventories		(6,508)	(22,828)
Decrease (increase) in other current assets		29,431	(20,710)
Total changes in operating assets		34,368	(129,066)
Changes in operating liabilities:			
Decrease in notes		(3,888)	-
Increase (decrease) in accounts payable		(68,659)	12,604
Increase in other payable		1,153	3,128
Increase (decrease)in current provisions		(106)	506
Decrease in contract liabilities		23,729	-
Increase (decrease) in other current liabilities		(36,114)	(7,851)
Decrease in net defined benefit liabilities, non-current		(2,263)	(19,716)
Increase (decrease) in deferred credits		(332)	204
Total changes in operating liabilities		(86,480)	(11,125)
Total changes in operating assets and liabilities		(52,112)	(140,191)
Total adjustments		(68,338)	(116,715)
Cash inflow (outflow) generated from operations		(104,909)	(193,116)
Interest received		2,832	2,935
Interest paid		(82)	(24)
Income taxes paid		(699)	(8,609)
Net cash flows from (used in) operating activities		(102,858)	(198,814)
Cash flows from investing activities:			
Disposal of available-for-sale financial assets		-	16,081
Acquisition of property, plant and equipment		(2,973)	(4,258)
Proceeds from disposal of property, plant and equipment		35,997	131
Decrease(increase)in refundable deposits		(4,181)	(2,220)
Acquisition of intangible assets		(4,390)	(4,058)
Increase in other financial assets		(4,283)	1,995
Decrease(increase) in other non-current assets		334	-
Net cash flows from (used in) from investing activities		20,504	7,671

CONSOLIDATED STATEMENTS OF CASH FLOWS

September 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

Cash flows from financing activities:			
Decrease in other non-current liabilities		(401)	(775)
Net cash flows (used in) from financing activities		(401)	(775)
Effect of exchange rate changes on cash and cash equivalents		(2,400)	(1,143)
Net Increase (decrease) in cash and cash equivalents		(85,155)	(193,061)
Cash and cash equivalents at beginning of period		390,490	492,218
Cash and cash equivalents at end of period	$	**305,335**	**299,157**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Overview

Inventec Besta Co., Ltd. ("the Company") was incorporated on February 17, 1989 as a company limited by shares and registered under the Ministry of Economic Affairs, R.O.C. The address of the Company's registered office is 10F, No.36, Ln. 513, Ruiguang Rd., Neihu Dist., Taipei City, Taiwan. The Company and its subsidiaries ("the Group") were engaged primarily in the design, research, development, and sale of electronic dictionaries, electrical dictionaries, digital products, ect, and cloud business. On August 21, 2007, the Taiwan Stock Exchange Corporation (TWSE) approved the IPO of the Company, and the Company's first trading began on October 29 of the same year.

(2) Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were authorized for issuance by the Board of Directors on November 13, 2018.

(3) New Standards, amendments and Interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "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
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The Group uses the practical expedients for completed contracts, which means it need not restate those contracts that have been completed on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

(1) Sales of goods

For the sale of products, revenue was recognized when the goods loaded on board the ship, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods

Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. For some made-to-order paper product contracts, the customer controls all of the work in progress as the products are being manufactured. When this is the case, revenue will be recognized as the products are being manufactured. This will result in revenue, and some associated costs, for these contracts being recognized earlier than at present – i.e. before the goods loaded on board the ship

For certain contracts that permit a customer to return an item, revenue was recognized when a reasonable estimate of the returns could be made, provided that all other criteria for revenue recognition were met.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Otherwise, revenue recognition was deferred until the return period lapses or a reasonable estimate of returns could be made.

(2) Rending of services

Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which the Group sells the services in separate transactions.

The Group compares with the fair value and the stand-alone selling prices of the services, these amounts are broadly similar, the Group does not expect significant differences in the timing of revenue recognition for these services.

(3) Impacts on financial statements

The following tables summarize the impacts of adopting IFRS15 on the Group's consolidated financial statements:

	2018.9.30			2018.1.1		
Impacted line items on the consolidated balance sheet	Balances prior to the adoption of IFRS 15	Impact of changes in accounting policies	Balance upon adoption of IFRS15	Balance prior adoption of IFRS15	Impact of changes in accounting policies	Balance upon adoption of IFRS15
Accounts receivable	$ 195,150	1,055	196,205	169,916	884	170,800
Impact on assets		**1,055**			**884**	
Current contract liabilities	$ -	(23,729)	(23,729)	-	(34,430)	(34,430)
Other current liabilities	(30,172)	22,674	(7,498)	(43,784)	33,546	(10,238)
Impact on liabilities		**(1,055)**			**(884)**	

(ii) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 "Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in operating expenses.

Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The significant changes in accounting policies due to the application of IFRS 9 are as follows:

(1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see Note 4(c).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

(2)Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with the ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see Note 4(c).

(3) Transition

The adoption of IFRS 9 have been applied retrospectively, except as described below,

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

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.
  - If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group assumed that the credit risk on its asset will not increase significantly since its initial recognition.

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

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

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Assets				
Cash and cash equivalent	Loans and receivables	390,490	Amortized cost	390,490
Investments in equity instruments	Financial assets measured at cost (note1)	155,400	FVOCI	122,288
Receivables, net	Loans and receivables (note 2)	315,433	Amortized cost	315,433
Other financial assets (including refundable deposits and restricted cash in banks)	Loans and receivables	7,132	Amortized cost	7,132

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(Note1) These equity securities (including financial assets measured at cost) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI, resulting in a decrease of $33,112 thousand in other equity interest in those assets re- cognized, and a decrease of $33,112 thousand in other equity interest, was recognized on January 1, 2018.

(Note2) Cash and cash equivalents, Notes receivable, Accounts receivable and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on 1 January, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through other comprehensive income						
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 155,400	(155,400)	-		-	-
Addition -To FVOCT -Reclassification from available for sales (including measured at cost)	-	155,400	(33,112)		-	(33,112)
Total	$ 155,400	-	(33,112)	122,288	-	(33,112)

	106.12.31 IAS 39 帳面金額	重分類	再衡量	107.1.1 IFRS 9 帳面金額	107.1.1 保留盈餘調整數	107.1.1 其他權益調整數
透過其他綜合損益按公允價值衡量						
備供出售(包括以成本衡量)IAS 39期初數	$ 155,400	(155,400)	-		-	-
備供出售(包括以成本衡量)重分類至透過其他綜合損益按公允價值衡量	-	155,400	(33,112)		-	(33,112)
合 計	$ 155,400	-	(33,112)	122,288	-	(33,112)

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB

RS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements.

(i) IFRS 16 "Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low- value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements, wherein the detailed assessment has yet to be completed. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Group's discounting rate, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will have to recognize a right-of-use asset and a lease liability for its operating leases of offices, plant and warehouse. The related impact for adoption of IFRS 16 by the Company will be disclosed when the Company completes the assessment. No significant impact is expected for the Group's finance leases.

(1) Determining whether an arrangement contains a lease

The Group has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group can choose whether to:

- apply the IFRS 16 definition of a lease to all its contracts; Or
- apply a practical expedient and not reassess whether a contract is, or contains, a lease.

The Group plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019.

(2) Transition

As a lessee, the Group can either apply the standard using the following:

- retrospective approach; Or
- modified retrospective approach with optional practical expedients.

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

The Group is not required to make any adjustments for leases in which the Group is the lessor except where the Group is the intermediate lessor in a sub-lease.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3, Definition of a Business	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

The potential impact will be disclosed when the assessment is complete.

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance.
The results, thereof, will be disclosed when the Group completes its evaluation.

(4) Significant Accounting Policies

(a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2017. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2017.

(b) Basis of consolidation

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

1. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2018.6.30	2017.12.31	2017.6.30	Note
The Company	INVENTEC BESTA (BVI) CO., LTD.	Investment management	100%	100%	100%	
〃	BESTA (CAYMAN) CO., LTD.	Investment management	100%	100%	100%	
INVENTEC BESTA (BVI) CO., LTD.	Inventec Besta (XiAn) Co., Ltd.	Design, research and sale of electronic products	100%	100%	100%	(note2)
BESTA (CAYMAN) CO., LTD.	PILOT SUCCESS LTD.	Investment management and import/export trade	100%	100%	100%	(note3)
〃	iSing Music Technology(Beijing) Co., Ltd.	Design, research and sale of online calculator platform software of online calculator	100%	100%	100%	(note1)
〃	Besta (Kunshan) Co., Ltd	Manufacture and sale of consumer electronics and related products	100%	100%	100%	(note2)
PILOT SUCCESS LTD.	Besta Digital Technology Co., Ltd	Sale of electronic dictionaries and PDA-related products	100%	100%	100%	
Besta (Kunshan) Co., Ltd	Kunshan Besta Electronics Limited	Sale of electronic dictionaries and PDA-related products	100%	100%	100%	(note2)

Note 1：Liquidation process of iSing Music Technology (Beijing) Co., Ltd. was completed on May 21, 2018.

Note 2:The Company is an non-significant subsidiaries, its financial statements have not been reviewed.

Note 3：The boards of directors resolved to liquidate PILOT SUCCESS LTD on July 23, 2018.The liquidation is still in process.

2.Subsidiaries excluded from the consolidated financial statements: None.

(c) Financial assets (applicable from January 1, 2018)

1. Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI). The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets/them.

(1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; And
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment' s fair value in other comprehensive income. This election is made on an investment-by-investment basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, derived from debt investments are recognized in profit or loss; whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(3) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and other account receivable, other account receivables, guarantee deposit paid and other financial assets), contract assets.

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

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

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

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

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; Or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

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

(4) Derecognition of financial assets

Financial assets are derecognized when the contractual rights of the cash inflow from the assets are terminated, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On partial derecognition of a financial assets, the difference between the carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in other equity account unrealized gains or losses from available for sale financial assets is reclassified to profit or loss, under "other gains and losses, net".

The Group separates the part that continues to be recognized and the part that is derecognized, based on the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is charged to profit or loss.

(d) Revenue from contracts with customers (applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1. Sale of goods - consumer electronics

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

For certain contracts with volume discounts to customers, revenue are recognized on a net basis of contract price less estimated volume discount. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and only to the extent that it is highly probable that a significant that a significant reversal will not occur.

A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with market practice.

The group's obligation to provide a refund for faulty products under the standard warranty terms is recognized as a provision details.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2. Consulting services and Management services

The IT consulting division provides business IT management, design, implementation and support services. Revenue from providing services is recognized in the accounting period in which the services are rendered.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by VALUE IFRS Plc exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

3. Construction contracts

The Group is engaged in contract of digital computer science and information engineering. The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both, the customer pays the fixed amount based on a payment schedule. The consideration is paid by the customer according to the agreed payment terms. The excess of the amount that has been recognized as revenue over the amount that the Company has issued a bill is recognized as a contract asset. When the entitlement to the payment becomes unconditional, the contract asset is transferred to receivables.

When the outcome of a construction contract cannot be estimated reliably, revenue shall be recognized only to the extent of contract costs incurred that it is probable will be recoverable.

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by the management.

(e) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

When tax rate changes during the interim period, the effect of the change in tax rate relating to transactions recognized outside scope of profit or loss is recognized in full in the period in which the change in tax rate occurs. The effect of the change in tax rate relating to transactions recognized in profit or loss is incorporated into estimation of the average annual income tax rate, with corresponding effect recognized throughout the interim periods.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at time of realization or liquidation and recognized directly in equity or other comprehensive income as tax expense.

(f) Employee benefits

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(5) Major Sources of Accounting Assumptions, Judgments and Estimation Uncertainty

The preparation of the consolidated interim financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The principles of preparation of the consolidated interim financial statements and the related significant estimates and underlying assumptions are consistent with Note 5 of the consolidated interim financial statements for the year ended December 31, 2017.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(6) Summary of Major Accounts

(a) Cash and cash equivalents

	2018.9.30	2017.12.31	2017.9.30
Cash on hand	$ 360	664	314
Demand deposits	31,370	34,698	31,554
Foreign currency deposits	38,585	45,851	40,284
Time deposits	198,312	208,025	207,255
Cash equivalents	36,708	101,252	19,750
Total	$ 305,335	390,490	299,157

Refer to Note 6(s) for the disclosure of interest rate risk and sensitivity analysis of the financial assets and liabilities of the Company.

(b) Non-current financial assets at fair value through other comprehensive income

	2018.9.30
Equity investments at fair value through other comprehensive income	
Stocks not listed on domestic market	$ 62,590

The Group holds these equity instruments, which are not held for trading at designated fair value through other comprehensive income, for long-term strategic purposes. These investments were recognized at financial assets measured at cost on December 31, 2017 and September 30, 2017.

No strategic investments were disposed as of September 30, 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

Please refer to Note 6(s) for credit risk, including impairment of debt instruments, and market risk of the Group.

The aforesaid financial assets were not pledged as collateral.

(c) Non-current financial assets at cost

1. Details were as follows:

(1) Non-current financial assets at cost

	2018.9.30	2017.12.31	2017.9.30
Domestic stock of non-listed company	$ -	155,400	155,400

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

The aforementioned investments held by the Group were measured at cost less impairment as of December 31 and September 30, 2017, given that the probabilities for each assumption in the range of estimated fair value of the aforementioned investments held by the Company cannot be reasonably determined, the Company had determined that the fair value thereof could not be reliably measured and therefore were measured at cost less any impairment loss as of December 31, 2017 and September 30, 2017. Those investments were presented under financial assets measured at financial assets measured at FVTOCI as of September 30, 2018.

Please refer to Note 6(s) for credit risk and market risk of the Group.

As of December 31 and September 30, 2017, the aforesaid financial assets measured at cost, the Group were not pledged as collateral.

(d)Notes and accounts receivable, net

	2018.9.30	2017.12.31	2017.9.30
Notes receivable	$ 10,968	17,017	22
Account receivable	186,114	153,923	178,422
Long-term accounts (under Other non-current financial assets)	3,315	-	-
Less：Allowance for impairment	(776)	(140)	(159)
Allowance for sales returns and discounts	-	(884)	(1,478)
Unrealized Interest Revenue	(133)	-	-
	$ 199,488	169,916	176,807

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables on September 30, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporate forward looking information. The loss allowance provision as of September 30, 2018 was determined as follows:

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Gross carrying amount	Expected loss rate	Loss allowance provision
Not past due	$ 189,924	0.00%~0.84%	274
Overdue 0 to 30 days	7,555	0.00%~1.72%	86
Overdue 30 to 180days	2,831	0.00%~2.32%	414
Over 181 days past due	87	1.92%~2.52%	2
Total	**$ 200,397**		**776**

As of December 31 and September 30, 2017, the Group applies incurred loss model to consider the loss allowance provision of notes and trade receivable. As of December 31 and September 30, 2017, the aging analysis of notes and trade receivable which were past due but not impaired was as follows:

	2018.09.30	2017.09.30
Overdue 0 to 30 days	$ 15,933	8,939
Overdue 30 to 180days	8,102	5,665
Over 181 days past due	184	386
Total	**$ 24,219**	**14,990**

The movement in the allowance for notes and trade receivable were as follow:

	For the nine months ended September 30		
		2017	
	2018	Individually assessed impairment	Collectively assessed impairment
alance on January 1, 2018 and 2017(Under IAS 39)	$ 140	4,928	74
Adjustment on initial application of IFRS 9	-		
Balance on January 1, 2018(Under IFRS 9)	140		
Impairment losses (recognized) reversed	1,190	(96)	85
Amounts written off	(554)	(4,832)	-
Balance on September 30, 2018 and 2017	**$ 776**	**-**	**159**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(e)Other receivables, net

	2018.9.30	2017.12.31	2017.9.30
Other receivables	$ 107,786	146,864	83,449
Less: Allowance for impairment loss	(359)	(1,347)	(1,194)
	$ 107,427	145,517	82,255

As of December 31 and September 30, 2017, the aging analysis of other receivable which was past due but not impaired was as follows:

	2017.12.31	2017.9.30
Over 181 days past due	$ 1,004	1,004

The movement in the allowance for notes and trade receivable was as follows:

	For the nine months ended September 30		
		2017	
	2018	Individually assessed impairment	Collectively assessed impairment
Balance on January 1, 2018 and 2017(Under IAS 39)	1,347	312	136
Adjustment on initial application of IFRS 9	-		
Balance on January 1, 2018(Under IFRS 9)	1,347		
Impairment losses(recognized) reversed	(988)	995	54
Amounts written off	-	(303)	-
Balance on September 30, 2018 and 2017	$ 359	1,004	190

(f) Inventories

	2018.9.30	2017.12.31	2017.9.30
Raw materials and consumables	$ 24,398	16,627	14,968
Work in process	3,746	2,754	1,784
Finished goods and supplies in transit	8,554	11,132	7,759
Merchandise	20,870	20,577	39,995
	$ 57,568	51,090	64,506

For the three months and the nine months ended September 30, 2018 and 2017, the components of cost:

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	For the three months ended September 30		For the nine months ended September 30	
	2018	**2017**	**2018**	**2017**
Cost of goods sold	$ 243,984	232,270	846,597	774,728
Provision for inventory market price decline	1,884	1,232	4,415	58
Total	$ 245,868	233,502	851,012	774,786

The allowance for inventory valuation and obsolescence loss was due to the decline of inventory to net realizable value or obsolescence, which was recognized as cost of goods sold. However, its reversal was due to the disappearance of the inventories abandoned that resulted in net realizable value which was lower than the costs, and the increase in net realizable value was due to the decrease of the operation costs.

As of September 30, 2018, December 31, 2017, and September 30, 2017 pledged as collateral.

(g)Investments accounted for using equity method

The investment under equity method is as follows:

	2018.9.30	2017.12.31	2017.9.30
Associate	$ 7,373	10,841	15,399

1. Associate

Associates consisted of the following:

Associates	Nature of the relationship with the Group	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights 2018.9.30	2017.12.31	2017.9.30
IKNOW PTE. LTD.	Associate	Singapore	47%	47%	47%

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

under equity
method

The Group's financial information for investments in individually insignificant associates accounted for using equity method at reporting date was as follows. This financial information is included in the consolidated financial statements.

	107.9.30	106.12.31	106.9.30
Summarized financial information to the carrying amount of Individually insignificant associates	$ 7,373	10,841	15,399

	For the three months ended September 30		For the nine months ended September 30	
	2018	2017	2018	2017
The Company's share of				
Profit for the period	$ (1,020)	(916)	(3,513)	(2,387)
Other comprehensive income (loss) for the period	5	212	45	21
Total comprehensive income for the period	$ (1,015)	(704)	(3,468)	(2,366)

In order to develop the market in Singapore, Malaysia, and Indonesia, the Group invested in Iknow Pte. Ltd. and owns 47% shares of Iknow Pte.Ltd. In 2010.The investment cost was SGD 2,749 (approximately $62,641) as of September 30, 2018.

2. Pledged

As of September 30, 2018, December 31, 2017 and September 30, 2017, the investments accounted for using equity method were not pledged as collateral

3. The unviewed financial statements of investments accounted for using equity method Investments were accounted for by the equity method

The share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(h) Property, Plant and Equipment

	Land	Building and Construction	Machinery Building and equipment	Other Facilities	Leasehold Improvements	Total
Carrying amounts:						
Balance at January 1, 2018	$ 154,042	125,012	1,878	6,932	-	287,86
Balance at September 30, 2018	$ 154,042	114,219	1,552	6,964	-	276,77
Balance at January 1, 2017	$ 154,042	128,629	2,592	7,048	-	292,31
Balance at September 30, 2017	$ 154,042	125,869	2,021	7,215	-	289,14

On July 5, in pursuant to the resolution approved by the Board of the Directors,The Group decided to sell subsidiaries "s Plant and signed the contract on August 9,2018.As of September 30, 2018, the selling price amounted to $35,997 thousand have been fully received and gain on disposal amounted to $27,962thousand was recognized as other gains and losses.

There were no significant additions, disposal, or impairment in property, plant and equipment for the nine months ended September 30, 2018 and 2017. The details of depreciation are disclosed in Note 12(a). For other information about the property, plant and equipment, please refer to Note 6(f) of the consolidated financial statements for the year ended December 31, 2017.

(i) Intangible assets

	Goodwill	Royalties	Software	Total
Carrying amounts:				
Balance at January 1, 2018	$ 6,312	4,478	450	11,240
Balance at September 30, 2018	$ 6,312	2,940	935	10,187
Balance at January 1, 2017	$ 6,312	7,837	9,202	23,351
Balance at September 30, 2017	$ 6,312	4,825	985	12,122

1. Amortization and Impairment

For nine months ended September 30, 2018 and 2017, the amortization of intangible assets was respectively included in the statement of comprehensive income:

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	2017	2018	2017
Operating costs	$ 2	-	2	6,956
Operating expenses	$ 1,886	2,407	5,716	8,986

2. Impairment loss and subsequent reversal

The Group performs the impairment test of intangible assets and the recoverable amount is determined based on the value in use. The accumulated impairment losses on electronic dictionary royalties and other royalties amounted to $3,012 thousand and $47,865 thousand, respectively, as of Septermber 30, 2018.

(j) Operating leases

For the nine months ended September 30, 2018 and 2017, there were no significant changes on lease contracts. Please refer to Note 6(h) of the consolidated financial statements for the year ended December 31, 2017 for other related information.

(k) Employee benefits

1. Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material onetime events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2017 and 2016.

The expenses recognized in profit or losses for the Group were as follows:

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	2017	2018	2017
Operating cost	$ 9	6	27	24
Selling expenses	131	198	395	595
Administration expenses	63	94	187	276
Research and development expenses	147	159	441	475
Total	$ 350	457	1,050	1,370

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

2. Defined contribution plans

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	2017	2018	2017
Operating cost	$ 81	55	237	165
Selling expenses	753	911	2,722	2,201
Administration expenses	398	566	1,216	1,511
Research and development expenses	1,078	1,030	3,725	3,014
Total	$ 2,310	2,562	7,900	6,891

(1) Income taxes

1. Income tax expense

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. The group recognized the effect of the change in the tax rate all at once in the interim periods.

The Group's income tax expenses were as follows:

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	2017	2018	2017
Current income tax expense				
Current period	$ (4)	134	220	625

The details of income taxes expense (benefit) recognized in other comprehensive income were as follows:

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	2017	2018	2017
Components of other comprehensive income that will not be reclassified				

subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	**$ (642)**	**329**	**176**	**(230)**

2. Status of approval of income tax

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

(m) Capital and other equity

Except as described in the following paragraph, there were no significant changes in the Company's capital stock and other equity components for the nine months ended September 30, 2018 and 2017. For other information about the stockholders' equity please refer to Note 6(k) of the consolidated financial statements for the year ended December 31, 2017.

1.Retained earnings

The Company's articles of incorporation require that after-tax earnings shall first be offset against any deficit, and 10% of the rest be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of the legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated for operations according to the proposal, and the distributed dividends may not be lower than 10% of the earnings which are presented in the annual stockholders' meeting by the board of directors. In consideration of the Company's long-term operating plan, funding needs, and satisfying shareholder demand for cash flow, the Company distributes cash dividends of at least 10% of the aggregate of cash dividends and stock dividends if the distributions include cash dividend.

On June 27, 2018, the Company's board of directors resolved to offset accumulated deficits the 2017 deficits. On June 20, 2017, the shareholders' meeting resolved to offset accumulated deficits the 2016 deficits. These deficits e were offside as follows：

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2017	2016
Offset accumulated deficits:		
Capital surplus used to offset accumulated deficits	$ 97,230	94,650

2.Other equity, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains(losses) on financial assets at FVTOCI
Balance at January 1, 2018	$ 45,204	-
Effects of retrospective application	-	(33,112)
Balance at January 1, 2018 after adjustments	45,204	(33,112)
Exchange differences on foreign operations	(2,732)	-
Exchange differences on subsidiaries accounted for using equity method	21	-
Unrealized gain (loss) on financial assets at FVTOC	-	(59,698)
Balance at September 30, 2018	$ 42,493	(92,810)
Balance at January 1, 2017	$ 46,473	-
Exchange differences on foreign operations	(1,139)	-
Exchange differences on subsidiaries accounted for using equity method	17	-
alance at September 30, 2017	$ 45,351	-

(n) Earnings per share

The following are the calculation of basic earnings per share and diluted earnings per share:

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	2017	2018	2017
Basic earnings per share				
Loss attributable to ordinary shareholders	$ (43)	(10,117)	(36,791)	(77,026)
Weighted average number of ordinary shares(thousand shares)	62,366	62,366	62,366	62,366
Basic earnings per share (NT dollars)	$ -	(0.16)	(0.59)	(1.24)

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(o) Revenue from contracts with customers

(1) Disaggregation of revenue

	For the three months ended Septermber 30	For the nine months ended September 30
	2018	2018
Primary geographical markets：		
Taiwan	$ 141,005	397,402
Mainland China	20,248	43,474
Japan	64,530	377,677
Singapore and Malaysia	14,291	38,360
Hong Kong	26	10,720
Other Countries	47,517	115,626
	$ 287,617	983,259
Major products：		
Dictionaries	$ 31,507	95,718
Learning Machines	64,306	388,431
Digital Products	2,727	8,768
calculator	40,575	90,419
Auto parts	19,283	42,981
Business Services	98,876	275,600
Others	30,343	81,342
	$ 287,617	983,259

For details on revenue for the nine months ended September 30, 2017, please refer to Notes 6(p) and 7.

(2)Contract balances

	2018.6.30	2018.1.1
Accounts receivable	$ 213,322	170,940
Allowance for impairment loss	(208)	(140)
Total	$ 213,114	170,800

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2018.6.30	2018.1.1
Contract liabilities	$ 18,774	34,430

Please refer to Note 6(d) for details on accounts receivable and allowance for impairment.

The amount of revenue recognized for the nine months ended September 30, 2018 that was included in the contract liability balance at the beginning of the period was $24,657 thousand.

(p) Revenue

The details of revenue for the nine months ended September 30, 2017 were as follows:

	For the three months ended Septermber 30	For the nine months ended September 30
	2017	2017
Sale of goods	$ 276,637	867,077
Rendering of services	4,782	10,644
Development revenue	141	10,125
Repairs revenue	430	1,204
Royalty revenue	8,454	19,777
Others revenue	403	6,707
	$ 290,847	915,534

Please refer to Note 6(o) for details on revenue for the nine months ended September 30, 2018.

(q) Remuneration of employees and directors

In accordance with the Articles of incorporation the Company should contribute no less than 3% of the profit as employee compensation and less than 3% as directors' and supervisors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The amount of remuneration of each director and supervisor and of compensation for employees entitled to receive the abovementioned employee compensation is approved by the board of directors. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

The Group had losses before tax for the nine months ended September 30, 2018 and 2017. There are no estimate expense of rewards of employees, directors and supervisors.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(r) Non-operating income and expenses

1. Other income

The details of other income were as follows:

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	2017	2018	2017
Interest expenses				
Bank borrowings	$ 723	647	2,293	2,490
the imputed interest on the rental deposit	183	157	635	504
Rental income	2,594	2,181	8,775	6,816
	$ 3,500	2,985	11,703	9,810

2. Other income and losses

The details of other income and losses were as follows:

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	2017	2018	2017
reign exchange gains (losses), net	$ (118)	(130)	756	(13,376)
Gains (losses) on disposals of property, plant and equipment, net	27,962	98	27,962	71
Others	3,971	264	9,476	952
	$ 31,815	232	38,194	(12,353)

3. Finance Costs

The details of finance expenses were as follows:

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	2017	2018	2017
Interest expenses				
Bank borrowings	$ 21	12	83	24

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

the imputed interest on the rental deposit	-	9	9	9
	$ 21	21	92	33

(s) Financial instruments

There were no significant differences in the Group's exposure to credit risk on financial instruments, except for the following. Please refer to Note 6(p) of the consolidated financial statements for the year ended December 31, 2017 for other related information.

1. Credit risks

(1) Credit risk of accounts receivable and debt security

Please refer to Note 6(d) of the exposure to credit risk of accounts receivable and notes receivable. Please refer to Note 6(e) of impairment of financial assets at amortized cost including other receivables for the year ended December 31, 2017.

Please refer to Notes 6(b) and 6(c) of details on investments and financial instruments at fair value through other comprehensive income including private stock, etc. (financial assets at amortized cost for the year ended December 31, 2017.) for the year ended December 31, 2017.

(2) Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimation of interest, but excluding the impact of netting arrangements:

	Carrying amount	Contractual cash flows	Within 6 months	6-12months	1-2years	2-5years	More than 5 years
Balance at September 30, 2018							
Non-derivative financial liabilities							
Notes payable	$ 2,252	2,252	2,252	-	-	-	-
Accounts payable	153,352	153,352	153,352	-	-	-	-
Other payables	21,181	21,181	21,181	-	-	-	-
Receipts under custody (accounting for other current liabilities)	4,080	4,080	4,080	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	1,085	1,085	-	-	1,085	-	-

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Carrying amount	Contractual cash flows	Within 6 months	6-12months	1-2years	2-5years	More than 5 years
	$ 181,950	181,950	180,865	-	1,085	-	-
Balance at December 31, 2017							
Non-derivative financial liabilities							
Notes payable	$ 6,140	6,140	6,140	-	-	-	-
Accounts payable	222,179	222,179	222,179	-	-	-	-
Other payables	19,457	19,457	19,457	-	-	-	-
Receipts under custody (accounting for other current liabilities)	3,296	3,296	3,296	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	1,108	1,108	-	-	1,108	-	-
	$ 252,180	252,180	251,072	-	1,108	-	-
Balance at September 30, 2017							
Non-derivative financial liabilities							
Accounts payable	$ 100,901	100,901	100,901	-	-	-	-
Other payables	14,287	14,287	14,287	-	-	-	-
Receipts under custody (accounting for other current liabilities)	4,064	4,064	4,064	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	931	931	-	-	931	-	-
	$ 120,183	120,183	119,252	-	931	-	-

The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

2. Market risk

(1) Currency risk

The Group's exposures to significant currency risk were those from its foreign currency denominated financial assets and liabilities as follows:

	2018.9.30		
	Foreign currency (In thousand)	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$ 6,837	USD：TWD 30.5900	209,144

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

		323	USD：CNY 6.8865	9,881
CNY		30	CNY：TWD 4.44420	133
Financial Liabilities				
Monetary items				
USD		2,471	USD：TWD 30.5900	75,588
		113	USD：CNY 6.8865	3,457

	2017.12.31			
	Foreign currency (In thousand)		Exchange rate	TWD
Financial assets				
Monetary items				
USD	$	14,177	USD：TWD 29.7800	422,191
		329	USD：CNY 6.5379	9,798
CNY		38	CNY：TWD 4.5550	173
Financial Liabilities				
Monetary items				
USD		3,086	USD：TWD 29.7800	91,901
		225	USD：CNY 6.5379	6,701

	2017.9.30			
	Foreign currency (In thousand)		Exchange rate	TWD
Financial assets				
Monetary items				
USD	$	10,110	USD：TWD 30.3220	306,555
		291	USD：CNY 6.6481	8,824
CNY		23	CNY：TWD 4.5610	105
Financial Liabilities				
Monetary items				
USD		1,677	USD：TWD 30.3220	50,850
		377	USD：CNY 6.6481	11,431

A 5% appreciation or depreciation of the TWD against the USD as at September 30, 2018 and 2017 would have increased or decreased net income by $526 thousand and $950 thousand, respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the nine months ended September 30, 2018 and 2017.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(2) Gains or losses on foreign exchange

The exchange gains (losses) of the Group monetary items converted into the functional currency amount, and converted to the parent company's functional currency Taiwan Dollar exchange rate Information were as follow:

	For the nine months ended September 30,2018		For the nine months ended September 30,2017	
	Foreign exchange gains	Average exchange rate	Foreign exchange gains	Average exchange rate
TWD	$ 742	1.000	(13,844)	1.000
CNY	14	4.4985	468	4.5945

4. Interest risk

Please refer to the attached note for the liquidity risk management and the Group's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments at the reporting date.

If the interest rate increases / decreases by 5%, the Group' s net losses will decrease/increase by $0 thousand and $4,000 thousand for the nine months ended September 31, 2018 and 2017, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's time deposits and borrows in variable rate.

5. Fair value of financial instruments

(1) Fair value hierarchy

The Group measured its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income (available-for-sale financial assets) on a recurring basis.The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2018.9.30				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments	$ 62,590	-	-	62,590	62,590
Financial assects at amortised cost					
Cash and cash equivalents	305,335	-	-	-	-
Notes receivable, accounts receivable and other receivables	303,632	-	-	-	-
Other financial assets	15,590	-	-	-	-
Subtotal	624,557	-	-	-	-
Total	$ 687,147	-	-	62,590	62,590
Financial liabilities at amortised cost					
Notes payable, accounts payable and other payables	$ 212,495	-	-	-	-

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	2017.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assts at amortized cost	$ 155,400	-	-	-	-
Loans and receivables					
Cash and cash equivalents	390,490	-	-	-	-
Notes receivable, accounts receivable and other receivables	315,433	-	-	-	-
Other financial assets	7,132	-	-	-	-
Subtotal	713,055	-	-	-	-
Total	**$ 868,455**	-	-	-	-
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	**$ 282,792**	-	-	-	-

	2017.9.30				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assts at amortized cost	$ 155,400	-	-	-	-
Loans and receivables					
Cash and cash equivalents	299,157	-	-	-	-
Notes receivable, account receivable and other receivables	259,062	-	-	-	-
Other financial assets	7,338	-	-	-	-
Subtotal	565,557	-	-	-	-
Total	**$ 720,957**	-	-	-	-
Financial liabilities at					

amortized cost					
Notes payable, accounts payable and other payables	$ 152,171	-	-	-	-

(2) Valuation techniques and assumption for financial instruments measured at fair value:

(2.1) Non-derivative financial instruments

The fair value of financial instruments are evaluated by using the valuation technique or prices of financial instruments of comparable peers that are publicly traded. The fair value acquired through valuation technique may refer to other financial instruments with substantially similar conditions and characteristics, discounted cash flow analysis or other valuation technique, including the market Information can be obtained on the consolidated balance sheet date and calculated using the model.

The stocks of listed companies are financial assets with standard terms which are traded in the active markets. Their fair values are based on the quoted market prices.

Debit Investment Instrument that Has No Quoted Prices. The discounted cash flow model is used to estimate fair values. The main assumption for the model is to discount expected future cash flows by using a discount rate that reflects the time value of money and return on investment risk.

Fair value is a quoted price in an active market if the markets for financial instruments have quoted price.

The fair values of equity instrument listed companies and debt instruments quoted price in active market are based on published price in the mainly active securities exchange and Central Government Bonds (CGBs) in the OTC market.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have quoted price in active market. If a financial instrument does not accord with the definition aforementioned, then it is considered to be without quoted price in active market. In general, market with low trading volume or high bid-ask spreads is an indication of non-active market.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(3) The following table shows the movements in fair value measurements under level 3 of the fair value hierarchy:

	Financial assets at fair value through other comprehensive income
	Unquoted equity instruments
Balance as of January 1, 2017	$ 122,288
Total gains and losses recognized in	
Other comprehensive income	(59,698)
Balance as of September 31, 2018	$ 62,590

For the three months ended March 31, 2018 and 2017, total gains and losses included in "other gains and losses" and "unrealized gains and losses from financial assets at fair value through other comprehensive income were as follows:

	For the three months ended Septermber 30	For the nine months ended September 30
	2018	2018
Total gains and losses recognized in		
In other comprehensive income (recognized as "unrealised gains and losses fromFinancial assets at fair value through other comprehensive income ")	$ (40,267)	(59,698)

(4) The quantified information for significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets measured at fair value through other comprehensive income – equity investments".

Most of the Group' s financial assets in Level 3 have only one significant unobservable input, while its financial assets at fair value through other comprehensive income-equity investments without an active market have more than one significant unobservable inputs.

The significant unobservable inputs of financial assets at fair value through other comprehensive income-equity investments without an active market are individually independent, and there is no correlation between them.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable InputThe Relationship between
Fair value through other comprehensive income-financial instruments without an active market	Comparable Listed Companies Method	The multiplier of price-to-book Ratio (As of Sepember 30, 2018 were1.27) Market illiquidity discount (As of Sepember 30, 2018 Were15%)	The higher the PB, the higher the fair value. The higher the illiquidity discount rate, the lower the fair value.

(5)Sensitivity analysis for fair values of financial instruments using Level 3 Inputs

The measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	Input	Variation	Impact of Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change
September 30, 2018				
Financial assets at fair value through other comprehensive income				
financial instruments without an active market	Multiplier of price-to- earnings ratio	5%	2,856	(2,856)
financial instruments without an active market	Market illiquidity discount	5%	3,406	(3,406)
			$ 6,262	(6,262)

The favorable change and unfavorable change refer to the fluctuation of fair value. The fair value is calculated based on the different levels of unobservable inputs. The table above shows the impact on single input. Therefore, the relations and variations between inputs are not considered.

(t) Financial risk management

There were no significant changes in the Group's objectives and policies applied in the financial risk management as compared to Note 6(q) of the annual consolidated financial statements for the year ended December 31, 2017.

(u) Capital management

The Group's objectives, policies, and processes for capital management were consistent with the consolidated financial statements for the year ended December 31, 2017. There were no significant changes in the quantified factors of capital management as compared to the consolidated financial statements for the year ended December 31, 2017. For other information about the capital management, please refer to Note 6(r) of the consolidated financial statements for the year ended December 31, 2017.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(7) Related-Party Transactions

(a) The Company and the ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Inventec Corporation	Investor using equity-method
Da Chan Greathrall Group	Subsidiary of Inventec Corporation
Inventec Appliances Corp.	〃
E-Ton Solar Tech. Co., Ltd.	〃
Inventec Appliances (XI'AN) Corporation.	Sub-subsidiary of Inventec Corporation
Inventec Appliances (Shanghai) Corporation	Sub-subsidiary of Inventec Corporation
IKNOW PTE. LTD.	Corporation invested using equity-method

(c) Related-party transactions

1. Sales

The amounts of significant sales by the Group to related parties were as follows:

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	2017	2018	2017
Associates	$ 3,739	8,370	20,207	35,080
Other related-parties	9,929	5,021	19,197	5,935
	$ 13,668	13,391	39,404	41,015

The sales prices and collection terms aren't the same as those with other customers. The collection terms are within 30 days except for Iknow Pte. Ltd. which is within 30 and 90 days after arrival.

2. Purchase

The amounts of significant purchase transactions between the Group and related parties were as follows:

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	2017	2018	2017
Other related-parties	$ 2,396	-	6,682	-

There is no other vendor as comparison for the above purchases, and the purchase prices are based on the settling price agreed by both sides. The payment term is under conditions of purchase。

3. Account receivables from related parties

The amounts of account receivables between the Group and related parties were as follows:

Financial Statement Account	Related Party Categories	2018.6.30	2017.12.31	2017.6.30
Accounts receivable	Associates	$3,723	100	235
Accounts receivable	Other related-parties	8,796	1,804	150
Other receivables	Other related-parties	-	78	-
		$12,519	**1,982**	**385**

4. Account payables from Related Parties

The amounts of Account payables between the Group and related parties were as follows:

Financial Statement Account	Related Party Categories	2018.9.30	2017.12.31	2017.9.30
Accounts payable	Other related-parties	$ 5,594	8,691	-
Other payables	Other related-parties	-	71	-
		$ 5,594	8,762	-

5. Other expense and revenue

Financial Statement Account	Related Party Categories	For the three months ended Septermber 30		For the nine months ended September 30	
		2018	2017	2018	2017
Other expenses	Other related-parties	$ 12	-	20	60

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Rental expenses	Other related-parties	1,040	1,705	4,826	5,107
Other revenue	Associates	-	-	-	22
		$ 1,052	1,705	4,846	5,189

6. Property transactions

For the nine months ended September 30, 2018, the Group purchased intangible assets from other related-parties paid the amounted $95 thousand.

7. Others

(1) The Group paid $1,207 thousand to its other related-parties for prepayment as of December 31, 2016.

(2) The Group paid $216 thousand and $222 thousand to its other related-parties for prepaid rents as of September 30, 2018 and December 31, 2017.

(3) The Group paid $76 thousand, $78 thousand and $78 thousand to its other related-parties for the refundable deposits as of September 30, 2018, December 31, 2017 and September 30, 2017.

(4) The Group paid $1,079 thousand, $952 thousand and $952 thousand to its other related-parties for the guaranteed notes in deposit as of September 30, 2018, December 31, 2017 and September 31, 2017.

(d) Key management personnel compensation

Key management personnel compensation includes:

	For the three months ended Septermber 30		For the nine months ended September 30	
	2018	**2017**	**2018**	**2017**
Short-term employee benefits	$ 4,319	3,916	13,981	15,401

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2018.9.30	2017.12.31	2017.9.30
Other non-current financial assets	Contract guarantee, Customs	$ 12,307	7,132	7,338

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

duty guarantee,
performance bond
and etc.

(9) Significant Commitments and Contingencies

(a) Major Commitments:

1. Promissory notes issued for bank credit and lease are as follows:

	2018.9.30	2017.12.31	2017.9.30
Notes issued as guarantee	$ 369,279	312,742	293,042

2. For part of the material royalty contracts, the Group paid based on sales volume and minimum guaranteed payment:

	2018.9.30	2017.12.31	2017.9.30
TWD	$ 1,056	438	781
USD	$ 168	209	254

(b) Contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events

(12) Others

(a) The employee benefits, depreciation, depletion and amortization expenses categorized by function were as follows:

By function / Nature	For the three months ended September 30, 2018			For the three months ended September 30, 2017		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	1,544	39,704	41,248	1,050	38,766	39,816
Labor and health insurance	130	3,058	3,188	91	2,929	3,020
Pension	90	2,570	2,660	61	2,958	3,019
Remuneration of directors	-	455	455	-	455	455
Others employee benefits	23	833	856	14	847	861

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Depreciation	333	1,318	1,651	459	1,481	1,940
Amortization	2	1,886	1,888	-	2,407	2,407

By function / Nature	For the nine months ended September 30, 2018			For the nine months ended September 30, 2017		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits						
Salary	4,690	116,805	121,495	3,184	111,705	114,889
Labor and health insurance	384	9,157	9,541	273	8,462	8,735
Pension	264	8,686	8,950	189	8,072	8,261
Remuneration of directors	-	1,325	1,325	-	1,435	1,435
Others employee benefits	78	2,574	2,652	50	2,496	2,546
Depreciation	945	4,203	5,148	2,623	4,475	7,098
Amortization	2	5,716	5,718	6,956	9,038	15,994

(13) Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the nine months ended September 30, 2018.

1. Loans to other parties:

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short- term financing	Number	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Besta Digital Technology Co., Ltd無	Inventec Besta (XiAn) Co., Ltd.	Other receivables	Y	4,442	4,442	-	4.35%	2	-	Working Capital	-	None	-	16,400	41,001

Note 1: The numbers filled in for the parent and subsidiaries are as follows:
(1) Parent company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.
Note 2: Reasons for financing are as follows:
a. Business relationship.

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

b. The need for short-term financing.

Note 3: According to the Company's procedures for the Management of loaning funds, the aggregate amount of loaning funds provided by the Company shall not exceed 50% of loaning funds's its net worth, where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 40 %of the lender's net worth. Each financing amount shall not exceed 50 percent of the permitted aggregate amount of loans of the company.Meanwhile; the amount of endorsements/guarantees provided by the Company for any single entity shall not exceed 30% of the Company's net worth. The net worth is based on the Company's latest parent-company-only financial statements.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

2. Guarantees and endorsements for other parties: None.

3. Securities held as balance sheet date (excluding investment subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Notes
				Shares/Unit	Carrying value	Percentage of ownership (%)	Fair value	
the Company	Da Chan Greathrall Group	Other related-parties	Non-current financial assets at fair value through other comprehensive income	15,450,000	62,590	4.78%	62,590	

4. Accumulated buying/selling of the same marketable securities for which the dollar amount reaches $300 million or 20% or more of paid-in capital: None.

5. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

6. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.

7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock: None.

8. Receivables from related parties with amounts exceeding the lower of TWD$100 million or 20% of capital stock: None.

9. Trading in derivative instruments: None.

10. Business relationships and significant intercompany transactions: None.

(b)Information on investees:

For the nine months ended September 30, 2018, the following was the information on investees (excluding investees in Mainland China):

(Expressed in thousands of dollars)

Name of the investor	Name of investee	Location	Main businesses and products	Initial investment amount		Ending balance			Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value			
The Company	INVENTEC BESTA (BVI) CO., LTD.	B.V.I.	Investment management	318,993	318,993	10,258,000	100.00%	46,987	30,001	30,001	Subsidiary (The difference is unrealized gross income from operations)
〃	BESTA (CAYMAN) CO., LTD.	Cayman	〃	1,137,242	1,137,242	35,502,000	100.00%	135,699	(1,177)	(1,177)	〃
〃	IKNOW PTE. LTD.	Singapore	Sales of electronic dictionaries and PDA-related products	62,641	62,641	683,850	47.00%	7,373	(7,475)	(3,513)	Associate under equity method
BESTA (CAYMAN) CO., LTD.	PILOT SUCCESS LTD.	B.V.I.	Investment management and import/export trade	382,968	382,968	12,002,000	100.00%	86,769	(1,067)	(1,067)	〃

Note 1: The abovementioned intercompany transactions have been eliminated in the consolidated financial statements.
Note 2: If above mention amount is related to foreign currency, it would be expressed in New Taiwan Dollar at exchange rate of reporting
date. The amount of foreign currency of investment income (loss) is expressed in New Taiwan Dollar at average exchange rate
Note 3: PILOT SUCCESS LTD. has been resolved by the board of directors for liquidation on July 23, 2018. The liquidation is still in process.

(c)Information on investment in Mainland China:

1. Information on investment in Mainland China:

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan(R.O.C.)	Investment flows		Accumulated Outflow of Investment from Taiwan	Net income (loss) of the investee	Percentage of Ownership	Investment Income (Loss) Recognized (Note 2(2))	Carrying Amount	Accumulated Inward Remittance of Earnings
					Out-flow	Inflow						
Inventec Besta (XiAn) Co., Ltd.	Design and research of consumer electronic products	198,835	(2)	188,126	-	-	188,129	28,888	100.00%	28,888	19,698	-
Besta Digital Technology Co.,	Sale of electronic dictionaries and PDA-related products	367,080	(2)	367,080	-	-	367.080	(1,089)	100.00%	(1,089)	82,002	-
Besta (Kunshan) Co., Ltd.	Manufacture and sale of consumer electronics and related products	275,310	(2)	275,310	-	-	275,310	(1,487)	100.00%	(1,487)	12,696	-
Kunshan Besta Electronics Limited	Sales of electronic dictionaries and PDA-related products	1,333	(3)	-	-	-	-	1,633	100.00%	1,633	3,381	-

2. Limitation on investment in Mainland China:

Name of company	Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by investment Commission, MOEA	Uper limit on Investment
Inventec Besta Co., Ltd.	1,549,384	1,549,384	-

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

Note 1: There are four modes of investments as following:
1. Directly invest in China Company.
2. Invest in China Company by the company which set up in third area by the Company.
3. Others, e.g., entrusted investment.

Note 2: The base of recognition of investment income (loss) is the financial statement audited by CPA of the investee company.

Note 3: The transactions in foreign currencies were exchanged to New Taiwan Dollars in spot rate at the date of the audited entity's financial reports.

Note 4: In accordance with the regulation of amended limitation calculation of Investment Commission in 29 August, 2008, MOEA (IDB) committed the Company were in the scope of operating headquarter; therefore there is no need to calculate the limitation.

Note 5: The abovementioned intercompany transactions have been limited in the consolidated financial statements.

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the nine month ended September 30, 2018, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(14) Segment Information

(a) General information

The Group's reportable segments are Taiwan department. Taiwan department leads the development of the Group's products and is responsible for sales in Taiwan.

(b) Information about reportable segments and their measurement and reconciliations

The classification of the Group's reportable segments is based on sales regions and the function. There was no material difference between the accounting policies of the operating segment and the accounting policies.

The Group's regional financial information was as follows:

	For the three months ended Septermber 30			
	2018			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue：:				
Revenue from external customers	$ 277,351	10,266	-	287,617
Total revenue	**$ 277,351**	**10,266**	**-**	**287,617**
Reportable segment net operating income (loss)	**$ (26,798)**	**27,771**	**-**	**973**

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

	For the three months ended Septermber 30			
	2017			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue：：				
Revenue from external customers	$ 278,421	12,426	-	290,847
Total revenue	$ 278,421	12,426	-	290,847
Reportable segment net operating income (loss)	$ (7,043)	(2,046)	22	(9,067)

	For the nine months ended Septermber 30			
	2018			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue：：				
Revenue from external customers	$ 950,597	32,662	-	983,259
Total revenue	$ 950,597	32,662	-	983,259
Reportable segment net operating income (loss)	$ (62,101)	29,043	-	(33,058)

	For the nine months ended Septermber 30			
	2017			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue：：				
Revenue from external customers	$ 868,217	47,317	-	915,534
Total revenue	$ 868,217	47,317	-	915,534
Reportable segment net operating income (loss)	$ (66,456)	(7,609)	51	(74,014)