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 Three Months Ended March 31, 2019 and 2018.

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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 of March 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2019 and 2018, 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 International Accounting Standards ("IASs") 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 $50,964 thousand and $45,616 thousand, constituting 4.64% and 3.95% of consolidated total assets as of March 31, 2019 and 2018, respectively, total liabilities amounting to $15,939 thousand and $13,285 thousand, constituting 4.26% and 3.72% of consolidated total liabilities as of March 31, 2019 and 2018, respectively, and total comprehensive income of $1,789 thousand, $1,182 thousand, constituting (667.54)% and (3.28%) of consolidated total comprehensive income (loss) for the three months ended March 31, 2019 and 2018,respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of Inventec Besta Co., Ltd.

and its subsidiaries in its investee companies of $6,933 thousand and $9,852 thousand at March 31, 2019 and 2018, respectively, and its share of loss of associates and joint ventures accounted for the using equity method on these investee companies of $871 thousand and $964 thousand for the three months ended March 31, 2019 and 2018, 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 at March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2019 and 2018 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.

Emphasis of Matter

As stated in Note 3(a), Inventec Besta Co., Ltd. and its subsidiaries initially adopt the IFRS 16, “Leases” on January 1, 2019 and apply the modified retrospective approach, with no restatement of comparative period amounts. Our conclusion is not qualified in respect of this matter.

KPMG

Taipei, Taiwan (Republic of China) May 13, 2019

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AS OF MARCH 31, 2019 AND 2018 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

CONSOLIDATED BALANCE SHEETS

March 31, 2019 , December 31, 2018 and March 31, 2018

(Expressed in Thousands of New Taiwan Dollars)

		2019.3.31		2018.12.31		2018.3.31	
	ASSETS	**AMOUNT**	**%**	**AMOUNT**	**%**	**AMOUNT**	**%**
	CURRENT ASSETS：						
1100	Cash and cash equivalents (Note 6(a))	$ 282,119	26	330,231	27	291,955	25
1150	Notes receivable, net (Note 6(c))	1,459	-	3,655	-	22,962	2
1170	Accounts receivable, net (Note 6(c))	275,397	25	327,854	27	137,879	12
1180	Accounts receivable due from related parties, net (Notes 6(c)and 7)	15,226	2	1,069	-	6,103	1
1200	Other receivables, net (Notes 6(d)and 7)	90,057	8	131,375	11	179,264	16
1220	Current tax assets	242	-	235	-	339	-
130X	Inventories (Note 6(e))	46,878	4	58,401	5	64,502	5
1479	Other current assets others	7,393	1	4,655	1	26,854	2
1476	Other Current financial assets (Note 8)	3,655	-	-	-	-	-
		722,426	66	857,475	71	729,858	63
	NON-CURRENT ASSETS：						
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b))	42,808	4	41,833	3	109,505	9
1550	Investments accounted for using equity method (Note 6(f))	6,933	1	7,710	1	9,852	1
1600	Property, plant and equipment (Note 6 (g))	268,282	24	284,421	23	287,655	25
1755	Right-of-use assets (Note 6 (h))	36,528	3	-	-	-	-
1780	Intangible assets (Note 6 (i))	9,588	1	10,364	1	9,982	1
1840	Deferred tax assets	3,126	-	3,063	-	3,000	-
1980	Other non-current financial assets (Note 8)	7,828	1	9,167	1	6,425	1
		375,093	34	356,558	29	426,419	37
	Total assets	$ 1,097,519	100	1,214,033	100	1,156,277	100

		2019.3.31		2018.12.31		2018.3.31	
	LIABILITIES AND STOCKHOLDERS' EQUITY	**AMOUNT**	**%**	**AMOUNT**	**%**	**AMOUNT**	**%**
	Current Liabilities：						
2100	Short-term borrowings (Note 6(j))	$ 51,800	5	-	-	18,000	2
2130	Current contract liabilities (Note 6(q))	11,227	1	12,079	1	19,017	2
2150	Notes payable	58	-	25,096	2	-	-
2170	Accounts payable (Note 7)	157,533	15	317,615	26	199,630	17
2200	Other payables (Note 7)	35,821	3	55,538	5	40,407	3
2230	Current tax liabilities	84	-	-	-	219	-
2250	Provisions-current	929	-	1,304	-	1,219	-
2280	Current lease liabilities (Note 6(k))	13,734	1	-	-	-	-
2300	Other current liabilities	2,302	-	3,753	-	7,826	1
		273,488	25	415,385	34	286,318	25
	Non-Current liabilities:						
2570	Deferred tax liabilities	14,025	1	12,811	1	12,141	1
2640	Net defined benefit liability, non-current	60,414	6	60,491	5	57,455	5
2580	Non-current lease liabilities (Note 6(k))	24,376	2	-	-	-	-
2670	Other non-current liabilities, others	1,607	-	1,469	-	1,666	-
		100,422	9	74,771	6	71,262	6
	Total liabilities	373,910	34	490,156	40	357,580	31
	Equity attributable to owners of parent (Note 6(o))：						
3100	Share capital	623,663	57	623,663	51	623,663	54
3200	Capital surplus	198,959	18	198,959	16	296,189	26
3300	Retained earnings	(33,836)	(3)	(31,101)	(2)	(121,933)	(11)
3400	Other equity interest	(65,177)	(6)	(67,644)	(5)	778	-
	Total equity	723,609	66	723,877	60	798,697	69
	Total liabilities and equity	$ 1,097,519	100	1,214,033	100	1,156,277	100

See accompanying notes to consolidated financial statements.

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INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended March 31			
		2019		2018	
		Amount	%	Amount	%
4000	**Sales revenue** (Note 6(q) and 7)	$ 349,333	100	458,216	100
5000	**Operating costs** (Note 6 (e))	(295,761)	(85)	(403,802)	(88)
	Gross profit from operations	53,572	15	54,414	12
5910	Less :Unrealized profit (loss) from sales	-	-	(582)	-
5920	Add: Realized profit (loss) on from sales	389	-	836	-
		53,961	15	54,668	12
	Operating expenses：				
6100	Selling expenses	(31,306)	(9)	(34,045)	(7)
6200	Administrative expenses	(14,594)	(4)	(14,713)	(3)
6300	Research and development expenses	(21,222)	(6)	(24,084)	(5)
6450	Expected credit gain (loss)	(187)	-	-	-
	Total operating expenses	(67,309)	(19)	(72,842)	(15)
	Net-operating loss	(13,348)	(4)	(18,174)	(3)
	Non-operating income and expenses：				
7010	Other income (Note 6 (s))	3,363	1	3,357	1
7020	Other gains and losses (Note 6 (s))	8,492	2	(8,650)	(2)
7050	Finance costs (Note 6 (s))	(288)	-	(55)	-
7060	Share of loss of associates accounted for using equity method (Note 6 (f))	(871)	-	(964)	-
	Total non-operating income and expenses	10,696	3	(6,312)	(1)
7900	Loss from continuing operations before tax	(2,652)	(1)	(24,486)	(4)
7950	Less: Tax expense (Note 6 (n))	(83)	-	(217)	-
	Loss for the period	(2,735)	(1)	(24,703)	(4)
	Other comprehensive income (loss)：				
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	975	-	(12,783)	(3)
8349	Less：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	975	-	(12,783)	(3)
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Foreign operations – foreign currency translation differences	2,549	1	1,818	-
8370	Share of other comprehensive income of associates accounted for using equity method	94	-	(26)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to loss	(1,151)	-	(323)	-
	Total items that may be reclassified subsequently to profit or loss	1,492	1	1,469	-
	Other comprehensive income (loss) for the year net of tax	2,467	1	(11,314)	(3)
8500	**Total comprehensive loss for the period**	$ (268)	-	(36,017)	(7)
	Earnings per share (Note 6 (p))				
9750	**Basic earnings per share (dollars)**	$ (0.04)		(0.40)	

See accompanying notes to consolidated financial statements.

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INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
or the three months ended March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent					
				Other Equity Interest		
	Capital Stock		Retained Earnings			
	Share Capital	Capital Surplus	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gains (Losses)from financial assets measured at fair value through other comprehensive income	Total Equity
Balance at January 1, 2018	$ 623,663	296,189	(97,230)	45,204	(33,112)	834,714
Net income loss	-	-	(24,703)	-	-	(24,703)
Other comprehensive loss for the period	-	-	-	1,469	(12,783)	(11,314)
Total comprehensive income (loss) for the period	-	-	(24,703)	1,469	(12,783)	(36,017)
Balance at March 31, 2018	$ 623,663	296,189	(121,933)	46,673	(45,895)	798,697
Balance at January 1,2019	$ 623,663	198,959	(31,101)	45,923	(113,567)	723,877
Net income loss	-	-	(2,735)	-	-	(2,735)
Other comprehensive loss for the period	-	-	-	1,492	975	2,467
Total comprehensive loss for the period	-	-	(2,735)	1,492	975	(268)
Balance at March 31, 2019	$ 623,663	198,959	(33,836)	47,415	(112,592)	723,609

See accompanying notes to consolidated financial statements.

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

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
March 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2019	2018
Cash flows from operating activities：		
Loss before income tax	$ (2,652)	(24,486)
Adjustments：		
Adjustments to reconcile profit (loss)		
Depreciation expense	4,896	1,850
Amortization expense	1,512	1,601
Expected credit loss / provisions for bad debt expenses	187	635
Interest expense	288	55
Interest income	(903)	(978)
Share of losses of associates and joint ventures accounted for using equity method	871	964
Gain on disposal of property, plant and equipment	(4,141)	-
Total adjustments to reconcile profit	2,710	4,127
Changes in operating assets and liabilities：		
Changes in operating assets：		
Decrease (increase) in notes receivable	2,202	(6,000)
Decrease in accounts receivable	52,215	12,882
(Increase) in accounts receivable due from related parties	(14,157)	(4,199)
Decrease (increase) in other receivables	41,533	(33,869)
Decrease (increase) in inventories	11,591	(13,412)
Decrease (increase) in other current assets	(2,565)	10,980
Total changes in operating assets	90,819	(33,618)
Changes in operating liabilities：		
Decrease in notes payable	(25,038)	(6,140)
Decrease in accounts payable	(160,224)	(22,675)
Decrease in other payable	(17,006)	(14,880)
Decrease in provisions-current	(375)	(2)
Increase (decrease) in contract liabilities	(934)	19,017
Decrease in other current liabilities	(1,474)	(36,119)
Decrease in net defined benefit liabilities, non-current	(77)	(2,275)
Decrease in deferred credits	(389)	(254)
Total changes in operating liabilities	(205,517)	(63,328)
Total changes in operating assets and liabilities	(114,698)	(96,946)
Total adjustments	(111,988)	(92,819)
Cash inflow (outflow) generated from operations	(114,640)	(117,305)
Interest received	905	1,021
Interest paid	(223)	(55)
Income taxes paid	(6)	(620)
Net cash flows used in operating activities	(113,964)	(116,959)
Cash flows from investing activities：		
Acquisition of property, plant and equipment	(3,222)	(1,552)
Processes from disposal of property, plant and equipment	18,392	-
Acquisition of intangible assets	(736)	(438)
Decrease (Increase) in other financial assets	(2,312)	711

Decrease in other non-current assets	-	606
Net cash flows from (used in) from investing activities	12,122	(673)
Cash flows from financing activities：		
Increase in short-term loans	51,800	18,000
Increase (decrease) in guarantee deposits	527	(23)
Payment of lease liabilities	(991)	-
Decrease in other non-current liabilities	-	(378)
Net cash flows from financing activities	51,336	17,599
Effect of exchange rate changes on cash and cash equivalents	2,394	1,498
Net decrease in cash and cash equivalents	(48,112)	(98,535)
Cash and cash equivalents at beginning of period	330,231	390,490
Cash and cash equivalents at end of period	$ 282,119	291,955

See accompanying notes to consolidated financial statements.

(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 May 13, 2019.

(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, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 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. The extent and impact of signification changes are as follows:

(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.

The Group applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below:

(1)Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in Note (4)(c).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

(2)As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly the entire risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on-balance sheet.

A. Leases classified as operating leases under IAS 17

At transition, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group’s incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments – the Group applied this approach to all other lease.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

a. Applied a single discount rate to a portfolio of leases with similar characteristics.
b. Adjusted the right-of-use assets by the amount of IAS 37 onerous contract provision immediately before the date of initial application, as an alternative to an impairment review.
c. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.
d. Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
e. Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

B. Leases previously classified as finance leases

For leases that were classified as finance leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at January 1, 2019 are determined at the carrying amount of the lease asset and lease liability under

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IAS 17 immediately before that date.

(3)As a lessor

The Group is not required to make any adjustments on transition to IFRS 16 for leases in which it acts as a lessor, except for a sub-lease. The Group accounted for its leases in accordance with IFRS 16 from the date of initial application.

(4)Impacts on financial statements

On transition to IFRS 16, the Group recognized additional $38,970 thousands of right- of-use assets and lease liabilities. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.04%.
The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

	January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$ 9,821
Recognition exemption for :	
Short-term leases	(62)
Extension and termination options reasonably certain to exercised	30,558
Others	(43)
	40,274
Discounted using the incremental borrowing rate at January 1, 2019	38,970
Finance lease liabilities recognized as at December 31, 2018	-
Lease liabilities recognized at January 1, 2019	38,970

(b) 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 International Accounting Standards Board (IASB), but have yet to be 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
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

Based on the Group's assessment, the above standards and interpretations have no significant impact on the Group's financial position and financial performance.

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(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, 2018. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2018.

(b) Basis of consolidation

1. List of subsidiaries in the consolidated financial statements

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2019.3.31	2018.12.31	2019.3.31	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%	(note 3)
BESTA (CAYMAN) CO., LTD.	PILOT SUCCESS LTD.	Investment management	100%	100%	100%	(note 2)
〃	iSing Music Technology(Beijing) Co., Ltd.	Design, research and sale of online calculator platform software of online calculator	100%	100%	100%	(note 1)
〃	Besta (Kunshan) Co., Ltd	Manufacture and sale of consumer electronics and related products	100%	100%	100%	(note 3)
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%	(note 3)

Note 1：Liquidation process of iSing Music Technology (Beijing) Co., Ltd. was completed on May 21, 2018.
Note 2：The boards of directors resolved to liquidate PILOT SUCCESS LTD on July 23, 2018.The liquidation is still in process.
Note 3：The Company is an non-significant subsidiaries, its financial statements have not been reviewed.

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

(c) **Leases (applicable from January 1, 2019)**

1.Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(1)The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

(2)The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

(3)The Group has the right to direct the use of the asset when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of an asset if either:

・the Group has the right to operate the asset; or

・the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

2.As a leasee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain measurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

(1)Fixed payments;

(2)Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

(3)Amounts expected to be payable under a residual value guarantee; and

(4)Payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

(1) There is a change in future lease payments arising from the change in an index or rate; or

(2) There is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

(3) There is a change of its assessment on a purchase option; or

(4) There is a change of its assessment on whether it will exercise an extension or termination option; or

(5) There is any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

3.As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right- of-use asset arising from the head lease, not with reference to the underlying asset.

If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The lessor recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The lessor recognizes the interest income over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'rental income'.

(d) 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.

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.

(e) 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 Judgments, Assumptions 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, 2018.

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

(6) Explanation to Significant Accounts

(a) Cash and cash equivalents

	2019.3.31	2018.12.31	2018.3.31
Cash on hand	$ 383	494	395
Demand deposits	40,429	42,555	34,366
Foreign currency deposits	63,867	118,013	24,533
Cash equivalents -Time deposits	146,600	144,446	212,301
Cash equivalents -Bond	30,840	24,723	20,360
Total	$ 282,119	330,231	291,955

Refer to Note 6(t) 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

	2019.3.31	2018.12.31	2018.3.31
Equity investments at fair value through other comprehensive income：			
Stocks not listed on domestic market	$ 42,808	41,833	109,505

1. Equity investments at fair value through other comprehensive income
   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.
   No strategic investments were disposed as of March 31, 2019 and 2018, therefore there were no transfers of any cumulative gain or loss within equity relating to these investments.
2. For credit risk, Please refer to Note 6(t), it’s also including impairment of debt instruments, and market risk of the Group.
3. The aforesaid financial assets were not pledged as collateral.

(c) Notes and accounts receivable, net

	2019.3.31	2018.12.31	2018.3.31
Notes receivable	$ 1,462	3,664	23,017
Account receivable	291,725	329,694	144,621
Long-term accounts (under Other non-current financial assets)	1,808	2,712	-
Less：Allowance for impairment	(974)	(691)	(694)
Unrealized Interest Revenue	(141)	(111)	-
	$ 293,880	335,268	166,944

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

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. 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 March 31, 2019, December 31, 2018 and March 31, 2018 were determined as follows:

	2019.3.31		
	Gross carrying amount	**Expected loss rate**	**Loss allowance provision**
Not past due	$ 241,301	0.00%~0.84%	508
Overdue 0 to 30 days	38,728	0.00%~1.72%	444
Overdue 31 to 180days	14,231	0.00%~2.32%	8
Over 181 days past due	735	1.92%~2.52%	14
	$ 294,995		974

	2018.12.31		
	Gross carrying amount	**Expected loss rate**	**Loss allowance provision**
Not past due	$ 326,162	0.00%~0.84%	560
Overdue 0 to 30 days	6,880	0.00%~1.72%	80
Overdue 31 to 180days	2,212	0.00%~2.32%	35
Over 181 days past due	816	1.92%~2.52%	16
	$ 336,070		691

	2018.3.31		
	Gross carrying amount	**Expected loss rate**	**Loss allowance provision**
Not past due	$ 145,174	0.00%~0.84%	131
Overdue 0 to 30 days	13,259	0.00%~1.72%	536
Overdue 31 to 180days	8,762	0.00%~2.32%	18
Over 181 days past due	443	1.92%~2.52%	9
	$ 167,638		694

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

	For the three months ended March 31	
	2019	**2018**
Balance on January 1, 2019 and 2018	$ 691	140
Impairment losses recognized	283	554
Balance on March 31, 2019 and 2018	$ 974	694

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

(d) Other receivables, net

	2019.3.31	2018.12.31	2018.3.31
Other receivables	$ 90,479	131,890	180,692
Less: Allowance for impairment loss	(422)	(515)	(1,428)
	$ 90,057	131,375	179,264

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 Other receivables. 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 March 31, 2019, December 31, 2018 and March 31, 2018 were determined as follows:

	2019.3.31		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Overdue 1 to 30 days	$ 9,873	0.00%~1.95%	19
Overdue 31 to 180 days	70,727	0.00%~1.95%	220
Over 181 days past due	9,879	1.12%~4.35%	183
	$ 90,479		422

	2018.12.31		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Overdue 1 to 30 days	$ 57,613	0.00%~1.95%	137
Overdue 31 to 180 days	65,725	0.00%~1.95%	208
Over 181 days past due	8,552	1.12%~4.35%	170
	$ 131,890		515

	2018.3.31		
	Gross carrying amount	Expected loss rate	Loss allowance provision
Overdue 1 to 30 days	$ 178,684	0.00%~0.84%	424
Overdue 31 to 180 days	-	0.00%~0.84%	-
Over 181 days past due	2,008	1.12%~1.72%	1,004
	$ 180,692		1,428

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

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

	For the three months ended March 31	
	2019	2018
Balance on January 1, 2019 and 2018	$ 515	1,347
Impairment losses (recognized) reversed	(96)	81
exchange gains and losses	3	-
Balance on March 31, 2019 and 2018	$ 422	1,428

(e) Inventories

	2019.3.31	2018.12.31	2018.3.31
Raw materials and consumables	$ 15,621	27,699	15,322
Work in process	3,202	2,917	5,425
Finished goods	10,219	6,786	7,394
Merchandise	17,836	20,999	36,361
	$ 46,878	58,401	64,502

As of March 31, 2019 and 2018, the Group’s details of operating cost were as follows

	For the three months ended March 31	
	2019	2018
Cost of goods sold	$ 294,079	403,224
Provision for inventory market price decline and obsolescence	1,682	578
Total	$ 295,761	403,802

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 March 31, 2019, December 31, 2018, and March 31, 2018 the Group’s inventories were not pledged as collateral.

(f) Investments accounted for using equity method

A summary of the Group’s financial information for investments accounted for using the equity method at the reporting date is as follows:

	2019.3.31	2018.12.31	2018.3.31
Associates	$ 6,933	7,710	9,852

1. Associates

Affiliates to the Group consisted of the followings:

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

Name of affiliates	Nature of the relationship with the Group	Main operating location / Registered Country of the Company	Proportion of shareholding and voting rights		
			2019.3.31	2018.12.31	2018.3.31
IKNOW PTE. LTD.	Associate under equity method	Singapore	47%	47%	47%

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.

	2019.3.31	2018.12.31	2018.3.31
Summarized financial information to the carrying amount of Individually insignificant associates	$ 6,933	7,710	9,852

	For the three months ended March 31	
	2019	2018
The Company's share of Profit for the period	$ (871)	(964)
Other comprehensive income (loss) for the period	94	(26)
Total comprehensive income for the period	$ (777)	(990)

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 March 31, 2019.

2. Pledged

As of March 31, 2019, December 31, 2018 and March 31, 2018, 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)

(g) Property, Plant and Equipment

		Land	Building and Construction	Machinery Building and equipment	Other Facilities	Total
Carrying amounts：						
Balance on January 1, 2019	$	154,042	113,526	1,887	14,966	284,421
Balance on March 31, 2019	$	146,274	106,459	1,785	13,764	268,282
Balance on January 1, 2018	$	154,042	125,012	1,878	6,932	287,864
Balance on March 31, 2018	$	154,042	124,505	1,784	7,324	287,655

On February 15, 2019, the Board of the Directors of the company resolved to sell its real estate and signed the agreement. The net disposal proceeds are amounted to $18,363 and all receivables had been received. The gain on disposal which is amounted to $4,112 reported as other gains and losses.

There were no significant additions, disposal, or impairment in property, plant and equipment for the three months ended March 31, 2019 and 2018. The details of depreciation are disclosed in note 12(a). For other information about the property, plant and equipment, please refer to note 6(h) of the consolidated financial statements for the year ended December 31, 2018.

(h) Right-of-use assets

The Group leases many assets including buildings, machinery and equipment. Information about leases for which the Group as a lessee is presented below:

		Buildings	Machinery and equipment	Total
Cost:				
Balance as of January 1, 2019	$	20,195	18,775	38,970
Effect of changes in foreign exchange rates		137	-	137
Balance as of March 31,2019	$	20,332	18,775	39,107
Balance as of January 1, 2019	$	-	-	-
Depreciation for the year		842	1,734	2,576
Effect of changes in foreign exchange rates		3	-	3
Balance as of March 31,2019	$	845	1,734	2,579

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

Carrying amount:				
Balance as of March 31,2019	$	19,487	17,041	36,528

For the three months ended March 31, 2018, the Group leases offices and warehouses under an operating lease, please refer to note 6 (l).

(i) Intangible assets

		Goodwill	Royalties	Software	Total
Carrying amounts:					
Balance at January 1, 2019	$	6,312	3,335	717	10,364
Balance at March 31, 2019	$	6,312	2,777	499	9,588
Balance at January 1, 2018	$	6,312	4,478	450	11,240
Balance at March 31, 2018	$	6,312	3,357	313	9,982

1. Amortization and Impairment

For three months ended March 31, 2019 and 2018, the amortization of intangible assets was respectively included in the statement of comprehensive income:

	For the three months ended March 31		
		2019	2018
Operating costs	$	6	-
Operating expenses	$	1,506	1,601

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 other royalties to $47,865 as of March 31, 2019.

(j) Short-term borrowings

		2019.3.31	2018.12.31	2018.3.31
Unsecured bank loans	$	26,800	-	18,000
secured loan		25,000	-	-
total	$	51,800	-	18,000
Unused credit facility	$	218,200	243,709	252,000
Range of interest rates		1.45%	-	1.45%

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

The Group for the collateral for short-term borrowings please refer to note 8; for the interest expense, please refer to note 6(s).

(k) Lease liabilities

Lease liabilities of the Group were as follows:

	2019.3.31		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**
Less than one year	$ 14,117	383	13,734
Between one and five years	22,549	829	21,720
More than five years	2,692	36	2,656
	$ 39,358	1,248	38,110
Current	$ 14,117	383	13,734
Non-current	$ 25,241	865	24,376

There were no significant issues, repurchases and repayments of lease liabilities for the three months ended March 31, 2019.

The amounts recognized in profit or loss were as follows:

	For the three months ended March 31, 2019
Interest on lease liabilities	$ 67
Expenses relating to short-term leases	$ 69

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the three months ended March 31, 2019
Total cash outflow for leases	$ 1,127

1. Real estate leases

As of March 31, 2019, the Group leases buildings for its office space . The leases of office space typically run of a period for 1 to 5 year. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

2. Other lease information

The Group leases machinery equipment. The leases of machinery equipment typically run of a period for 1 year. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

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

For the three months ended March 31, 2018, there were no significant new lease contracts.

(l) Operating leases

Please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2018 for other related information.

(m) **Employee benefits**

1. Employee benefits

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one-time 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 results as of December 31, 2018 and 2017.

The details of the Group's expenses were as follow:

	For the three months ended March 31	
	2019	**2018**
Selling expenses	$ 9	9
Administration expenses	120	132
Research and development expense	60	62
	86	147
	$ 275	350

2. Defined contribution plans

	For the three months ended March 31	
	2019	**2018**
Operating cost	$ 83	73
Selling expenses	1,615	1,230
Administration expenses	419	409
Research and development expense	1,195	1,081
Total	$ 3,312	2,793

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

(n) Income taxes

1. Income tax expense

The Group's income tax expenses were as follows:

	For the three months ended March 31	
	2019	**2018**
Current income tax expense		
Current period incurred	$ 83	217
Prior years income tax adjustment Income tax expense	$ 83	217

The amounts of income tax expense recognized in other comprehensive income for December 31, 2019 and for the three months ended March 31, 2019 and 2018 were as follows:

	For the three months ended March 31	
	2019	**2018**
Items that be reclassified subsequently to profit or loss：		
Exchange differences on translation of foreign financial statements	$ 1,151	323

2. The Company's tax returns for the years through 2017 were examined and approved by the Taipei National Tax Administration.

(0) 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 three months ended March 31, 2019 and 2018. For other information about the stockholders' equity please refer to note 6(m) of the consolidated financial statements for the year ended December 31, 2018.

1. Capital surplus
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 March 25, 2019, the Company's board of directors resolved to offset accumulated deficits the 2018 deficits. On June 27, 2018, the shareholders 'meeting resolved to offset accumulated deficits the 2017 deficits. These deficits e were offside as follows：

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

		2018.12.31	**2017.12.31**
Offset accumulated deficits:			
Capital surplus used to offset accumulated deficits	$	31,101	97,230

2. Other equity, net of tax

		Exchange difference on translation of foreign financial statements	**Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income**
Balance at January 1, 2019	$	45,923	(113,567)
Exchange differences on foreign operations		1,433	-
Exchange differences on subsidiaries accounted for using equity method		59	-
Unrealized losses from financial assets measured at fair value through other comprehensive income		-	975
Balance at March 31, 2019	$	47,415	(112,592)
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		1,490	-
Exchange differences on subsidiaries accounted for using equity method		(21)	-
Unrealized losses from financial assets measured at fair value through other comprehensive income		-	(12,783)
Balance at March 31, 2018	$	46,673	(45,895)

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

(p) **Earnings per share**

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

	For the three months ended March 31	
	2019	**2018**
Basic earnings per share		
(Loss) profit attributable to common stockholders of the Company	$ (2,735)	(24,703)
Weighted-average number of ordinary shares(thousand shares)	62,366	62,366
Basic earnings per share (NT dollars)	$ (0.04)	(0.40)

(q) **Revenue from contracts with customers**

1. Disaggregation of revenue

	For the three months ended March 31	
	2019	**2018**
Primary geographical markets：		
Taiwan	$ 180,903	141,885
Japan	131,239	251,635
Mainland China	15,229	15,585
Singapore and Malaysia	7,747	7,131
Mexican	5,025	15,279
Other Countries	9,190	26,701
	$ 349,333	458,216
Major products：		
Dictionaries	$ 25,353	39,855
Learning Machines	131,220	262,348
Digital Products	3,140	2,366
calculator	9,671	18,133
Auto parts	16,652	12,010
Business Services	142,178	88,519
Others	21,119	34,985
	$ 349,333	458,216

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

2. Contract balances

		2019.3.31	2018.12.31	2018.3.31
Contract balances	$	294,854	335,959	167,638
Less：Allowance for impairment		(974)	(691)	(694)
Total	$	293,880	335,268	166,944
Contract liabilities	$	11,227	12,079	19,017

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

The amounts of revenue recognized for the nine months ended March 31, 2019 that was included in the contract liability balance at the beginning of the period were $5,822 and$ 16,416, respectively.

(r) **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 incurred losses before tax for the three months ended March 31, 2019 and 2018, therefore, there were no remuneration allocated to employees, directors and supervisors. Related information would be available at the Market Observation Post System.

(s)Non-operating income and expenses

1. Other revenue

For the three months ended March 31, 2019 and 2018, the details of other revenue are as follows:

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

	For the three months ended March 31	
	2019	2018
Interest income		
Bank deposit	$ 761	663
Other income	142	315
rental income	2,460	2,379
	$ 3,363	3,357

2. Other gains and losses, net

For the three months ended March 31, 2019 and 2018, the details of other gains and losses are as follows:

	For the three months ended March 31	
	2019	2018
Foreign exchange gains (losses), net	$ 304	(8,521)
Gains on disposal of property, plant and equipment	4,141	-
Other gains and losses, net	4,047	(129)
	$ 8,492	(8,650)

3. Finance costs

For the three months ended March 31, 2019 and 2018, the details of finance cost are as follows:

	For the three months ended March 31	
	2019	2018
Interest expense		
Bank borrowings	$ 221	55
Others	67	-
	$ 288	55

(z) **Financial instruments**

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk and market risk. For other information about the fair value of financial instruments, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2018.

1. Credit risk

(1) Credit risk of accounts receivable and debt security

Please refer to Note 6(c) of the exposure to credit risk of accounts receivable and notes receivable. Please refer to Note 6(d) of impairment of financial assets at amortized cost including other receivables.

Please refer to Notes 6(b) of details on investments and financial instruments at fair value through other comprehensive income including private stock, etc.

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Group, including estimated interest payments and excluding the impact of netting arrangements:

(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
Balance at March 31, 2019							
Non-derivative financial liabilities							
Secured bank loans	$ 26,800	26,800	26,800	-	-	-	-
Unsecured bank loans	25,000	25,000	25,000	-	-	-	-
Notes payable	58	58	58	-	-	-	-
Accounts payable	157,533	157,533	157,533	-	-	-	-
Other payables	12,536	12,536	12,536	-	-	-	-
Lease Liabilities	38,110	39,358	7,894	6,223	11,796	10,753	2,692
Receipts under custody(accounting for other current liabilities))	1,289	1,289	1,289	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	1,607	1,607	1,067	9	348	83	-
	$ 262,933	264,181	232,177	6,232	12,144	10,936	2,692
Balance at December 31, 2018							
Non-derivative financial liabilities							
Notes payable	$ 25,096	25,096	25,096	-	-	-	-
Accounts payable	317,615	317,615	317,615	-	-	-	-
Other payables	19,515	19,515	19,515	-	-	-	-
Receipts under custody (accounting for other current liabilities)	1,186	1,186	1,186	-	-	-	-
Refund liabilities (accounting for other non-current liabilities)	1,080	1,080	-	-	1,080	-	-
	$ 364,492	364,492	363,412	-	1,080	-	-

3. 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:

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

	2019.3.31			
	Exchange rate	Exchange rate		TWD
Financial assets				
Monetary items				
USD	$ 8,487	USD：TWD	30.8400	261,739
	248	USD：CNY	6.7366	7,648
CNY	43	CNY：TWD	4.5780	197
Financial Liabilities				
Monetary items				
USD	2,547	USD：TWD	30.8400	78,549
	139	USD：CNY	6.7366	4,287

	2018.12.31			
	Exchange rate	Exchange rate		TWD
Financial assets				
Monetary items				
USD	$ 13,020	USD：TWD	30.7900	400,886
	411	USD：CNY	6.8743	12,655
CNY	33	CNY：TWD	4.4790	148
Financial Liabilities				
Monetary items				
USD	7,193	USD：TWD	30.7900	221,472
	168	USD：CNY	6.8743	5,173

	2018.3.31			
	Exchange rate	Exchange rate		TWD
Financial assets				
Monetary items				
USD	$ 13,430	USD：TWD	29.0850	390,612
	435	USD：CNY	6.2602	12,652
CNY	35	CNY：TWD	4.6460	163

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

Financial Liabilities

Monetary items			
USD	5,036	USD：TWD 29.0850	146,472
	132	USD：CNY 6.2602	3,839

The Group' s exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, other receivables, and accounts payable that are denominated in foreign currency.

A 5% appreciation or depreciation of the TWD against the USD as at March 31, 2019 and 2018, would have increased or decreased net income by $934 and $1,267 respectively. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for the three months ended March 31, 2019 and 2018.

(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:

	2019.3.31		2018.3.31	
	Foreign exchange gains	**Average exchange rate**	**Foreign exchange gains**	**Average exchange rate**
TWD	$ 499	1.000	(8,970)	1.000
CNY	(195)	4.5285	449	4.6005

3. 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 $3,000 thousand for the three months ended March 31, 2019 and 2018, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's time deposits and borrows in variable rate.

4. 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:

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	2019.3.31				
		Fair Value			
	Book Value	**Level 1**	**Book Value**	**Level 1**	**Book Value**
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments	$ 42,808	-	-	42,808	42,808
Financial assets at amortized cost					
Cash and cash equivalents	282,119	-	-	-	-
Notes receivable, accounts receivable and other receivables	382,139	-	-	-	-
Other financial assets	11,483	-	-	-	-
Subtotal	675,741	-	-	-	-
Total	$ 718,549	-	-	42,808	42,808
Financial liabilities at amortized cost					
Bank loans	$ 51,800	-	-	-	-
Notes payable, accounts payable and other payables	193,412	-	-	-	-
Lease liabilities	38,110	-	-	-	-
Total	$ 283,322	-	-	-	-

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	2018.12.31				
		Fair Value			
	Book Value	Level 1	Book Value	Level 1	Book Value
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments	$ 41,833	-	-	41,833	41,833
Financial assets at amortized cost					
Cash and cash equivalents	330,231	-	-	-	-
Notes receivable, accounts receivable and other receivables	463,953	-	-	-	-
Other financial assets	9,167	-	-	-	-
Subtotal	803,351	-	-	-	-
Total	$ 845,184	-	-	41,833	41,833
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	$ 398,249	-	-	-	-

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

	2018.3.31				
		Fair Value			
	Book Value	Level 1	Book Value	Level 1	Book Value
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments	$ 109,505	-	-	109,505	109,505
Financial assets at amortized cost					
Cash and cash equivalents	291,955	-	-	-	-
Notes receivable, accounts receivable and other receivables	346,208	-	-	-	-
Other financial assets	6,425	-	-	-	-
Subtotal	644,588	-	-	-	-
Total	$ 754,093	-	-	109,505	109,505
Financial liabilities at amortized cost					
Bank loans	$ 18,000	-	-	-	-
Notes payable, accounts payable and other payables	240,037	-	-	-	-
Total	$ 258,037	-	-	-	-

(2) Valuation techniques 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 and financial liabilities with standard terms which are traded in the active markets. Their fair values are based on the quoted market prices.

Equity instrument that has no quoted prices. The comparable listed companies' method is used to estimate fair values. The main assumption for the model is the earnings before interests, taxes, depreciation and amortization and the earnings multiplier derived from comparable listed companies. The estimate has adjusted the impact of the lack of market liquidity of the equity securities. ◦

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.

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

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

	Financial assets at fair value through other comprehensive income
	Unquoted equity instruments
Opening balance, January 1, 2019	$ 41,833
Total gains and losses recognized:	
In other comprehensive income	975
Ending Balance, March 31, 2019	$ 42,808
Opening balance, January 1, 2018	$ 122,288
Total gains and losses recognized:	
In other comprehensive income	(12,783)
Ending Balance, March 31, 2018	$ 109,505

For the three months ended March 31, 2019 and 2018, total gains and losses that were included in "other gains and losses" and " unrealized gains and losses from fair value through other comprehensive income" were as follows:

	For the three months ended March 31	
	2019	**2018**
Total gains and losses recognized:		
In other comprehensive income (recognized as "unrealized gains and losses from Financial assets at fair value through other comprehensive income ")	$ 975	(12,783)

(4) Quantified information on 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".

The Group's financial assets at fair value through other comprehensive income-equity investments without an active market have more than one significant unobservable input. 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.

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value measurement
Financial assets at fair value through other comprehensive income - equity investments without an active market	Comparable listed companies method	• Multiplier of price-to-book ratio (As of March 31,2019,December 31,2018 and March 31,2018,were1.16、1.03 and 1.62) • Market illiquidity discount(As of March 31,2019, December 31,2018 and March 31,2018,were 15%)	• The higher the PB, the higher the fair value •The higher the illiquidity discount rate, the lower the fair value.

(5) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's fair value measurement on financial instruments is reasonable. 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
March 31, 2019				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Multiplier of price-to-book ratio	5%	$ 2,140	(2,140)
Equity investments without an active market	Market illiquidity discount	5%	2,518	(2,518)
			$ 4,658	(4,658)
December 31, 2018				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Multiplier of price-to-book ratio	5%	$ 1,909	(1,909)
Equity investments without an active market	Market illiquidity discount	5%	2,276	(2,276)
			$ 4,185	(4,185)
March 31, 2018				
Financial assets at fair value through other comprehensive income				
Equity investments without an active market	Multiplier of price-to-book ratio	5%	$ 4,968	(4,968)
Equity investments without an active market	Market illiquidity discount	5%	5,930	(5,930)
			$ 10,898	(10,898)

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.

(u) 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(t) of the annual consolidated financial statements for the year ended December 31, 2018.

(v) 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, 2018. 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, 2018. For other information about the capital management, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2018.

(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 March 31	
	2019	**2018**
Associates	$ (234)	4,818
Other related-parties	15,032	6,728
	$ 14,798	11,546

The sales prices and collection terms aren’t the same as those with other customers. The collection terms are within 30 and 90 days except for Iknow Pte. Ltd. which is within 30 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 March 31	
	2019	**2018**
Other related-parties	$ 937	1,424

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**	**2019.3.31**	**2018.12.31**	**2018.3.31**
Accounts receivable	Associates			
	I KNOW PTD. LTD.	$ -	-	2,289
Accounts receivable	Other related-parties			
	Inventec Corporation	9,182	34	2,177
	Inventec Appliances Corp.	5,904	881	1,572
	Other related-parties	140	154	65
		$ 15,226	1,069	6,103

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**	**2019.3.31**	**2018.12.31**	**2018.3.31**
Accounts payable	Other related-parties	$ 1,621	3,546	770
Other payables	Associates	233	-	-
	Other related-parties	107	-	8
		$ 1,961	3,546	778

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

5. Other expense and revenue

Financial Statement Account	Related Party Categories	For the three months ended March 31 2019	2018
Other expenses	Other related-parties	$ 102	8

6. Others

(1) The Group paid $288 to its other related-parties for prepayment as of December 31, 2016.

(2) The Group paid $82, $80 and $79 to its other related-parties for the refundable deposits as of March 31, 2019, December 31, 2018 and March 31, 2018.

(4) The Group paid $1,079 to its other related-parties for the guaranteed notes in deposit as of March 31, 2019, December 31, 2018 and March 31, 2018.

7. Leases

In October, 2017 and April, 2016, the company has entered into various lease agreements for buildings for its office space with Inventec Corporation, The agreement is amounted to $16,716 which was determined with reference to prevailing market rental rate.

For the three months ends March 31, 2018, lease expense is amounted to $1,658.

Such lease transaction which initially adopt the IFRS 16,”Leases”on January 1,2019,recognized in the right-of-use assets and the lease liabilities were 9,175,respectively.

For the three months ends March 31, 2019, interest on lease liabilities is amounted to $34, balance of lease liabilities is amounted to $8,809 as of March 31, 2019.

The company has entered into various lease agreements for with Inventec Corporation, the agreement is amounted to $6,640.

The leases of its offices and IDC typically run of a period for 1 year, some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

For the three months ends March 31, 2018, lease expense is amounted to $553(accounted in cost of goods sold).

Such lease transaction which initially adopt the IFRS 16,”Leases”on January 1,2019,recognized in the right-of-use assets and the lease liabilities were 23,602,respectively.

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

For the three months ends March 31, 2019, interest on lease liabilities is amounted to $33, balance of lease liabilities is amounted to $23,602 as of March 31, 2019.

The Group entered into various lease agreements for buildings for its office space with Inventec Appliances (XI'AN) Corporation and runed of a period for 5 years.

The agreement is amounted to RMB$1,027 which was determined with reference to prevailing market rental rate.

For the three months ends March 31, 2018, lease expense is amounted to $231.

Such lease transaction which initially adopt the IFRS 16,"Leases"on January 1,2019,recognized in the right-of-use assets and the lease liabilities were 5,176,respectively.

For the three months ends March 31, 2019, interest on lease liabilities is amounted to $0, balance of lease liabilities is amounted to $4,854 as of March 31, 2019.

(d) Key management personnel compensation

Key management personnel compensation includes:

	For the three months ended March 31	
	2018	**2017**
Short-term employee benefits	$ 5,360	5,267

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

(8) Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2019.3.31	2018.12.31	2018.3.31
Other current financial assets	Contract guarantee, Customs duty guarantee, performance bond and etc.	$ 3,655	-	-
Other non-current financial assets	Contract guarantee, Customs duty guarantee, performance bond and etc.	6,029	6,477	6,425
		$ 9,684	6,477	6,425

(9) Significant Commitments and Contingencies

(a) Major Commitments:

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

	2019.3.31	2018.12.31	2018.3.31
Notes issued as guarantee	$ 369,279	369,279	345,597

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

	2019.3.31	2018.12.31	2018.3.31
TWD	$ 1,466	438	1,466
USD	$ 110	123	209

3. As at March 31, 2019, significant outstanding sale commitments for sale contract are as follows:

	2019.3.31	2018.12.31	2018.3.31
Order backlog of promised	$ 57,384	57,782	69,716

4. As at March 31, 2019, significant outstanding purchase commitments for Signed project contract are as follows:

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

	2019.3.31	2018.12.31	2018.3.31
Purchase order of promised	$ 52,113	54,229	43,294

(10)Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Others:

By function / Nature	**For the three months ended March 31, 2019**			**For the three months ended March 31, 2018**		
	Operating Cost	Operating Expense	Operating Cost	Operating Expense	Operating Cost	Total
Employee benefits						
Salary	1,645	38,515	40,160	1,539	39,817	41,356
Labor and health insurance	135	3,223	3,358	120	2,963	3,083
Pension	92	3,495	3,587	82	3,061	3,143
Remuneration of directors	28	1,452	1,480	33	1,462	1,495
Others employee benefits	2,985	1,911	4,896	406	1,444	1,850
Depreciation	6	1,506	1,512	-	1,601	1,601

(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 March 31, 2019.

1. Loans to other parties: None.
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	42,808	4.78%	42,8080	

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 three months ended March 31, 2019, 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%	50,859	1,902	1,902	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%	137,473	(21)	(21)	〃
〃	IKNOW PTE. LTD.	Singapore	Sales of electronic dictionaries and PDA-related products	62,641	62,641	683,850	47.00%	6,933	(1,854)	(871)	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%	84,265	(468)	(468)	〃

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:

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

:

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	-

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 March 31, 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:

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

	For the three months ended March 31			
	2019			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue：				
Revenue from external customers	$ 332,703	16,630	-	349,333
Total revenue	$ 332,703	16,630	-	349,333
Reportable segment net operating income (loss)	$ (2,735)	83	-	(2,652)

	2018			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue：				
Revenue from external customers	$ 332,703	16,630	-	349,333
Revenue：：				
Revenue from external customers	$ 442,650	15,566	-	458,216
Total revenue	$ 442,650	15,566	-	458,216
Reportable segment net operating income (loss)	$ (24,702)	216	-	(24,486)