Powertech Technology Inc. and Subsidiaries

Consolidated Financial Statements for the Three Months Ended March 31, 2018 and 2017 and Independent Auditors' Review Report

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Powertech Technology Inc.

Introduction

We have reviewed the accompanying consolidated balance sheets of Powertech Technology Inc. (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2018 and 2017 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-months periods then ended, and related notes, including a summary of significant accounting policies (collectively referred to as the consolidated financial statements). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As stated in Note 16 to the consolidated financial statements, we did not review the financial statements of some immaterial subsidiaries, which included in the consolidated financial statements, as of and for the three months ended March 31, 2018 and 2017, which represented total assets of 16.52% $16,731,684 thousand and 7.77% $6,441,786 thousand of the consolidated assets; and total liabilities of 17.38% $8,645,103 thousand and 9.96% $3,701,345 thousand of the consolidated liabilities. These statements also reflected these subsidiaries' comprehensive income of (7.66)% $(131,601) thousand and 5.09% $71,561 thousand of the consolidated comprehensive income for the three months ended March 31, 2018 and 2017, respectively. Also, as stated in Note 17 to the consolidated financial statements, we did not review the financial statements of equity-method investees as of and for the three months ended March 31, 2017. The carrying value of the related investments as of March 31, 2017 were $1,420,039 thousand, and the share of comprehensive income of associates were $64,666 thousand for the three months ended March 31, 2017. These investment amounts, as well as related information disclosed in Note 39 to the consolidated financial statements, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries.

Qualified Conclusion

Based on our reviews, except for the consolidated financial statements of subsidiaries and investees as well as related information disclosed referred to in preceding paragraph, were based on unreviewed financial statements of the investees for the same reporting periods as those of the Corporation and subsidiaries, if those consolidated financial statements had been reviewed and any adjustments were determined to be necessary, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the financial position of the Group as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting", which were endorsed and issued into effect by the Financial Supervisory Commission.

The engagement partners on the reviews resulting in this independent auditors' review report are Yu-Feng Huang and Su-Li Fang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 4, 2018

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with International Financial Reporting Standard and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2018 (Reviewed) Amount	%	December 31, 2017 (Audited) Amount	%	March 31, 2017 (Reviewed) Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	$ 19,045,729	19	$ 17,716,582	18	$ 17,254,433	21
Financial assets at fair value through profit or loss - current (Notes 4 and7)	67,987	-	58,961	-	68,447	-
Held-to-maturity financial assets - current (Notes 4, 5 and 11)	-	-	200,102	-	200,175	-
Financial assets at amortized cost - current (Notes 4, 5, 9 and 36)	619,978	1	-	-	-	-
Contract assets - current (Note 27)	1,530,060	1	-	-	-	-
Notes and accounts receivable (Notes 4, 5 and 13)	8,720,941	8	8,382,978	9	6,418,071	8
Receivables from related parties (Notes 4, 5 and 35)	2,721,628	3	4,029,506	4	3,166,989	4
Other receivables (Note 4)	213,339	-	247,935	-	179,950	-
Other receivables from related parties (Notes 4 and 35)	23,742	-	9,186	-	125,048	-
Inventories (Note 14)	2,787,188	3	4,078,030	4	3,852,713	5
Prepaid expenses	314,598	-	260,191	-	140,839	-
Non-current assets held for sale (Note 15)	1,022,014	1	1,056,479	1	-	-
Other current assets (Notes 4, 20 and 36)	770,525	1	1,037,446	1	735,643	1
Total current assets	37,837,729	37	37,077,396	37	32,142,308	39
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	32,973	-	-	-	-	-
Available-for-sale financial assets - noncurrent (Notes 4 and 10)	-	-	32,670	-	481,851	-
Held-to-maturity financial assets - noncurrent (Notes 4, 5 and 11)	-	-	953,203	1	654,775	1
Financial assets at amortized cost - noncurrent (Notes 4, 5, 9 and 36)	2,184,108	2	-	-	-	-
Debt investments with no active market - noncurrent (Notes 4, 12 and 36)	-	-	1,314,913	2	545,001	1
Investments accounted for by the equity method (Note 17)	-	-	-	-	1,420,039	2
Property, plant and equipment (Notes 18 and 36)	59,631,352	59	58,663,021	59	46,271,492	56
Intangible assets (Note 19)	1,220,639	2	1,249,649	1	1,114,249	1
Deferred income tax assets (Notes 4 and 29)	206,923	-	172,963	-	75,001	-
Other noncurrent assets (Note 20)	161,224	-	194,613	-	159,748	-
Total non-current assets	63,437,219	63	62,581,032	63	50,722,156	61
TOTAL	$ 101,274,948	100	$ 99,658,428	100	$ 82,864,464	100

LIABILITIES AND EQUITY	March 31, 2018 (Reviewed) Amount	%	December 31, 2017 (Audited) Amount	%	March 31, 2017 (Reviewed) Amount	%
CURRENT LIABILITIES						
Short-term bank loans (Note 21)	$ 4,556,592	5	$ 3,842,349	4	$ 1,491,872	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,131	-	5,887	-	2,162	-
Contract liabilities - current (Note 27)	123,687	-	-	-	-	-
Notes and accounts payable	4,643,221	5	4,995,647	5	4,410,256	5
Accounts payable to related parties (Note 35)	15,728	-	-	-	-	-
Bonus to employees and remuneration to directors and supervisors (Note 28)	1,530,155	2	968,624	1	945,649	1
Payables to equipment suppliers	3,164,166	3	3,183,304	3	4,044,364	5
Other payables - related parties (Note 35)	-	-	-	-	1,503	-
Current income tax liabilities (Notes 4 and 29)	1,396,588	1	1,000,059	1	1,304,136	2
Provisions - current (Note 24)	74,872	-	74,554	-	75,031	-
Accrued expenses and other current liabilities (Note 23)	6,580,630	6	7,450,630	8	4,698,587	6
Current portion of long-term debts (Notes 21 and 36)	153,758	-	134,793	-	37,920	-
Finance lease payables-current (Note 22)	129,309	-	132,841	-	3,170	-
Total current liabilities	22,369,837	22	21,788,688	22	17,014,650	21
NON-CURRENT LIABILITIES						
Long-term debt (Notes 21 and 36)	26,132,849	26	27,017,588	27	19,378,383	23
Deferred income tax liabilities (Notes 4 and 29)	276,995	-	203,163	-	40,332	-
Other long-term payable (Notes 23 and 37)	-	-	-	-	455,040	1
Finance lease payables-noncurrent (Note 22)	147,689	-	173,398	-	-	-
Net defined benefit liability - noncurrent (Notes 4 and 25)	432,339	1	396,495	1	239,971	-
Other noncurrent liabilities (Note 23)	374,430	-	395,667	-	27,120	-
Total non-current liabilities	27,364,302	27	28,186,311	28	20,140,846	24
Total liabilities	49,734,139	49	49,974,999	50	37,155,496	45
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Notes 4 and 26)						
Capital stock						
Common stock	7,791,466	8	7,791,466	8	7,791,466	9
Capital surplus	119,593	-	119,593	-	678,047	1
Retained earnings						
Legal reserve	5,837,530	5	5,837,530	6	5,354,070	6
Unappropriated earnings	26,094,958	26	24,717,948	24	23,103,357	28
Total retained earnings	31,932,488	31	30,555,478	30	28,457,427	34
Other equity	(322,483)	-	(337,628)	-	(21,437)	-
Treasury stock	(68,099)	-	(68,099)	-	(7,708)	-
Total equity attributable to shareholders of the Corporation	39,452,965	39	38,060,810	38	36,897,795	44
NON-CONTROLLING INTERESTS (Notes 16 and 264)	12,087,844	12	11,622,619	12	8,811,173	11
Total stockholders' equity	51,540,809	51	49,683,429	50	45,708,968	55
TOTAL	$ 101,274,948	100	$ 99,658,428	100	$ 82,864,464	100

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

(With Deloitte & Touche review report dated May 4, 2018)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
NET SALES (Notes 4, 27 and 35)	$ 15,909,571	100	$ 12,659,858	100
OPERATING COSTS (Notes 14, 28 and 35)	12,660,161	79	9,901,602	78
GROSS PROFIT	3,249,410	21	2,758,256	22
OPERATING EXPENSES (Notes 28 and 35)				
Marketing	85,561	1	67,692	1
General and administrative	401,211	2	266,829	2
Research and development	421,014	3	376,833	3
Total operating expenses	907,786	6	711,354	6
OPERATING INCOME	2,341,624	15	2,046,902	16
NONOPERATING INCOME AND EXPENSES				
Other gains and losses (Notes 28 and 35)	22,803	-	111,273	1
Share of profits of associates (Note 17)	-	-	64,666	1
Miscellaneous income (Notes 4 and 28)	28,508	-	12,070	-
Financial costs (Note 28)	(87,574)	-	(38,822)	-
Foreign exchange loss, net (Note 28)	(182,371)	(1)	(444,646)	(4)
Total nonoperating income and expenses	(218,634)	(1)	(295,459)	(2)
INCOME BEFORE INCOME TAX	2,122,990	14	1,751,443	14
INCOME TAX EXPENSE (Notes 4 and 29)	456,284	3	269,892	2
NET INCOME	1,666,706	11	1,481,551	12
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4 and 26)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	4,106	-	-	-

(Continued)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	$ 47,225	-	$ (231,085)	(2)
Unrealized gain on available-for-sale financial assets	-	-	156,048	1
Total other comprehensive loss	51,331	-	(75,037)	(1)
TOTAL COMPREHENSIVE INCOME	$ 1,718,037	11	$ 1,406,514	11
NET INCOME ATTRIBUTABLE TO				
Shareholders of the Corporation	$ 1,291,380	8	$ 1,165,581	9
Non-controlling interests	375,326	2	315,970	3
	$ 1,666,706	10	$ 1,481,551	12
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO				
Shareholders of the Corporation	$ 1,306,525	8	$ 1,090,544	9
Non-controlling interests	411,512	3	315,970	2
	$ 1,718,037	11	$ 1,406,514	11
EARNINGS PER SHARE (Note 30)				
Basic	$ 1.66		$ 1.50	
Diluted	$ 1.65		$ 1.49	

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

(With Deloitte & Touche review report dated May 4, 2018) (Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Corporation											
	Share Capital Issued and Outstanding			Retained Earnings		Other Equity						
	Share (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments Designated as at Fair Value Through Other Comprehensive Income	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Treasury Stock	Total	Non-controlling Interest	Total Equity
BALANCE, JANUARY 1, 2017	779,147	$ 7,791,466	$ 678,047	$ 5,354,070	$ 21,937,776	$ 9,562	$ -	$ 44,038	$ -	$ 35,814,959	$ 8,505,461	$ 44,320,420
Net income for the three months ended March 31, 2017	-	-	-	-	1,165,581	-	-	-	-	1,165,581	315,970	1,481,551
Other comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	-	(231,085)	-	156,048	-	(75,037)	-	(75,037)
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	1,165,581	(231,085)	-	156,048	-	1,090,544	315,970	1,406,514
The Corporation's stocks held by its subsidiary are treated as treasury stock	-	-	-	-	-	-	-	-	(7,708)	(7,708)	(10,258)	(17,966)
BALANCE, MARCH 31, 2017	779,147	$ 7,791,466	$ 678,047	$ 5,354,070	$ 23,103,357	$ (221,523)	$ -	$ 200,086	$ (7,708)	$ 36,897,795	$ 8,811,173	$ 45,708,968
BALANCE, JANUARY 1, 2018	779,147	$ 7,791,466	$ 119,593	$ 5,837,530	$ 24,717,948	$ (319,150)	$ -	$ (18,478)	$ (68,099)	$ 38,060,810	$ 11,622,619	$ 49,683,429
Effect of retrospective application and retrospective restatement	-	-	-	-	85,630	-	(18,478)	18,478	-	85,630	53,713	139,343
BALANCE, JANUARY 1, 2018 AS RESTATED	779,147	7,791,466	119,593	5,837,530	24,803,578	(319,150)	(18,478)	-	(68,099)	38,146,440	11,676,332	49,822,772
Net income for the three months ended March 31, 2018	-	-	-	-	1,291,380	-	-	-	-	1,291,380	375,326	1,666,706
Other comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	-	14,842	303	-	-	15,145	36,186	51,331
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	1,291,380	14,842	303	-	-	1,306,525	411,512	1,718,037
BALANCE, MARCH 31, 2018	779,147	$ 7,791,466	$ 119,593	$ 5,837,530	$ 26,094,958	$ (304,308)	$ (18,175)	$ -	$ (68,099)	$ 39,452,965	$ 12,087,844	$ 51,540,809

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

(With Deloitte & Touche audit report dated May 4, 2018)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Current income before income tax	$ 2,122,990	$ 1,751,443
Adjustments to reconcile income before income tax to net cash generated from operating activities:		
Depreciation	2,971,069	2,088,042
Amortization	36,466	23,091
Net gain on fair value change of financial assets designated as at fair value through profit or loss	(9,026)	(17,829)
Financial costs	87,574	38,822
Premium amortization of held-to-maturity financial assets	-	619
Premium amortization of financial assets at amortized cost	483	-
Interest revenue	(13,557)	(11,964)
Share of profits of associates	-	(64,666)
Net gain on disposal of property, plant and equipment	(697)	(130,281)
Loss of foreign currency exchange, net	103,949	237,680
Changes in operating assets and liabilities:		
Decrease in financial assets held for trading	-	9,043
Decrease in contract assets	153,011	-
(Increase) decrease in notes and accounts receivable	(361,413)	953,788
Decrease in accounts receivable from related parties	1,302,102	262,013
Decrease (increase) in other receivables	34,524	(9,296)
Increase in other receivables from related parties	(14,556)	(30,539)
Increase in inventories	(218,050)	(489,820)
(Increase) decrease in prepayments	(54,407)	5,459
Increase in other current assets	(52,834)	(224,512)
Decrease in financial liability held for trading	(4,756)	(69,407)
Increase in contract liabilities	79,945	-
(Decrease) increase in notes and accounts payable	(334,049)	226,425
Increase in accounts payable to related parties	15,728	-
Increase in bonus to employees and remuneration of directors and supervisors	561,531	191,380
Decrease in other payables to related parties	-	(2,934)
Increase (decrease) in provisions	318	(9,655)
Decrease in accrued expenses and other current liabilities	(586,665)	(349,589)
Increase (decrease) in net defined benefit liability	35,844	(3,694)
Decrease in other accounts payable	(202,694)	(196,576)
Cash generated from operations	5,652,830	4,177,043
Interest received	13,629	11,842
Interest paid	(98,011)	(69,467)
Income tax paid	(54,719)	(14,415)
Net cash generated from operating activities	5,513,729	4,105,003

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POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	Three Months Ended March 31	
	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	$ (8,171)	$ -
Proceeds from sale of financial assets at amortized cost	10,750	-
Proceeds from sale of debt investments with no active market	-	22,578
Proceeds from sale of held-to-maturity financial assets	-	50,000
Acquisition of property, plant and equipment	(4,262,536)	(3,962,333)
Disposal of property, plant and equipment	350,781	170,811
Decrease in refundable deposits	10,002	317
Increase in intangible assets	(3,262)	(6,191)
Decrease in prepayments for equipment	23,559	104,160
Decrease in other prepayments	661	8,887
Net cash used in investing activities	(3,878,216)	(3,611,771)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	718,108	(53,859)
Increase in long-term debts	-	7,131,085
Decrease in long-term debts	(865,774)	(5,947,785)
Increase in guarantee deposits	3,307	337
Decrease in finance lease payable	(29,241)	(1,888)
Payments for buy-back of ordinary shares	-	(17,966)
Net cash (used in) generated from financing activities	(173,600)	1,109,924
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(132,766)	(183,944)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,329,147	1,419,212
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	17,716,582	15,835,221
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 19,045,729	$ 17,254,433

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

(With Deloitte & Touche review report dated May 4, 2018) (Concluded)

1. GENERAL INFORMATION

Powertech Technology Corporation (the "Corporation") was incorporated in the Republic of China ("ROC") on May 15, 1997 and commenced business in September, 1997. The Corporation and its subsidiaries (collectively referred to as the "Group") mainly manufacture, package, test and sell various integrated circuit product as well as researching and developing, designing, assembling, testing and manufacturing various integrated circuits. The Corporation also provides semiconductor testing and assembly services on a turnkey basis, in which the Corporation buys fabricated wafers and sells tested and assembled semiconductors. The address of its registered office and principal place of business is Hsinchu Industrial Park, Hukou, Hsinchu.

The Corporation's stocks have been listed on the Taiwan Stock Exchange ("TWSE") on November 8, 2004 after being traded on the Taipei Exchange ("TPEx") starting on April 3, 2003. The Corporation also issued Global Depositary Shares ("GDS"), which are listed on the Luxembourg Stock Exchange and traded on the Euro MTF Market. The GDS was accepted for quotation on the International Order Book of the London Stock Exchange Limited.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Corporation's stock is listed on the Taiwan Stock Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Board of Directors and issued on May 4, 2018.

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

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

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

   1) IFRS 9 "Financial Instruments" and related amendment

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

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2017, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2017.

	Measurement Category		Carrying Amount	
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 17,716,582	$ 17,716,582
Derivatives	Held-for-trading	Mandatorily at fair value through profit or loss (i.e. FVTPL)	58,961	58,961
Equity securities	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instrument	32,670	32,670
Debt securities	Held to maturity	Amortized cost	1,153,305	1,153,305
Time deposits with original maturity of more than 3 months	Loans and receivables	Amortized cost	768,210	768,210
Notes receivable, accounts receivables and other receivables	Loans and receivables	Amortized cost	12,669,605	12,669,605
Pledged time deposits	Loans and receivables	Amortized cost	546,703	546,703
Refundable deposits	Loans and receivables	Amortized cost	63,660	63,660

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Remark
FVTOCI					
Equity instruments	$ -	$ -	$ -		
Add: From available for sale (IAS 39)	-	32,670	-		a)
	-	32,670	-	$ 32,670	
Amortized cost					
Add: From held to maturity (IAS 39)	-	1,153,305	-		b)
Add: From loans and receivables (IAS 39)	-	1,314,913	-		b)
	-	2,468,218	-	2,468,218	
	$ -	$ 2,500,888	$ -	$ 2,500,888	

a) The Group elected to designated all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized loss on available-for-sale financial assets of ($18,478) thousand was reclassified to other equity - unrealized loss on financial assets at FVTOCI.

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

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

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

In identifying performance obligations, IFRS 15 and the related amendments require that a good or service is distinct if it is capable of being distinct (for example, the Group regularly sells it separately) and the promise to transfer it is distinct within the context of the contract (i.e. the nature of the promise in the contract is to transfer each good or service individually rather than to transfer a combined output).

For the manufacturing of customer-specific goods, if the customer simultaneously receives and consumes the benefits provided by the Group's performance or the customer controls the goods when they are created or enhanced, revenue is recognized over time under IFRS 15. Prior to the application of IFRS 15, the Group recognized revenue when the goods were delivered.

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Prior to the application of IFRS 15, receivable was recognized or deferred revenue was reduced when revenue was recognized for the contract under IAS 18.

The Group elects only to retrospectively apply IFRS 15 to contracts that are not complete on January 1, 2018 and recognize the cumulative effect of the change in the retained earnings on January 1, 2018.

Impact on assets, liabilities and equity for current period

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
Inventories	$ 4,078,030	$ (1,508,892)	$ 2,569,138
Contract assets - current	-	1,683,071	1,683,071
Total effect on assets	$ 4,078,030	$ 174,179	$ 4,252,209
Unearned sales revenue	$ 43,742	$ (43,742)	$ -
Contract liabilities - current	-	43,742	43,742
Current income tax liabilities	1,000,059	34,836	1,034,895
Total effect on liabilities	$ 1,043,801	$ 34,836	$ 1,078,637
Retained earnings	$ 30,555,478	$ 85,630	$ 30,641,108
Non-controlling interests	11,622,619	53,713	11,676,332
Total effect on equity	$ 42,178,097	$ 139,343	$ 42,317,440

If the Group continues adopting IAS 18 in 2018, the differences from the adoption of IFRS 15 are as follows:

Impact on assets, liabilities and equity for current period

	March 31, 2018
Decrease in inventories	$ (1,367,536)
Increase in contract assets - current	1,530,060
Increase in assets	$ 162,524
Increase in contract liability - current	$ 123,687
Decrease in current income tax liabilities	(2,331)
Decrease in unearned sales revenue	(123,687)
Decrease in liabilities	$ (2,331)
Decrease in retained earnings	$ (2,911)
Decrease in non-controlling interests	(6,413)
Decrease in equity	$ (9,324)

Impact on total comprehensive income for current period

	For the three Months Ended March 31, 2018
Decrease in net sales	$ (151,365)
Decrease in operating cost	139,710
Decrease in income tax expense	2,331
Decrease in net income for the period	(9,324)
Decrease in total comprehensive income for the period	$ (9,324)
Decrease in net income attributable to:	
Shareholders of the Corporation	$ (2,911)
Non-controlling interests	(6,413)
	$ (9,324)
Decrease in total comprehensive income attributable to:	
Shareholders of the Corporation	$ (2,911)
Non-controlling interests	(6,413)
	$ (9,324)
Impact on earnings per share:	
Decrease in basic earnings per share	$ -
Decrease in diluted earnings per share	$ -

3) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"

The amendments clarify that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses as deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendments also stipulate that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group's assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve the higher amount and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

Prior to the amendment, in assessing a deferred tax asset, the Group assumed that it will recover the asset at its carrying amount when estimating probable future taxable profit. When the amendments become effective in 2018, the amendments shall be applied retrospectively.

4) IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

IAS 21 stipulated that a foreign currency transaction shall be recorded on initial recognition in the functional currency by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. IFRIC 22 further explains that the date of the transaction is the date on which an entity recognizes a non-monetary asset or non-monetary liability from payment or receipt of advance consideration. If there are multiple payments or receipts in advance, the entity shall determine the date of the transaction for each payment or receipt of advance consideration.

The Group applied IFRIC 22 prospectively to all assets, expenses and income recognized on or after January 1, 2018 within the scope of the Interpretation.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019 (Note 3)
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 4)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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

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

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

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

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

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

2) IFRS 16 "Leases"

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

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized at the date of initial application.

3) IFRIC 23 "Uncertainty Over Income Tax Treatments"

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

On initial application, the Group shall apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for the financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

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

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

c. Basis of consolidation

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

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

See Note 16 and Note 39 k. for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the following financial instruments and revenue recognition, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017. For the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2017.

1) Financial instruments

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

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

a) Financial assets

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

i. Measurement category

<u>2018</u>

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

i) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 34.

ii) Financial assets at amortized cost

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, debt investments, time deposits with original maturity of more than 3 months, notes and accounts receivables (included related parties), other receivables (included related parties), pledged time deposits and refundable deposits , are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

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

iii) Investments in equity instruments at FVTOCI

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

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

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

2017

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

i) Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 34.

ii) Held-to-maturity financial assets

Corporate bonds, which the Group invests in and has positive intent and ability to hold to maturity, are classified as held-to-maturity financial assets.

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

iii) Available-for-sale financial assets

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

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

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

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

iv) Loans and receivables

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

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

ii Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables) as well as contract assets.

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

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

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

Objective evidence of impairment could include: Significant financial difficulty of the debtor; or it becoming probable that the debtor will enter bankruptcy or financial re-organization; or a default or delinquency in interest or principal payments; or extension of the maturity date; or significant financial difficulty of the final issuer or debtor; or disappearance of an active market for that financial asset because of the issuer's financial difficulties or other reasons.

For financial assets carried at amortized cost, such as accounts receivable, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of accounts receivable could include the Group's past experience of collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

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

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

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

For all other financial assets, objective evidence of impairment could include:

i) Significant financial difficulty of the issuer or counterparty; or

ii) Breach of contract, such as a default or delinquency in interest or principal payments; or

iii) It is becoming probable that the borrower will enter bankruptcy or financial re-organization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

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

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

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

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

iii Derecognition of financial assets

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

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

b) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

c) Financial liabilities

i. Subsequent measurement

Except the following situation, all the financial liabilities are measured at amortized cost using the effective interest method.

<u>Financial liabilities at fair value through profit or loss</u>

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

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on the financial liability. Fair value is determined in the manner described in Note 34.

ii. Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

d) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability.

2) Revenue recognition

<u>2018</u>

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

For contract where the period between the date the Group transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

<u>Revenue from services</u>

When the Group fulfilled the testing service contract, the customer simultaneously receives and consumes the benefits provided by the Group's performance, the Group has the right to perform the collection if partial of the testing service contract have been fulfilled, and the revenue from testing service is recognized over time. When the Group fulfilled the assembly service contract, the customer controls the goods when they are created or enhanced, the Group has the right to perform the collection if partial of the assembly service contract have been fulfilled, and the revenue from assembly service is recognized over time. A contract asset is recognized during the process of semiconductor assembling and testing, and is reclassified to accounts receivable at the point the bills were issued. If the payment exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference. It is recognized as contract asset until the Group satisfies its performance.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

<u>2017</u>

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

a) Sale of goods

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

i. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

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

iii. The amount of revenue can be measured reliably;

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

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

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

b) Rendering of services

Revenue from a contract to provide services is recognized by reference to the stage of completion of the contract.

c) Dividend and interest income

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

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

3) Retirement benefits

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

4) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except for the following, the critical accounting judgments and key sources of estimation uncertainty followed in these consolidated financial statements refer to the consolidated financial statements for the year ended December 31, 2017.

a. Business model assessment for financial assets - 2018

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement about all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or fair value through other comprehensive income, and when assets are derecognized prior to their maturity, the Group understands the reason for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets is proper.

b. Held-to-maturity financial assets - 2017

Management has reviewed the Group's held-to-maturity financial assets in light of its capital maintenance and liquidity requirements and has confirmed the Group's positive intention and ability to hold those assets to maturity.

c. Estimated impairment of financial assets - 2018

The provision for impairment of accounts receivables and investments in debt instruments is based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

d. Estimated impairment of accounts receivables - 2017

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between an asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	March 31, 2018	December 31, 2017	March 31, 2017
Checking accounts and demand deposits	$ 18,548,991	$ 16,967,863	$ 16,233,974
Cash on hand	738	719	452
Cash equivalent			
Repurchase agreements collateralized by bonds	496,000	748,000	1,020,007
	$ 19,045,729	$ 17,716,582	$ 17,254,433

The market rate intervals of cash in bank and cash equivalents at the end of the reporting period were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Bank deposits	0%-1.92%	0%-1.75%	0%-1.54%
Repurchase agreement collateralized by bonds	0.36%	0.36%	0.34%-0.40%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2018	December 31, 2017	March 31, 2017
Financial assets at FVTPL - current			
Financial assets held for trading			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	$ 17,771	$ 8,799	$ 18,429
Non-derivative financial assets			
Mutual funds	50,216	50,162	50,018
	$ 67,987	$ 58,961	$ 68,447
Financial liabilities at FVTPL - current			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	$ 1,131	$ 5,887	$ 2,162

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

	Currency	Maturity Date	Contract Amounts (In Thousands)
March 31, 2018			
Sell forward exchange contracts	USD to NTD	2018.04.02-2018.07.02	USD 56,230
	USD to JPY	2018.04.03-2018.08.03	USD 24,363
	USD to CNY	2018.04.09	USD 1,117
December 31, 2017			
Sell forward exchange contracts	USD to NTD	2018.01.03-2018.03.08	USD 40,928
	USD to JPY	2018.01.05-2018.06.08	USD 32,006
March 31, 2017			
Sell forward exchange contracts	USD to NTD	2017.04.10-2017.05.12	USD 4,900
	USD to JPY	2017.04.05-2017.05.26	USD 38,014

The Group entered into foreign exchange forward contracts to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. However, those contracts did not meet the criteria of hedge effectiveness and therefore were not accounted for by using hedge accounting.

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

Investments in equity instruments at FVTOCI

	March 31, 2018
Non-current	
Domestic investments	
Listed shares	
Ordinary shares - Solid State System Co., Ltd.	$ 32,973

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

9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

	March 31, 2018
Current	
Domestic investments	
Corporate bonds - 02 Taiwan Power Company 1A Bond	$ 200,028
Corporate bonds - 01 TSMC 1B Bond	100,426
Time deposits with original maturity of more than 3 months	8,154
Pledged time deposits	12,394
Restricted deposit	298,976
	$ 619,978
Non-current	
Domestic investments	
Corporate bonds - P06 Taiwan Power Company 1A Bond	$ 300,001
Corporate bonds - 02 Taiwan Power Company 1B Bond	152,366
Corporate bonds - P06 Taiwan Power Company 3A Bond	100,001
Corporate bonds - P04 Hon Hai 4C Bond	100,000
Corporate bonds - P04 FENC 4 Bond	100,000
Corporate bonds - P06 FPC 1A Bond	100,000
Time deposits with original maturity of more than 3 months	795,180
Pledged time deposits	536,560
	$ 2,184,108

On March 19, 2015, the Group bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 1.13% at premium value $200,917 thousand (par value $200,000 thousand), and a maturity date of May 6, 2018, at par value of $200,000 thousand.

On October 20, 2015, the Group bought corporate bonds issued by TSMC, which have an effective interest rate of 0.91%; a premium value of $101,740 thousand (par value $100,000 thousand); and maturity on January 11, 2019.

On October 23, 2015, the Group bought corporate bonds issued by HON HAI PRECISION IND. CO., LTD., which have an effective interest rate of 1.15%; a premium value of $100,001 thousand (par value $100,000 thousand); and maturity on September 29, 2019.

On November 16, 2015, the Group bought corporate bonds issued by Far Eastern New Century Corporation, which have an effective interest rate of 1.25%; a premium value of $100,001 thousand (par value $100,000 thousand); and maturity date on November 16, 2020.

On September 26, 2016, the Group bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.63% at premium value $154,054 thousand (par value $150,000 thousand) and a maturity date on May 6, 2020.

On April 21, 2017, the Group bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 1.13% at premium value $300,002 thousand (par value $300,000 thousand) and a maturity date of April 21, 2022.

On May 19, 2017, the Group bought corporate bonds issued by Formosa Plastics Corporation with an effective interest rate of 1.09% at premium value $100,001 thousand (par value $100,000 thousand) and maturity dates of May 19, 2021 and May 19, 2022 at par value of $50,000 thousand, respectively.

On December 15, 2017, the Group bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.88% at premium value $100,001 thousand (par value $100,000 thousand) and maturity dates of December 15, 2021 and December 15, 2022 at par value of $50,000 thousand, respectively.

The Group bought corporate bonds that were classified as held-to-maturity financial assets under IAS 39. Refer to Note 3 and Note 11 for information relating to their reclassification and comparative information for 2017.

The interest rates for time deposits with original maturity of more than 3 months were 1.92% as at the end of the reporting period. The time deposits were classified as debt investments with no active market under IAS 39. Refer to Note 3 and Note 12 for information relating to their reclassification and comparative information for 2017.

Refer to Note 34 for information relating to their credit risk management and impairment.

Refer to Note 36 for information relating to investments in financial assets at amortized cost pledged as security.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017	**March 31, 2017**
Non-current		
Foreign investments		
Listed share	$ -	$453,104
Domestic investments		
Listed share	32,670	28,747
	$ 32,670	$481,851

11. HELD-TO-MATURITY FINANCIAL ASSETS - 2017

	December 31, 2017	March 31, 2017
Current		
Domestic investments		
Corporate bonds - 02 Taiwan Power Company 1A Bond	$ 200,102	$ -
Corporate bonds - 01 TSMC 2A Bond	-	200,175
	$ 200,102	$ 200,175
Noncurrent		
Domestic investments		
Corporate bonds - P06 Taiwan Power Company 1A Bond	$ 300,001	$ -
Corporate bonds - 02 Taiwan Power Company 1B Bond	152,641	153,484
Corporate bonds - 01 TSMC 1B Bond	100,560	100,966
Corporate bonds - P06 Taiwan Power Company 3A Bond	100,001	-
Corporate bonds - P04 Hon Hai 4C Bond	100,000	100,000
Corporate bonds - P04 FENC 4 Bond	100,000	100,000
Corporate bonds - P06 FPC 1A Bond	100,000	-
Corporate bonds - 02 Taiwan Power Company 1A Bond	-	200,325
	$ 953,203	$ 654,775

On August 7, 2014, the Group bought corporate bonds issued by TSMC with an effective interest rate of 1.02% at premium value $201,523 thousand (par value $200,000 thousand), and a maturity date of August 2, 2017, at par value of $200,000 thousand.

For the remaining debt securities information, please refer to Note 9

12. DEBT INVESTMENTS WITH NO ACTIVE MARKET - 2017

	December 31, 2017	March 31, 2017
Non-current		
Time deposits with original maturity of more than 3 months	$ 768,210	$ -
Pledged time deposits	546,703	545,001
	$ 1,314,913	$ 545,001

a. Refer to Note 36 for information relating to debt investments with no active market pledged as security.

13. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2018	December 31, 2017	March 31, 2017
Notes receivable			
Notes receivable - operating	$ 73,394	$ 76,020	$ 86,206
Accounts receivables			
At amortized cost			
Gross carrying amount	$ 8,687,020	$ 8,346,431	$ 6,355,562
Less: Allowance for impairment loss	(39,473)	(39,473)	(23,697)
	8,647,547	8,306,958	6,331,865
	$ 8,720,941	$ 8,382,978	$ 6,418,071

For the three months ended March 31, 2018

The average credit period of sales of goods was 7 to 150 days. No interest was charged on accounts receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

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

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

March 31, 2018

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	$ 8,637,902	$ 30,604	$ 6,861	$ 5,632	$ 6,021	$ 8,687,020
Loss allowance (Lifetime ECL)	(6,918)	(14,057)	(6,845)	(5,632)	(6,021)	(39,473)
Amortized cost	$ 8,630,984	$ 16,547	$ 16	$ -	$ -	$ 8,647,547

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

	March 31, 2018
Balance at January 1, 2018 per IAS 39	$ 39,473
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	39,473
Add: Net measurement of loss allowance (a)	-
Balance at March 31, 2018	$ 39,473

For the three months ended March 31, 2017

The credit policy of the Group in 2017 is the same as the above-mentioned credit policy in 2018. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss were recognized reference to past default experience of the counterparties and an analysis of their current financial position.

For the accounts receivables balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss. There had not been a significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to offset against any amounts owed by the Group to the counterparty.

Age of receivables was as follow:

	December 31, 2017	March 31, 2017
Less than 60 days	$ 6,993,097	$ 5,590,795
61-90 days	833,361	624,339
91-120 days	490,696	140,428
More than 120 days	29,277	-
	$ 8,346,431	$ 6,355,562

The above analysis was based on the invoice date.

Age of receivables that are past due but not impaired was as follow:

	December 31, 2017	March 31, 2017
Less than 60 days	$ 28,566	$ 5,368
61-90 days	2,931	478
91-120 days	55	14
More than 120 days	66	424
	$ 31,618	$ 6,284

The above analysis was based on the past due date.

Movement in the allowance for impairment loss recognized on accounts receivables were as follow:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$ 7,949	$ 15,868	$ 23,817
Less: Foreign exchange translation gains and losses	(120)	-	(120)
Balance at March 31, 2017	$ 7,829	$ 15,868	$ 23,697

Included in the allowance for impairment loss were individually impaired accounts receivables amounting to $5,993 thousand and $7,829 thousand as of December 31, 2017 and March 31, 2017, respectively. These amounts relate to customers that had been in significant financial difficulty. The impairment recognized represents the carrying amount of these accounts receivables.

14. INVENTORIES

	March 31, 2018	December 31, 2017	March 31, 2017
Finished goods	$ -	$ 376,645	$ 420,201
Work in progress	-	1,132,247	747,353
Raw materials	2,384,637	2,179,766	2,341,483
Supplies	402,551	389,372	343,676
	$ 2,787,188	$ 4,078,030	$ 3,852,713

The costs of inventories recognized as cost of goods sold were as follows:

	For the Three Months Ended March 31	
	2018	2017
Operating costs	$ 12,660,161	$ 9,901,602
(Reversal) write-downs of inventories	$ (9,912)	$ 18,762
Unallocated overheads	$ 991,657	$ 821,824
Sales of scrapes	$ 36,083	$ 25,688

15. NON-CURRENT ASSETS HELD FOR SALE

	March 31, 2018	December 31, 2017	March 31, 2017
Equipment held for sale	$ 1,022,014	$ 1,056,479	$ -

Tera Probe, Inc., the subsidiary of the Group, signed up a sales contract for some machinery and equipment in April 2017. Since the transaction occurred before the Group obtained control over Tera Probe, Inc., the selling price was included in the asset price acquired on the acquisition date, refer to Note 31. This disposition plan is expected to be completed in May 2018.

16. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	Proportion of Ownership March 31, 2018	December 31, 2017	March 31, 2017	Remark
Powertech Technology Inc.	Powertech Holding (BVI) Inc.	Investment business	100%	100%	100%	-
	Greatek Electronics Inc. ("GEI")	Semiconductor assembly and testing service	43%	43%	43%	Notes 1 and 4
	Powertech Technology (Singapore) Pte. Ltd.	Integrated circuit testing and assembly service	100%	100%	100%	Note 2
	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	36%	36%	36%	Notes 2 and 5
	Powertech Technology Japan Ltd.	Investment business	100%	100%	100%	Notes 2 and 6
	Tera Probe, Inc.	Wafer probing test services	12%	12%	12%	Notes 2, 4 and 7
	TeraPower Technology Inc.	Wafer probing test services	49%	49%	49%	Note 8
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Investment business	100%	100%	100%	Note 3
PTI Technology (Singapore) Pte. Ltd.	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	100%	100%	100%	Note 3
Powertech Technology (Singapore) Pte. Ltd.	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	64%	64%	64%	Notes 2 and 5
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Wafer probing test services	47%	47%	-	Notes 2, 4 and 7
	Powertech Technology Akita Inc.	Wafer probing test services	100%	100%	-	Notes 2 and 10
Tera Probe, Inc.	TeraPower Technology Inc.	Wafer probing test services	51%	51%	-	Note 8
	Tera Probe Aizu, Inc.	Wafer probing test services	100%	100%	-	Notes 2 and 9

Note 1: On the reelection of the directors and supervisors of Greatek Electronics Inc., the Corporation got a majority of the directors seats and become subsidiary even the Corporation only have 43% ownership of Greatek Electronics Inc.

Note 2: It is a non-significant subsidiary, its financial statements for three months ended March 31, 2018 and 2017 have not been reviewed.

Note 3: It is a non-significant subsidiary, its financial statements for three months ended March 31, 2018 have not been reviewed.

Note 4: Subsidiaries that have material non-controlling interests.

Note 5: The Corporation invested Powertech Technology (Xian) Ltd. directly in January 2017, and got 36% ownership of it. As a result, Powertech Technology (Singapore) Pte. Ltd. got 64% ownership of it.

Note 6: The subsidiary was established in January 2017.

Note 7: Powertech Technology Japan Ltd. intended to acquire the shares of Tera Probe, Inc. by means of the tender offer in April 2017 and finished the acquisition in May 2017. 47% ownership of Tera Probe, Inc. was acquired by tender offer. Together with 12% ownership the Corporation originally held, the total ownership was 59% and therefore the Group has control over Tera Probe, Inc. Refer to Note 31.

Note 8: The Corporation has 49% ownership of TeraPower Technology Inc. and Tera Probe, Inc. has 51% ownership of TeraPower Technology Inc. Since the Corporation already had control over Tera Probe, Inc. in May 2017, it also had control over TeraPower Technology Inc. Refer to Note 31.

Note 9: Tera Probe Aizu, Inc. is a 100% owned subsidiary of Tera Probe, Inc.

Note 10: Powertech Technology Japan Ltd. finished the acquisition of Powertech Technology Akita Inc. in August 2017, and the total ownership was 100%. Therefore the Group has control over Powertech Technology Akita Inc. Refer to Note 31. Besides, Powertech Technology Japan Ltd. participated the issuance of common stock of Powertech Technology Akita Inc. on October 25, 2017, and the investment amount was 980,000 thousands of yen.

b. Details of subsidiaries that have material non-controlling interests

		Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
Name of Subsidiary	**Principal Place of Business**	**March 31, 2018**	**December 31, 2017**	**March 31, 2017**
Greatek Electronics Inc.	Zhunan Township, Miaoli County	57%	57%	57%
Tera Probe, Inc.	Japan	41%	41%	-

	Profit Allocated to Non-controlling Interests For the Three Months Ended March 31		Accumulated Non-controlling Interests		
Name of Subsidiary	**2018**	**2017**	**March 31, 2018**	**December 31, 2017**	**March 31, 2017**
Greatek Electronics Inc.	$ 351,537	$ 315,970	$ 9,348,330	$ 8,943,679	$ 8,811,173
Tera Probe, Inc.	$ 23,789	$ -	$ 2,804,386	$ 2,678,940	$ -

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

Greatek Electronics Inc.

	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 8,034,019	$ 7,476,651	$ 8,228,235
Non-current assets	11,060,715	10,663,235	9,648,675
Current liabilities	(2,627,487)	(2,396,897)	(2,474,411)
Non-current liabilities	(217,901)	(219,050)	(203,164)
Equity	$ 16,249,346	$ 15,523,939	$ 15,199,335
Equity attributable to:			
Shareholders of the Corporation	$ 6,971,811	$ 6,660,574	$ 6,521,302
Non-controlling interests	9,277,535	8,863,365	8,678,033
	$ 16,249,346	$ 15,523,939	$ 15,199,335

	For the Three Months Ended March 31	
	2018	2017
Operating revenue	$ 3,052,688	$ 2,760,727
Net income	$ 625,081	$ 598,909
Other comprehensive income	6,660	(306)
Total comprehensive income for the period	$ 631,741	$ 598,603
Net profit attributable to:		
Shareholders of the Corporation	$ 268,192	$ 256,963
Non-controlling interests	356,889	341,946
	$ 625,081	$ 598,909
Total comprehensive income attributable to:		
Shareholders of the Corporation	$ 271,050	$ 256,832
Non-controlling interests	360,691	341,771
	$ 631,741	$ 598,603
Net cash inflow (outflow) from:		
Operating activities	$ 1,208,895	$ 1,201,118
Investing activities	(810,161)	(915,938)
Net cash inflow	$ 398,734	$ 285,180

Tera Probe, Inc.

	March 31, 2018	December 31, 2017
Current assets	$ 3,162,207	$ 3,019,962
Non-current assets	5,259,947	5,008,209
Current liabilities	(1,569,031)	(1,352,203)
Non-current liabilities	(635,673)	(594,760)
Equity	$ 6,217,450	$ 6,081,208
Equity attributable to:		
Shareholders of the Corporation	$ 3,695,652	$ 3,614,670
Non-controlling interests	2,521,798	2,466,538
	$ 6,217,450	$ 6,081,208

	For the Three Months Ended March 31, 2018
Operating revenue	$ 857,654
Net income	$ 39,957
Other comprehensive income	5,568
Total comprehensive income for the period	$ 45,525
Net income attributable to:	
Shareholders of the Corporation	$ 23,750
Non-controlling interests	16,207
	$ 39,957
Total comprehensive income attributable to:	
Shareholders of the Corporation	$ 27,060
Non-controlling interests	18,465
	$ 45,525
Cash flow inflow (outflow) from:	
Operating activities	$ 249,555
Investing activities	(356,315)
Financing activities	449,442
Net cash inflow	$ 342,682

17. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

Investments in associates

	March 31, 2018	December 31, 2017	March 31, 2017
Immaterial associate			
TeraPower Technology Inc.	$ -	$ -	$ 1,420,039

As the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	March 31, 2018	December 31, 2017	March 31, 2017
TeraPower Technology Inc.	-	-	49%

In August, 2008, the Corporation signed an agreement with Tera Probe Inc. to jointly establish TeraPower Technology Inc. ("TeraPower"), and the related investment was accounted for by the equity method. TeraPower mainly renders wafer probing test services to semiconductor product makers.

Since the Corporation already had control over Tera Probe, Inc. in May 2017, it also had control over TeraPower Technology Inc. Refer to Note 16.

Aggregate information of associates that are not individually material:

	For the Three Months Ended March 31, 2017
The Group's share of:	
Net profit	$ 64,666
Other comprehensive income	-
Total comprehensive income	$ 64,666

Investments accounted for using equity method and 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.

18. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2018	December 31, 2017	March 31, 2017
Carrying amounts of each class			
Land	$ 3,318,204	$ 3,317,858	$ 2,614,511
Buildings	14,499,323	14,329,813	12,201,034
Machinery and equipment	31,224,196	30,355,038	22,402,008
Office equipment	641,657	620,938	271,936
Leasehold improvements	57,048	64,384	114,609
Other equipment	635,794	734,657	572,797
Construction in progress	996,571	872,522	470,466
Advance payments	8,136,162	8,257,379	7,515,717
Spare parts	122,397	110,432	108,414
	$ 59,631,352	$ 58,663,021	$ 46,271,492

	For the Three Months Ended March 31, 2017									
	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
Cost										
Balance, beginning of period	$ 2,480,125	$ 17,131,584	$ 60,797,008	$ 1,446,040	$ 335,730	$ 3,268,388	$ 2,082,012	$ 7,196,731	$ 106,788	$ 94,844,406
Additions	-	80,937	68,651	25,615	144	8,263	466,459	3,787,673	84,204	4,521,946
Disposals	-	(96,963)	(892,533)	(10,328)	(4,084)	(34,471)	-	(3,557)	(73,422)	(1,115,358)
Reclassified	134,386	2,571,488	2,650,388	60,403	(10,571)	83,485	(2,067,642)	(3,429,231)	-	(7,294)
Effect of foreign currency exchange differences	-	(84,174)	(321,893)	(41,517)	(19,319)	(14,602)	(10,363)	(35,899)	(936)	(528,703)
Balance, end of period	2,614,511	19,602,872	62,301,621	1,480,213	301,900	3,311,063	470,466	7,515,717	116,634	97,714,997
Accumulated deprecation										
Balance, beginning of period	-	7,075,731	39,197,724	1,116,971	205,271	2,742,405	-	-	6,803	50,344,905
Depreciation expense	-	265,723	1,654,556	27,497	3,766	61,208	-	-	75,292	2,088,042
Disposals	-	(101,017)	(850,391)	(10,328)	(3,048)	(36,452)	-	-	(73,422)	(1,074,658)
Reclassified	-	6,841	367	-	(6,841)	(367)	-	-	-	-
Effect of foreign currency exchange differences	-	(45,818)	(132,080)	(4,380)	(11,857)	(28,528)	-	-	(453)	(223,116)
Balance, end of period	-	7,201,460	39,870,176	1,129,760	187,291	2,738,266	-	-	8,220	51,135,173
Accumulated impairment										
Balance, beginning of period	-	211,433	31,061	83,022	-	-	-	-	-	325,516
Disposals	-	-	-	(169)	-	-	-	-	-	(169)
Effect of foreign currency exchange differences	-	(11,055)	(1,624)	(4,336)	-	-	-	-	-	(17,015)
Balance, end of period	-	200,378	29,437	78,517	-	-	-	-	-	308,332
Net book value, end of period	$ 2,614,511	$ 12,201,034	$ 22,402,008	$ 271,936	$ 114,609	$ 572,797	$ 470,466	$ 7,515,717	$ 108,414	$ 46,271,492

	For the Three Months Ended March 31, 2018									
	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
Cost										
Balance, beginning of period	$ 3,317,858	$ 23,246,329	$ 83,927,064	$ 2,729,624	$ 407,994	$ 3,647,390	$ 872,522	$ 8,257,379	$ 121,581	$126,527,741
Additions	-	197,971	959,704	15,878	-	15,407	678,662	2,331,857	91,814	4,291,293
Disposals	-	(10,009)	(203,516)	(9,874)	-	(12,508)	(305,969)	-	(78,563)	(620,439)
Reclassified	-	283,632	2,745,710	66,901	15,234	(34,854)	(257,903)	(2,452,416)	-	366,304
Effect of foreign currency exchange differences	346	36,929	323,250	42,330	(3,168)	(5,354)	9,259	(658)	(381)	402,553
Balance, end of period	3,318,204	23,754,852	87,752,212	2,844,859	420,060	3,610,081	996,571	8,136,162	134,451	130,967,452
Accumulated deprecation										
Balance, beginning of period	-	8,708,794	53,515,329	2,023,118	265,799	2,912,733	-	-	11,149	67,436,922
Depreciation expense	-	327,887	2,394,091	69,261	23,525	76,558	-	-	79,747	2,971,069
Disposals	-	(10,009)	(173,625)	(9,874)	-	(12,508)	-	-	(78,563)	(284,579)
Reclassified	-	-	385,637	777	-	-	-	-	-	386,414
Effect of foreign currency exchange differences	-	18,603	350,148	33,620	(2,225)	(2,496)	-	-	(279)	397,371
Balance, end of period	-	9,045,275	56,471,580	2,116,902	287,099	2,974,287	-	-	12,054	70,907,197
Accumulated impairment										
Balance, beginning of period	-	207,722	56,697	85,568	77,811	-	-	-	-	427,798
Disposals	-	(123)	-	-	-	-	-	-	-	(123)
Effect of foreign currency exchange differences	-	2,655	(261)	732	(1,898)	-	-	-	-	1,228
Balance, end of period	-	210,254	56,436	86,300	75,913	-	-	-	-	428,903
Net book value, end of period	$ 3,318,204	$ 14,499,323	$ 31,224,196	$ 641,657	$ 57,048	$ 635,794	$ 996,571	$ 8,136,162	$ 122,397	$ 59,631,352

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

Buildings	
Main plants	3-51 years
Mechanical and electrical power equipment	1-26 years
Clean rooms	10-16 years
Fire control equipment	10-26 years
Others	1-56 years
Machinery and Equipment	1-20 years
Office Equipment	1-15 years
Leasehold Improvements	2-8 years
Other Equipment	1-16 years
Spare parts	0.5-2 years

Part of the carrying amount of property, plant and equipment had been pledged by the group to secure borrowings. (Refer to Note 36.)

19. INTANGIBLE ASSETS

	March 31, 2018	December 31, 2017	March 31, 2017
Carrying amounts of each class			
Computer software	$ 170,304	$ 191,126	$ 31,703
Goodwill	979,819	979,819	979,819
Client relationship	67,534	73,842	92,765
Technique service	2,489	4,357	9,962
Royalty	493	505	-
	$ 1,220,639	$ 1,249,649	$ 1,114,249

	For the Three Months Ended March 31, 2017					
	Computer Software	Goodwill	Core Technique	Client Relationship	Technique Service	Total
Cost						
Balance, beginning of period	$ 143,936	$ 979,819	$ 323,782	$ 220,775	$ 88,894	$1,757,206
Additions	6,191	-	-	-	-	6,191
Reclassified	6,120	-	-	-	-	6,120
Effect of foreign currency exchange differences	(1,761)	-	(38,281)	-	-	(40,042)
Balance, end of period	154,486	979,819	285,501	220,775	88,894	1,729,475
Accumulated amortization						
Balance, beginning of period	122,325	-	310,966	121,702	77,064	632,057
Additions	2,099	-	12,816	6,308	1,868	23,091
Effect of foreign currency exchange differences	(1,641)	-	(38,281)	-	-	(39,922)
Balance, end of period	122,783	-	285,501	128,010	78,932	615,226
Net book value, end of period	$ 31,703	$ 979,819	$ -	$ 92,765	$ 9,962	$1,114,249

	For the Three Months Ended March 31, 2018						
	Computer Software	Goodwill	Core Technique	Client Relationship	Royalty	Technique Service	Total
Cost							
Balance, beginning of period	$ 615,883	$ 979,819	$ 285,501	$ 220,775	$ 1,679	$ 88,894	$ 2,192,551
Additions	3,262	-	-	-	-	-	3,262
Disposals	(804)	-	-	-	-	-	(804)
Reclassified	2,860	-	-	-	-	-	2,860
Effect of foreign currency exchange differences	10,089	-	(35,398)	-	59	-	(25,250)
Balance, end of period	631,290	979,819	250,103	220,775	1,738	88,894	2,172,619
Accumulated amortization							
Balance, beginning of period	424,757	-	285,501	146,933	1,174	84,537	942,902
Amortization expense	28,261	-	-	6,308	29	1,868	36,466
Disposals	(804)	-	-	-	-	-	(804)
Effect of foreign currency exchange differences	8,772	-	(35,398)	-	42	-	(26,584)
Balance, end of period	460,986	-	250,103	153,241	1,245	86,405	951,980
Net book value, end of period	$ 170,304	$ 979,819	$ -	$ 67,534	$ 493	$ 2,489	$ 1,220,639

The above items of intangible assets were amortized on a straight-line basis over the estimated useful lives as follows:

Computer software	1-10 years
Core technique	5 years
Client relationship	9 years
Royalty	1-10 years
Technique service	2-4 years

20. OTHER ASSETS

	March 31, 2018	December 31, 2017	March 31, 2017
Current			
Tax refund receivables	$ 492,823	$ 378,556	$ 450,433
Payment on behalf of others	120,853	146,439	184,788
Lease prepayments	2,661	2,628	2,524
Restricted assets	-	319,755	21,406
Others	154,188	190,068	76,492
	$ 770,525	$ 1,037,446	$ 735,643
Non-current			
Lease prepayments	$ 67,870	$ 67,671	$ 66,883
Refundable deposits	53,658	63,660	46,138
Prepayment for equipment	5,792	8,957	45,581
Other	33,904	54,325	1,146
	$ 161,224	$ 194,613	$ 159,748

Prepaid lease payment include land use right which are located in Mainland China.

Restricted assets is pledge deposits. (See Note 36.)

21. BORROWINGS

a. Short-term bank loans

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured borrowings			
Working capital loan	$ 4,556,592	$ 3,842,349	$ 1,491,872

The effective interest rates on the working capital loan were 0.68%-5.13%, 0.68%-4.79% and 1.30%-2.80% as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively.

b. Long-term debts

	March 31, 2018	December 31, 2017	March 31, 2017
1) Secured Borrowings	$ 10,915,735	$ 11,396,343	$ 5,907,707
2) Unsecured Borrowings	15,370,872	15,756,038	13,508,596
	26,286,607	27,152,381	19,416,303
Current portion	(153,758)	(134,793)	(37,920)
	$ 26,132,849	$ 27,017,588	$ 19,378,383

1. Repayable continually from January 2019 to September 2032; interest rates at 1.11%-1.30% on March 31, 2018, 1.11%-1.30% on December 31, 2017 and 1.14%-1.28% on March 31, 2017.

2. Repayable continually from January 2019 to March 2022; interest rates at 0.69%-2.67% on March 31, 2018, 0.69%-2.67% on December 31, 2017 and 1.11%-2.62% on March 31, 2017.

For the PTI's long-term debts, the lending banks required PTI to show in its annual and semiannual consolidated financial statements compliance with requirements to maintain the current ratio, fix ratio, liability ratio, financial liabilities ratio, equity ratio, and interest coverage ratio, tangible assets and net asset value as well as the ability to repay the current portion of long-term liabilities.

22. FINANCE LEASE PAYABLES

	March 31, 2018	December 31, 2017	March 31, 2017
Minimum lease payments			
Not later than one year	$ 131,390	$ 135,197	$ 3,238
Over one year up to five years	148,925	174,975	-
	280,315	310,172	3,238
Less: Future finance charges	(3,317)	(3,933)	(68)
Present value of minimum lease payments	$ 276,998	$ 306,239	$ 3,170
Present value of minimum lease payments			
Not later than one year	$ 129,309	$ 132,841	$ 3,170
Over one year up to five years	147,689	173,398	-
	$ 276,998	$ 306,239	$ 3,170

Powertech Technology (Singapore) Pte. Ltd., Tera Probe, Inc. and TeraPower Technology Inc. leased some of its manufacturing equipment under a finance lease. The average lease terms were three to five years.

Interest rates for all obligations under finance leases were fixed at their respective contract dates ranging from 0.40% to 5.19% per annum.

23. OTHER LIABILITIES

	March 31, 2018	December 31, 2017	March 31, 2017
Current			
Accrued expenses and other current liabilities			
Salaries and bonus	$ 1,395,137	$ 2,028,267	$ 1,364,593
Payable for settlement (a)	436,800	634,270	758,400
Agency receipts	179,407	101,477	104,956
Payable for utilities	165,885	159,395	125,866
Payable for annual leave	81,835	40,873	118,053
Others	4,321,566	4,486,348	2,226,719
	$ 6,580,630	$ 7,450,630	$ 4,698,587

(Continued)

	March 31, 2018	December 31, 2017	March 31, 2017
Non-current			
Other long-term payable			
Payable for settlement (a)	$ -	$ -	$ 455,040
Other liabilities			
Guarantee deposits	$ 3,956	$ 648	$ 27,120
Others	370,474	395,019	-
	$ 374,430	$ 395,667	$ 27,120

(Concluded)

a. The group entered into a litigation settlement agreement with Tessera Inc., refer to Note 37.

24. PROVISIONS

	March 31, 2018	December 31, 2017	March 31, 2017
Current			
Indemnification payable	$ 74,872	$ 74,554	$ 75,031

Movements in the provisions were as follow:

	For the Three Months Ended March 31	
	2018	2017
Balance at January 1	$ 74,554	$ 84,686
Amounts recognized (reversed) during the period	1,285	(9,245)
Amounts written off during the period as uncollectible	(967)	(410)
Balance at March 31	$ 74,872	$ 75,031

Indemnification payable are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

25. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were $10,485 thousand and $1,492 thousand for the three months ended March 31, 2018 and 2017, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2017 and 2016.

26. EQUITY

a. Capital stock

1) Common stock

	March 31, 2018	December 31, 2017	March 31, 2017
Numbers of stock authorized (in thousands)	1,500,000	1,500,000	1,500,000
Stock authorized	$ 15,000,000	$ 15,000,000	$ 15,000,000
Number of stock issued and fully paid (in thousands)	779,147	779,147	779,147
Stock issued	$ 7,791,466	$ 7,791,466	$ 7,791,466

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

The capital stock reserved for the issuance of employee share options in the listed capital is 15,000 thousands shares.

As of March 31, 2018, 116 thousand GDSs of the Corporation were traded on the Luxembourg Stock Exchange. The number of common stock represented by the GDSs was 232 thousand stock (one GDS represents 2 common shares).

b. Capital surplus

	March 31, 2018	December 31, 2017	March 31, 2017
May be used to offset a deficit, distributed as cash dividends, or transferred to capital stock (1)			
Share premium	$ 1,929	$ 1,929	$ 562,915
May be used to offset a deficit only			
Arising from treasury stock transactions	117,612	117,612	115,132
Share of changes in capital surplus of subsidiaries and associates	52	52	-
	$ 119,593	$ 119,593	$ 678,047

1) The premium from shares issued in excess of par may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the Corporation's Articles of Incorporation, the Corporation should make appropriations from its net income in the following order:

1) Deducted for accumulated deficits.

2) Appropriate the 10% as the legal reserve.

3) Appropriate the special reserve.

4) The board of directors will draft a resolution declaring a dividend equaling the sum of previous years' surpluses and current year's adjusted undistributed earnings, less previous expense balances. The shareholders will ultimately decide whether the amount should be distributed as dividends or retained within the Corporation.

Dividends are distributed in the form of cash, common shares or a combination of cash and common shares. In consideration of the Corporation's being in a capital-intensive industry as well as the present and future investment environment, capital demand, market competition, capital budget, shareholders' interests, balanced dividend considerations and long-term financial plans, the Corporation's Articles of Incorporation provide that the total of cash dividends paid in any given year should be at least 20% of total dividends distributed.
ÈFor information on the accrued employees' compensation and remuneration to directors and For information on the accrued employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to the employee benefit expense shown in Note 28 (f).

The Corporation appropriates or reverses a special reserve in accordance with Rule No.1010012865 and Rule No. 1010047490 issued by the FSC and the directive entitled "Questions and Answers about Special Reserves Appropriated Following the Adoption of IFRSs". Distributions can be made out of any subsequent reversal of the debit to other equity items.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Corporation's capital surplus. Legal reserve may be used to offset deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's capital surplus, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2017 and 2016 were approved in the board of directors' meeting on March 16, 2018 and shareholders' meetings on May 26, 2017, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share ($)**	
	For Year 2017	**For Year 2016**	**For Year 2017**	**For Year 2016**
Legal reserve	$ 584,926	$ 483,460	$ -	$ -
Special surplus reserve	337,628	-	-	-
Cash dividends	3,506,160	2,555,601	4.5	3.28

The issue of cash dividends from capital surplus of $560,986 thousand (about $0.72 dollar per share) were approved in the shareholders' meeting on May 26, 2017.

The appropriations of earnings for 2017 are subject to the resolution of the stockholders meeting to be held on June 8, 2018.

d. Others equity items

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

	For the Three Months Ended March 31	
	2018	2017
Balance at January 1	$ (319,150)	$ 9,562
Recognized during the period		
Exchange differences on translating the financial statements of foreign operations	14,842	(231,085)
Balance at March 31	$ (304,308)	$ (221,523)

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

Balance at January 1, 2017	$ 44,038
Recognized during the period	
Unrealized gain on revaluation of available-for-sale financial assets	156,048
Other comprehensive income recognized in the period	156,048
Balance at December 31, 2017	$ 200,086
Balance at January 1, 2018 per IAS 39	$ (18,478)
Adjustment on initial application of IFRS 9	18,478
Balance at January 1, 2018 per IFRS 9	$ -

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

	For the Three Months Ended March 31, 2018
Balance at January 1 per IAS 39	$ -
Adjustment on initial application of IFRS 9	(18,478)
Balance at January 1 per IFRS 9	(18,478)
Recognized during the period	
Unrealized gain - equity instruments	303
Other comprehensive income recognized in the period	303
Balance at March 31	$ (18,175)

e. Non-controlling interests

	For the Three Months Ended March 31	
	2018	2017
Balance at January 1	$ 11,622,619	$ 8,505,461
Adjustment on initial application of IFRS 9	53,714	-
Share in profit for the period	375,326	315,970
Other comprehensive income (loss) in the period		
Exchange difference on translating the financial statements of foreign entities	32,383	-
Unrealized gain on financial assets at FVTOCI	3,803	-
The Corporation's stocks held by its subsidiary are treated as treasury stock	-	(10,258)
Balance at March 31	$ 12,087,844	$ 8,811,173

f. Treasury stock

Purpose of Buy-Back	Stock Held by Subsidiary (In Thousands of Shares)
Number of stock at January 1, 2017	-
Increase during the period	200
Number of stock at March 31, 2017	200
Number of stock at January 1, 2018	1,800
Increase during the period	-
Number of stock at March 31, 2018	1,800

The Corporation's stocks held by its subsidiary at the end of the reporting periods were as follows :

Name of Subsidiary	Number of Stock Held (In Thousands of Shares)	Carrying Amount	Market Price
March 31, 2018			
Greatek Electronics Inc.	1,800	$ 165,060	$ 165,060
December 31, 2017			
Greatek Electronics Inc.	1,800	$ 158,400	$ 158,400
March 31, 2017			
Greatek Electronics Inc.	200	$ 17,966	$ 17,660

The Corporation's stocks held by its subsidiary are treated as treasury stock.

27. REVENUE

	For the Three Months Ended March 31	
	2018	2017
Revenue from contracts with customers		
Revenue from assembly service	$ 10,499,347	$ 9,538,817
Revenue from testing service	5,335,139	2,996,472
Others	75,085	124,569
	$ 15,909,571	$ 12,659,858

a. Contract information

When the Group fulfilled the testing service contract, the customer simultaneously receives and consumes the benefits provided by the Group's performance, the Group has the right to perform the collection if partial of the testing service contract have been fulfilled, and the revenue from testing service is recognized over time. When the Group fulfilled the assembly service contract, the customer controls the goods when they are created or enhanced, the Group has the right to perform the collection if partial of the assembly service contract have been fulfilled, and the revenue from assembly service is recognized over time.

b. Contact balances

	March 31, 2018
Notes and accounts receivables (Included related parties) (Note 13)	$ 11,442,569
Contract assets-current	
Revenue from services	$ 1,530,060
Less: Allowance for impairment loss	-
Contract assets-current	$ 1,530,060
Contract liabilities- current	
Revenue from services	$ 123,687

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Group's performance and the customer's payment

Revenue of the reporting period recognized from the beginning contract liability and from the performance

Revenue of the reporting period recognized from the beginning contract liability and from the performance obligations satisfied in previous periods is as follows:

	For the Three Months Ended March 31, 2018
From the beginning contract liability	
Revenue from services	$ 20,863

c. Disaggregation of revenue

For the three months ended March 31, 2018

Type of goods or services

Revenue from assembly service	$ 10,499,347
Revenue from testing service	5,335,139
Others	75,085
	$ 15,909,571

Primary geographical markets

Japan	$ 5,880,371
Singapore	3,032,725
Taiwan (The location of the Group)	3,381,709
North America	2,624,859
China and Hong Kong	437,191
Europe	431,203
Others	121,513
	$ 15,909,571

For the three months ended March 31, 2017

Type of goods or services

Revenue from assembly service	$ 9,538,817
Revenue from testing service	2,996,471
Others	124,569
	$ 12,659,858

Primary geographical markets

Japan	$ 4,151,732
Singapore	2,906,358
Taiwan (The location of the Group)	2,573,025
North America	2,184,098
Europe	465,955
China and Hong Kong	317,296
Others	61,394
	$ 12,659,858

28. NET PROFIT FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Three Months Ended March 31	
	2018	2017
Fair value changes of financial assets and financial liabilities		
Financial assets classified as held for trading	$ -	$ 38,866
Financial assets mandatorily at FVTPL	48,900	-
Financial liabilities classified as held for trading	1,313	29,160
Others	(27,410)	43,247
	$ 22,803	$111,273

b. Other income

	For the Three Months Ended March 31	
	2018	2017
Rental income		
Operating lease rental income	$ 14,951	$ 106
Interest income		
Bank deposits	8,842	8,331
Financial assets measured at amortized cost	2,935	-
Held-to-maturity financial assets	-	2,127
Repurchase agreements collateralized by bonds	673	736
Others	1,107	770
	$ 28,508	$ 12,070

c. Finance costs

	For the Three Months Ended March 31	
	2018	2017
Interest on bank loans	$ 120,530	$ 65,861
Capitalized interest	(32,956)	(27,039)
	$ 87,574	$ 38,822

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2018	2017
Capitalized interest	$ 32,956	$ 27,039
Capitalization rate	1.19%-5.13%	1.19%-1.60%

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2018	2017
Property, plant and equipment	$ 2,971,069	$ 2,088,042
Intangible assets	36,466	23,091
	$ 3,007,535	$ 2,111,133
An analysis of depreciation by function		
Operating costs	$ 2,835,165	$ 1,969,428
Operating expense	135,904	118,614
	$ 2,971,069	$ 2,088,042
An analysis of amortization by function		
Operating costs	$ 34,169	$ 2,235
Marketing	2	19,125
General and administrative	1,804	1,338
Research and development	491	393
	$ 36,466	$ 23,091

e. Employee benefits expense

	For the Three Months Ended March 31	
	2018	2017
Post-employment benefits		
Defined contribution plans	$ 129,041	$ 95,301
Defined benefit plans (see Note 25)	10,485	1,492
	139,526	96,793
Other employee benefits	3,762,711	2,998,309
Total employee benefits expense	$ 3,902,237	$ 3,095,102
An analysis of employee benefits expense by function		
Operating costs	$ 3,377,292	$ 2,696,540
Operating expenses	524,945	398,562
	$ 3,902,237	$ 3,095,102

f. Employees' compensation and remuneration of directors

The Corporation stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates between 5% to 7.5% and no higher than 1.5%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. However, if the Corporation have accumulated deficits, the Corporation should retain the net profit in advance for deducting accumulated deficits. For the three months ended March 31, 2018 and 2017, respectively, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended March 31	
	2018	2017
Employees' compensation	5.32%	5.49%
Remuneration of directors	1.06%	1.10%

Amount

	For the Three Months Ended March 31	
	2018	2017
	Cash	Cash
Employees' compensation	$ 87,168	$ 78,677
Remuneration of directors	17,434	15,735

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

The appropriations of employees' compensation and remuneration of directors and supervisors for 2017 and 2016 having been resolved by the board of directors on March 16, 2018 and February 22, 2017, respectively, were as below:

	For the Year Ended December 31	
	2017	2016
	Cash	Cash
Employees' compensation	$ 394,825	$ 326,336
Remuneration of directors	78,965	65,267

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

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

• g. Gain or loss on foreign currency exchange

g. Gain or loss on foreign currency exchange

	For the Three Months Ended March 31	
	2018	2017
Foreign exchange gains	$ 135,272	$ 37,369
Foreign exchange losses	(317,643)	(482,015)
Net loss	$ (182,371)	$ (444,646)

29. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2018	2017
Current tax		
In respect of the current period	$ 435,987	$ 256,777
Deferred tax		
In respect of the current period	20,297	13,115
Income tax expense recognized in profit or loss	$ 456,284	$ 269,892

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

b. Income tax assessments

Income tax returns through 2015 have been examined and cleared by the tax authorities.

30. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended March 31	
	2018	2017
Basic earnings per share	$ 1.66	$ 1.50
Diluted earnings per share	$ 1.65	$ 1.49

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

Net Profit for the Periods

	For the Three Months Ended March 31	
	2018	2017
Net profit attributable to owner of the Corporation	$ 1,291,380	$ 1,165,581
Effect to dilutive potential common stock:		
Employees' compensation	-	-
Earnings used in computation of diluted earnings per share	$ 1,291,380	$ 1,165,581

Weighted average number of common stock outstanding (in thousand shares):

	For the Three Months Ended March 31	
	2018	2017
Weighted average number of common stock outstanding in computation of basic earnings per share	777,347	779,062
Effect to dilutive potential common stock:		
Employees' compensation	4,421	3,017
Weighted average number of common stock outstanding in computation of dilutive earnings per share	781,768	782,079

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

31. BUSINESS COMBINATIONS

In order to develop business in Japan, the subsidiary of Powertech Technology Inc. (Powertech Technology Japan Ltd.) had signed the Stock Purchase Agreement and related contracts with Micron Technology Inc. and Micron Memory Japan Inc. The main content of the agreement were as follows:

The acquisition of the shares of Tera Probe, Inc. by means of the tender offer

Powertech Technology Japan Ltd. intends to acquire 39.6% shares of Tera Probe, Inc. owned by Micron Memory Japan Inc. and any shares to be tendered from other shareholders by publicly tender offer from April 17, 2017 to May 29, 2017. The tender offer price is JPY 1,100 per share.

If the shares to be tendered do not reach the minimum number of acquisition (3,680 thousand shares), Powertech Technology Japan Ltd. will not acquire any shares of Tera Probe, Inc.

Purchase 100% shares of Micron Akita, Inc.

Powertech Technology Japan Ltd. intends to purchase all of total outstanding shares of Micron Akita, Inc. at closing date from Micron Memory Japan Inc. in the total consideration no more than US$50 million and will sign related assembly and test services agreement.

If the shares of Tera Probe, Inc. to be tendered do not reach the minimum number of acquisition (3,680 thousand shares), Powertech Technology Japan Ltd. will not purchase any shares of Micron Akita, Inc.

a. Subsidiaries acquired

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)
Tera Probe, Inc. and subsidiaries	Wafer probing test services	May 29, 2017	59
Powertech Technology Akita Inc.	Wafer probing test services	August 4, 2017	100

b. Considerations transferred

	Tera Probe, Inc. and Subsidiaries and Powertech Technology Akita Inc.
Cash	$ 2,550,142
Share	1,757,018
	$ 4,307,160

c. Assets acquired and liabilities assumed at the date of acquisition

	Tera Probe, Inc. and Subsidiaries and Powertech Technology Akita Inc.
Current assets	
Cash and cash equivalents	$ 3,724,740
Financial assets at fair value through profit or loss - current	3,048
Notes and accounts receivable	1,646,844
Other receivables	257,796
Inventories	151,542
Prepaid expenses	40,393
Non-current assets held for sale	1,056,479
Other current assets	202,180
Non-current assets	
Held-to-maturity financial assets - non-current	10,943
Investments accounted for using the equity method	60,125
Property, plant and equipment	7,406,100
Intangible assets	157,085
Deferred income tax assets	38,221
Other non-current assets	204,309
Current liabilities	
Notes and accounts payable	(307,643)
Payables to equipment suppliers	(804,559)
Current income tax liabilities	(144,912)
Accrued expenses and other current liabilities	(2,587,130)
Current portion of long-term debts	(105,264)
Finance lease payables - current	(160,803)
Non-current liabilities	
Long-term debts	(3,322,670)
Deferred tax liabilities	(72,667)
Finance lease payables - non-current	(249,919)
Net defined benefit liability - non-current	(131,285)
Other non-current liabilities	(80,149)
	$ 6,992,803

d. Net cash inflow on acquisition of subsidiaries

	Powertech Technology Akita Inc.	Tera Probe, Inc. and subsidiaries
Consideration paid in cash	$ (1,216,720)	$ (1,333,422)
Less: Cash and cash equivalent balances acquired	513,754	3,210,986
	$ (702,966)	$ 1,877,564

e. Impact of acquisitions on the results of the Group

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations would have been $14,987,703 thousand, and the profit from continuing operations would have been $1,598,725 thousand for the three months ended March 31, 2017. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2017, nor is it intended to be a projection of future results.

32. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

The Corporation leases a plant and land from TeraPower Technology Inc. and Tang Eny Iron Works Co., Ltd. under a renewable agreement expiring before December 2023.

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

	March 31, 2018	December 31, 2017	March 31, 2017
Not later than 1 year	$ 16,697	$ 16,697	$ 28,697
Later than 1 year and not later than 5 years	79,311	66,788	74,788
Later than 5 years	-	16,697	29,220
	$ 96,008	$ 100,182	$ 132,705

The lease payments recognized as expenses were as follows:

	For the Three Months Ended March 31	
	2018	2017
Minimum lease payment	$ 16,696	$ 7,174

Powertech Technology (Singapore) Pte. Ltd. leased an equipment and office from IBM and CAMBRIDGE INDUSTRIAL TRUST under a renewable agreement expiring in May 2021.

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

	March 31, 2018	December 31, 2017	March 31, 2017
Not later than 1 year	$ 32,926	$ 43,644	$ 43,315
Over 1 year up to 5 years	107,481	107,815	5,237
	$ 140,407	$ 151,459	$ 48,552

The lease payments recognized as expenses were as follows:

	For the Three Months Ended March 31	
	2018	2017
Minimum lease payment	$ 10,761	$ 10,659

Tera Probe, Inc. leased equipment and office from Micron Memory Japan, Inc. , Advantest Finance Inc. , Aizu Fujitsu Semiconductor Limited and Hitachi Capital Corporation, etc. under renewable agreements expiring before May 2019.

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

	March 31, 2018	December 31, 2017	March 31, 2017
Not later than 1 year	$ 178,633	$ 80,126	$ -
Later than 1 year and not later than 5 years	483	1,695	-
	$ 179,116	$ 81,821	$ -

The lease payments recognized as expenses were as follows:

	For the Three Months Ended March 31	
	2018	2017
Minimum lease payment	$ 163,633	$ -

33. CAPITAL MANAGEMENT

The Group manages its capital to ensure its ability to continue as going concerns while maximizing the return to stakeholders. The Group's overall strategy has no significant changes.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

34. FINANCIAL INSTRUMENTS

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

March 31, 2018

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at amortized cost					
Domestic corporate bonds	$ 1,152,822	$ -	$ 1,158,620	$ -	$ 1,158,620

December 31, 2017

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Held-to-maturity investments	$ 1,153,305	$ -	$ 1,158,787	$ -	$ 1,158,787

March 31, 2017

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets					
Held-to-maturity investments	$ 854,950	$ -	$ 858,082	$ -	$ 858,082

The fair value of level 2 mentioned above was used quoted price from Taipei Exchange.

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

1) Fair value hierarchy

March 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutul funds	$ 50,216	$ -	$ -	$ 50,216
Derivative instrument	-	17,771	-	17,771
	$ 50,261	$ 17,771	$ -	$ 67,987
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic Listed shares and emerging market shares	$ 2,973	$ 30,000	$ -	$ 32,973
Financial liabilities at FVTPL				
Derivative instrument	$ -	$ 1,131	$ -	$ 1,131

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 50,162	$ -	$ -	$ 50,162
Derivative instrument	-	8,799	-	8,799
	$ 50,162	$ 8,799	$ -	$ 58,961
Available-for-sale financial assets				
Securities listed in ROC Equity securities	$ 2,670	$ 30,000	$ -	$ 32,670
Financial liabilities at FVTPL				
Derivative instrument	$ -	$ 5,887	$ -	$ 5,887

March 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading	$ 50,018	$ -	$ -	$ 50,018
Derivative instrument	-	18,429	-	18,429
	$ 50,018	$ 18,429	$ -	$ 68,447
Available-for-sale financial assets				
Securities listed in ROC Equity securities	$ 2,122	$ 26,625	$ -	$ 28,747
Securities listed in other countries Equity securities	453,104	-	-	453,104
	$ 455,226	$ 26,625	$ -	$ 481,851
Financial liabilities at FVTPL				
Derivative instrument	$ -	$ 2,162	$ -	$ 2,162

There were no transfers between Level 1 and 2 in the current and prior periods.

2) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Unlisted securities	Using Market value method and option valuation method to calculate the fair value.

c. Categories of financial instruments

	March 31, 2018	December 31, 2017	March 31, 2017
Financial assets			
Fair value through profit or loss (FVTPL)			
Held for trading	$ 67,987	$ 58,961	$ 68,447
Held-to-maturity investments	-	1,153,305	854,950
Loans and receivables (Note 1)	-	32,086,787	27,759,510
Available-for-sale financial assets	-	32,670	481,851
Financial assest at amortized cost (Note 2)	33,584,751	-	-
Financial assets at FVTOCI			
Equity instruments	32,937	-	-
Financial liabilities			
Fair value through profit or loss (FVTPL)			
Held for trading	1,131	5,887	2,162
Amortized cost (Note 3)	38,497,768	37,470,207	32,339,187

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivables (included related parties), other receivables (included related parties), debt investments with no active market, and other assets.

Note 2: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, time deposits with original maturity of more than 3 months, notes and accounts receivables (included related parties), other receivables (included related parties), pledged time deposits and refundable deposits.

Note 3: The balances included financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payables (included related parties), other payables (included related parties), accrued expenses and other current liabilities and long-term debt.

d. Financial risk management objectives and policies

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

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

The Corporate Treasury function reported quarterly to the Group's board of directors, an independent body that monitors risks and policies implemented to mitigate risk exposures.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below). The Group entered into a variety of derivative financial instruments (included Forward foreign exchange contracts) to manage its exposure to foreign currency risk.

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

a) Foreign currency risk

The Group's operating activities are partially denominated in foreign currencies and apply natural hedge. The purpose of the Group's management of the foreign currency risk is to hedge the risk instead of making a profit.

The strategy of foreign currency risk management is to review the net position exposed to foreign currency risk and manage the risk of the net position. The Group selects the instrument to hedge against currency exposure by the hedging cost and period. The Group currently utilizes derivative financial instruments, including buy/sell forward exchange contracts, to hedge its currency exposure.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period refer to Note 38.

The Group required all its group entities to use forward exchange contracts to eliminate currency exposure. It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

As net investments in foreign operations are for strategic purposes, they are not hedged by the Group.

Sensitivity analysis

The Group was mainly exposed to the currency USD and currency JPY.

The following table details the Group's sensitivity to a 5% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis included outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. The sensitivity analysis included cash and cash equivalents, accounts receivables, other receivables, accounts payables, other payables and short-term bank loans and long-term debts. The number below indicates a decrease in per-tax loss/an increase in pre-tax profit associated with the functional currency strengthen 5% against the relevant currency.

	USD impact For the Three Months Ended March 31		JPY impact For the Three Months Ended March 31	
	2018	**2017**	**2018**	**2017**
Profit or loss	$ (318,517)	$ (240,433)	$ 38,513	$ 42,754

b) Interest rate risk

The carrying amount of the Group's financial assets with exposure to interest rates at the end of the reporting period was as follows. The Group's interest rate risk also comes from borrowings at floating interest rates. Since the Group's bank borrowings are at floating interest rates, fluctuations in interest rates will affect cash flow in the future but will not affect the fair value.

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

	March 31, 2018	December 31, 2017	March 31, 2017
Fair value interest rate risk			
Financial assets	$ 9,941,705	$ 8,426,152	$ 7,398,951
Financial liabilities	1,121,467	1,120,174	291,362
Cash flow interest rate risk			
Financial assets	10,754,538	10,924,347	10,421,437
Financial liabilities	29,998,730	30,180,795	20,619,983

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of both the assets and the liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 0.1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2018 and 2017 would decrease/increase by $4,811 thousand and $2,550 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate net liabilities.

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities. Equity investments are held for strategic rather than trading purposes. The Group does not actively trade these investments. The Group's equity price risk was mainly concentrated on equity instruments operating in electronics industry sector quoted in the Japan Stock Exchange and Taipei Exchange.

Sensitivity analysis

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

If equity prices had been 5% higher/lower, pre-tax profit for the three months ended March 31, 2018 would have increased/decreased by $2,511 thousand as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the three months ended March 31, 2018 would have increased/decreased by $1,649 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 5% higher/lower, pre-tax profit for the three months ended March 31, 2017 would have increased/decreased by $2,501 thousand as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the three months ended March 31, 2017 would have increased/decreased by $24,093 thousand as a result of the changes in fair value of available-for-sale shares.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the condensed balance sheets.

In order to minimize credit risk, the management of the Group has set credit and accounts receivable management approach to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In this regard, the directors of the Corporation consider that the Group's credit risk was significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with good credit.

Accounts receivables consisted of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivables.

The Group's concentration of credit risk was related to the three largest customers within the Group. Besides the above customers, no concentration of credit risk related to other customers that exceed 10% of total gross accounts receivables at any time during the period. The three largest customers are creditworthy counterparts, therefore, the Group believes the concentration of credit risk is insignificant for the remaining accounts receivable.

Credit risk management for investments in debt instruments - 2018

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The credit rating information is supplied by independent rating agencies. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in bond yields and other public information and makes an assessment whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the historical default rates of each credit rating supplied by external rating agencies, the current financial condition of debtors, and industry forecast to estimate 12-month or lifetime expected credit losses. The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12m ECL	-

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2018, December 31, 2017 and March 31, 2017, the Group had available unutilized overdraft and short-term bank loan facilities of approximately $5,658,315 thousand, $4,832,761 thousand and $7,696,617 thousand, respectively.

a) Liquidity and interest risk rate tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows.

Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

March 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 3,105,148	$ 2,980,327	$ 1,127,375	$ 4,919	$ -
Fixed interest rate liabilities	93,776	448,799	217,327	361,565	-
Variable interest rate liabilities	2,136,796	300,000	1,624,761	24,235,424	1,701,749
	$ 5,335,720	$ 3,729,126	$ 2,969,463	$ 24,601,908	$ 1,701,749

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 2,881,251	$ 2,266,830	$ 1,327,396	$ -	$ -
Fixed interest rate liability	-	546,916	209,927	363,331	-
Variable interest rate liabilities	572,884	626,998	2,139,901	24,504,613	2,336,399
	$ 3,454,135	$ 3,440,744	$ 3,677,224	$ 24,867,944	$ 2,336,399

March 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 3,304,175	$ 6,292,328	$ 1,356,614	$ 477,895	$ -
Fixed interest rate liabilities	212,352	75,840	3,170	-	-
Variable interest rate liabilities	1,203,680	18,960	18,960	18,352,937	1,025,446
	$ 4,720,207	$ 6,387,128	$ 1,378,744	$ 18,830,832	$ 1,025,446

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

March 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 1,175,949	$ 1,104,653	$ 95,713
Outflows	(1,165,604)	(1,098,501)	95,570
	$ 10,345	$ 6,152	$ 143

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 1,336,640	$ 750,257	$ 93,692
Outflows	(1,333,880)	(749,509)	(94,288)
	$ 2,760	$ 748	$ (596)

March 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 735,512	$ 605,766	$ -
Outflows	(731,049)	(593,962)	-
	$ 4,463	$ 11,804	$ -

b) Financing facilities

	March 31, 2018	December 31, 2017	March 31, 2017
Secured long-term debt facilities which may be extended by mutual:			
Amount used	$ 10,260,735	$ 11,396,343	$ 5,907,707
Amount unused	966,000	966,000	3,726,000
	$ 11,226,735	$ 12,362,343	$ 9,633,707

35. TRANSACTIONS WITH RELATED PARTIES

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

a. Related Party Name and Relationship

Related Party Name	Relationship with the Corporation
Toshiba Corporation	Substantial related parties
Toshiba Memory Corporation	Substantial related parties
Toshiba International Procurement Hong Kong, Ltd.	Substantial related parties
Toshiba Information Systems (Japan) Corporation	Substantial related parties
Kingston Technology International Ltd.	Substantial related parties
Kingston Digital International Ltd.	Substantial related parties
Kingston Solution, Inc.	Substantial related parties
Kingston Technology Far East Corp.	Substantial related parties
Realtek Singapore Private Limited	Substantial related parties
Realtek Semiconductor corp.	Substantial related parties
Weltrend Semiconductor, Inc.	Substantial related parties
TeraPower Technology Inc.	Associates (The subsidiary of the Group since May 29, 2017.)

b. Sales of goods

Line Items	Related Party Category/Name	For the Three Months Ended March 31 2018	For the Three Months Ended March 31 2017
Sales of goods	Substantial related parties		
	Toshiba Memory Corporation	$ 3,375,636	$ -
	Toshiba Corporation	-	2,834,142
	Other	604,728	689,338
		3,980,364	3,523,480
	Associates	-	5,312
		$ 3,980,364	$ 3,528,792

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment term for the Group sales is from 7 to 150 days starting from the first day of the month following the invoice date.

c. Purchases

Related Party Category/Name	For the Three Months Ended March 31 2018	For the Three Months Ended March 31 2017
Substantial related parties		
Toshiba International Procurement Hong Kong, Ltd.	$ 22,971	$ -
Other	17	-
	$ 22,988	$ 17

The purchase prices and payment terms were negotiated and thus not comparable with those in the market.

d. Contract assets

Related Party Category/Name	March 31, 2018	December 31, 2017	March 31, 2017
Substantial related parties			
Toshiba Memory Corporation	$ 432,987	$ -	$ -
Other	61,847	-	-
	$ 494,834	$ -	$ -

For the three months ended March 31, 2018, no impairment loss was recognized for contract assets from related parties.

e. Operating expenses

Related Party Category	For the Three Months Ended March 31	
	2018	2017
Associates	$ -	$ 1,828

The rentals with related parties were based on cooperation agreements and were thus not comparable with those in the market.

f. Other gains and losses

Related Party Category	For the Three Months Ended March 31	
	2018	2017
Substantial related parties	$ 10	$ 551

g. Accounts receivables from related parties (excluding loans to related parties and contract assets)

Line Items	Related Party Category/Name	March 31, 2018	December 31, 2017	March 31, 2017
Accounts receivables from related parties	Substantial related parties			
	Toshiba Memory Corporation	$ 2,228,228	$ 3,578,364	$ -
	Toshiba Corporation	-	-	2,689,003
	Other	493,340	451,142	475,559
		2,721,628	4,029,506	3,164,562
	Associates	-	-	2,427
		$ 2,721,628	$ 4,029,506	$ 3,166,989

The outstanding accounts receivables from related parties are unsecured. For the three months ended March 31, 2018 and 2017, no impairment loss was recognized for accounts receivables from related parties.

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

Line Items	Related Party Category/Name	March 31, 2018	December 31, 2017	March 31, 2017
Accounts payables from related parties	Substantial related parties			
	Toshiba International Procurement Hong Kong, Ltd.	$ 15,719	$ -	$ -
	Other	9	-	-
		$ 15,728	$ -	$ -

The outstanding accounts payables from related parties are unsecured.

i. Other receivables from related parties

Related Party Category/Name	March 31, 2018	December 31, 2017	March 31, 2017
Substantial related parties			
Toshiba Corporation	$ 22,454	$ 5,536	$ 52,738
Other	1,288	3,650	3,339
	23,742	9,186	56,077
Associates			
Tera Power Technology Inc.	-	-	68,971
	$ 23,742	$ 9,186	$ 125,048

j. Other payables from related parties

Related Party Category/Name	March 31, 2018	December 31, 2017	March 31, 2017
Substantial related parties			
Toshiba Corporation	$ -	$ -	$ 453
Associates			
Tera Power Technology Inc.	-	-	1,050
	$ -	$ -	$ 1,503

k. Compensation of key management personnel

	For the Three Months Ended March 31	
	2018	2017
Short-term benefits	$ 64,643	$ 76,039
Post-employment benefits	459	459
	$ 65,102	$ 76,498

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets had been pledged or mortgaged as collateral mainly for long-term debts, guarantee deposits for exports, L/C, guarantee for settlement and bonded inventories.

	March 31, 2018	December 31, 2017	March 31, 2017
Property, plant and equipment	$ 17,594,120	$ 16,839,881	$ 11,947,975
Pledge deposits (classified as financial assets at amortized cost - current)	12,394	-	-
Restricted deposits (classified as financial assets at amortized cost - current)	298,976	-	-
Pledge deposits (classified as financial assets at amortized cost - noncurrent)	536,560	-	-
Pledge deposits (classified as debt investments with no active market - noncurrent)	-	546,703	545,001
Pledge deposits (classified as other asset - current)	-	319,755	21,406
	$ 18,442,050	$ 17,706,339	$ 12,514,382

37. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Group's significant commitments and contingencies as of March 31, 2018 were as following:

a. The Corporation and MTI sign the settlement agreement with Tessera Inc. for TCC License Agreement on February 27, 2014. After a series of compromises and negotiation during the settlement process, and consulting with attorneys, the settlement amount is proposed to be USD 196,000 thousand payable over 5 years in consideration for early termination of the License Agreement as of December 31, 2012 and the litigation will be dismissed by the parties upon the settlement. The Corporation and MTI recognized settlement loss for the year ended December 31, 2013. As of March 31, 2018, the Corporation has paid a total of USD 181,000 thousand.

b. In order to develop business in Japan, the subsidiary of Powertech Technology Inc. (Powertech Technology Japan Ltd.) had signed the Stock Purchase Agreement and related contracts with Micron Technology Inc. and Micron Memory Japan Inc. that had been approved in the Board of Directors on April 14, 2017. Powertech Technology Japan Ltd. intends to purchase all of total outstanding shares of Micron Akita, Inc. at closing date from Micron Memory Japan Inc. in the total consideration no more than USD 50,000 thousand and will sign related assembly and test services agreement.

c. In July 2017, Greatek Electronics Inc. signed a contract worth $310,000 thousand with Jiu Han Engineering Co., Ltd. to set up utilities. As of March 31, 2018, Greatek has paid a total of 279,000 thousand.

d. In March 2017, the Corporation signed a contract worth $623,193 thousand with Jiu Han Engineering Co., Ltd. to set up utilities and buildings. As of March 31, 2018, the Corporation has paid a total of 509,103 thousand.

e. The unused letters of credit amounted were as follows:

	March, 31 2018	December, 31 2017	March, 31 2017
USD	$ 395	$ 268	$ 305
JYP	2,386,754	2,735,979	1,512,384

f. The Corporation signed the purchase agreements of property, plant and equipment with Advantest Corporation amounted to approximately $1,734,285 thousand.

38. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	March 31, 2018		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 356,382	29.12 (USD:NTD)	$ 10,377,844
USD	7,176	6.2733 (USD:RMB)	208,965
USD	4,412	106.19 (USD:JPY)	128,477
JPY	770,362	0.2742 (JPY:NTD)	211,253
JPY	1,745	0.0591 (JPY:RMB)	479
JPY	779,337	0.0094 (JPY:USD)	213,714
SGD	1,857	0.7632 (SGD:USD)	41,268
SGD	72	22.223 (SGD:NTD)	1,600
RMB	8,452	0.1594 (RMB:USD)	39,233
RMB	9,485	4.6419 (RMB:NTD)	44,028
			$ 11,266,861
Non-monetary items			
USD	157	29.12 (USD:NTD)	$ 4,575
JPY	23,471	0.2742 (JPY:NTD)	6,436
			$ 11,011
Financial liabilities			
Monetary items			
USD	153,830	29.12 (USD:NTD)	$ 4,479,530
USD	15,468	6.2733 (USD:RMB)	450,428
USD	548	106.19 (USD:JPY)	15,958
EUR	3,312	35.89 (EUR:NTD)	118,855
EUR	18	7.731 (EUR:RMB)	646
JPY	3,259,784	0.2742 (JPY:NTD)	893,916
JPY	30,128	0.0591 (JPY:RMB)	8,262
JPY	1,130,660	0.0094 (JPY:USD)	310,056

(Continued)

	March 31, 2018		
	Foreign Currencies	Exchange Rate	Carrying Amount
SGD	$ 1,255	0.7632 (SGD:USD)	$ 27,890
RMB	20,230	0.1594 (RMB:USD)	93,906
			$ 6,399,447
Non-monetary items			
USD	2	29.12 (USD:NTD)	$ 45
JPY	47,948	0.2742 (JPY:NTD)	13,149
			$ 13,194

(Concluded)

	December 31, 2017		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 396,095	29.848 (USD:NTD)	$ 11,822,644
USD	4,596	6.512 (USD:RMB)	137,181
USD	4,811	112.66 (USD:JPY)	143,599
JPY	193,074	0.2649 (JPY:NTD)	51,145
JPY	2,749	0.0578 (JPY:RMB)	728
JPY	755,082	0.0089 (JPY:USD)	200,021
SGD	3,135	0.7479 (SGD:USD)	69,985
SGD	72	22.324 (SGD:NTD)	1,607
RMB	27,122	0.1536 (RMB:USD)	124,327
RMB	22,785	4.5840 (RMB:NTD)	104,446
			$ 12,655,683
Non-monetary items			
USD	153	29.848 (USD:NTD)	$ 4,575
JPY	2,893	0.2649 (JPY:NTD)	766
			$ 5,341
Financial liabilities			
Monetary items			
USD	153,986	29.848 (USD:NTD)	$ 4,596,174
USD	18,888	6.512 (USD:RMB)	563,769
USD	1,001	112.66 (USD:JPY)	29,878
EUR	1,260	35.67 (EUR:NTD)	44,950
JPY	3,564,088	0.2649 (JPY:NTD)	944,127
JPY	37,278	0.0578 (JPY:RMB)	9,875
JPY	970,330	0.0089 (JPY:USD)	257,040
RMB	17,823	0.1536 (RMB:USD)	81,701
RMB	9,322	4.5840 (RMB:NTD)	42,732
SGD	2,073	22.324 (SGD:NTD)	46,277
NTD	1,546	0.0335 (NTD:USD)	1,546
			$ 6,618,069

(Continued)

	December 31, 2017		
	Foreign Currencies	Exchange Rate	Carrying Amount
Non-monetary items			
USD	$ 2	29.848 (USD:NTD)	$ 45
JPY	57,611	0.2649 (JPY:NTD)	15,261
			$ 15,306

(Concluded)

	March 31, 2017		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 408,334	30.336 (USD:NTD)	$ 12,387,220
USD	3,503	6.89 (USD:RMB)	106,267
JPY	3,935,523	0.2714 (JPY:NTD)	1,067,967
JPY	3,699	0.0617 (JPY:RMB)	1,004
SGD	1,955	0.7160 (SGD:USD)	43,325
RMB	26,686	0.1451 (RMB:USD)	117,470
			$ 13,723,253
Non-monetary items			
USD	81	30.336 (USD:NTD)	$ 2,450
JPY	1,728,388	0.2714 (JPY:NTD)	469,083
			$ 471,533
Financial liabilities			
Monetary items			
USD	194,609	30.336 (USD:NTD)	$ 5,903,659
USD	18,815	6.89 (USD:RMB)	570,772
EUR	610	32.43 (EUR:NTD)	19,784
JPY	6,979,099	0.2714 (JPY:NTD)	1,893,890
JPY	111,114	0.0617 (JPY:RMB)	30,153
SGD	1,732	0.7160 (SGD:USD)	37,613
RMB	43,257	0.1451 (RMB:USD)	190,415
			$ 8,646,286
Non-monetary items			
USD	2	30.336 (USD:NTD)	$ 55
JPY	7,766	0.2714 (JPY:NTD)	2,107
			$ 2,162

For the three months ended March 31, 2018 and 2017, realized and unrealized net foreign exchange losses were $182,371 thousand and $444,646 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

39. SEPARATELY DISCLOSED ITEMS

Except for the following, the Corporation has no other significant transactions, investees and investments in Mainland China that that need to be disclosed as required by the Securities and Futures Bureau.

a. Loans provided to other parties: Table 1 (attached).

b. Endorsement/guarantee provided: Table 2 (attached).

c. Marketable securities held: Table 3 (attached).

d. Purchases or sales of the same marketable securities amounting to at least NT$300 million or 20% of the paid-in capital: None.

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

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

g. Total purchases from or sales to related parties of at least $100 million or 20% of the paid-in capital: Table 4 (attached).

h. Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 5 (attached).

i. Derivative transactions: Note 7.

j. Information of intercompany relationships and significant intercompany transactions: Table 6 (attached).

k. Names, locations, and related information of investees over which the Corporation exercises significant influence: Table 7 (attached).

l. Information on investment in mainland China: Table 8 (attached)

   The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, equity in the net gain or net loss, ending balance, amount received as dividends from the investee, and the limitation on investee: Note 39 (j).

40. SEGMENT INFORMATION

The revenues, operating results and financial information of each plant presented to the chief operating decision maker are consistent with the information in the consolidated financial statements. The segment revenues and operating results for the three months ended March 31, 2018 and 2017 are shown in the consolidated income statements for the three months ended March 31, 2018 and 2017. The segment assets as of March 31, 2018, December 31, 2017, and March 31, 2017 are shown in the consolidated balance sheets as of March 31, 2018, December 31, 2017, and March 31, 2017.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate	Nature of Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Notes 3 and 4)	Aggregate Financing Limits (Notes 3 and 4)	Note
													Item	Value			
0	POWERTECH TECHNOLOGY INC.	Powertech Technology (Singapore) Pte Ltd.	Other receivable	Note 1	$ 873,600	$ 873,600	$ -	2.2%	For short-term financing	$ -	Working capital	$ -	-	$ -	$ 1,972,648	$ 3,945,297	-
		Powertech Technology (Suzhou) Ltd.	Other receivable	Note 2	698,880	698,880	-	2.2%	For short-term financing	-	Working capital	-	-	-	1,972,648	3,945,297	-
1	Tera Probe, Inc.	Tera Probe Aizu, Inc.	Other receivable	Note 1	191,940	191,940	186,456	1%	For short-term financing	-	Working capital	-	-	-	310,873	621,745	-

Note 1: Direct investments, the Corporation's 100% subsidiaries.

Note 2: Indirect investments, the Corporation's 100% subsidiaries.

Note 3: The total amount the finance provided by PTI to any individual shall not exceed five percent of PTI's net worth. The total amount available for the finance provided shall not exceed ten percent of PTI's net worth.

Note 4: The total amount the finance provided by Tera Probe, Inc. to any individual shall not exceed five percent of Tera Probe, Inc.'s net worth. The total amount available for the finance provided shall not exceed ten percent of Tera Probe, Inc.'s net worth.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES GIVEN TO OTHER PARTIES
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity In Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 3)	Endorsement /Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement /Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement /Guarantee Given on Behalf of Companies in Mainland China	Note
	Name	Relationship											
Powertech Technology Inc.	Powertech Technology (Singapore) Pte. Ltd.	Note 1	$ 3,945,297	$ 873,600	$ 873,600	$ 521,976	$ -	2.21	$ 19,726,483	Yes	-	-	-
	Powertech Technology (Suzhou) Ltd.	Note 2	3,945,297	582,400	582,400	8,188	-	1.48	19,726,483	Yes	-	Yes	-

Note 1: Direct investments, the Corporation's 100% subsidiaries.

Note 2: Indirect investments, the Corporation's 100% subsidiaries.

Note 3: The total amount of the guarantee provided by PTI to any individual entity shall not exceed ten percent of PTI's net worth. The total amount available for the guarantee shall not exceed fifty percent of PTI's net worth.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	March 31, 2018				Note
				Shares (Thousands)	Carrying Value	% of Ownership	Fair Value	
Powertech Technology Inc.	Stock							
	Solid state system Co., Ltd.	-	Financial assets at fair value through other comprehensive profit or loss - noncurrent	2,617	$ 32,973	-	$ 32,973	Note 3
Greatek Electronics Inc.	Fund							
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	283	50,216	-	20,216	Note 4
	Bond							
	02 Taipower 1A	-	Financial assets at amortized cost. - current	200	200,028	-	200,147	Note 2
	01 TSMC 1B	-	Financial assets at amortized cost. - current	10	100,426	-	100,641	Note 2
	P06 Taipower 1A	-	Financial assets at amortized cost. - noncurrent	300	300,001	-	302,363	Note 2
	02 Taipower 1B	-	Financial assets at amortized cost. - noncurrent	150	152,366	-	152,383	Note 2
	P06 Taipower 3A		Financial assets at amortized cost. - noncurrent	100	100,001	-	100,246	
	P04 Hon Hai 4C	-	Financial assets at amortized cost. - noncurrent	100	100,000	-	100,590	Note 2
	P04 FENC 4		Financial assets at amortized cost. - noncurrent	100	100,000	-	101,290	
	P06 FPC 1A	-	Financial assets at amortized cost. - noncurrent	100	100,000	-	100,960	Note 2
	Stock							
	POWERTECH TECHNOLOGY INC.	Greatek Electronics Inc.'s parent company	Financial assets at fair value through other comprehensive profit or loss - noncurrent	1,800	165,060	-	165,060	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - noncurrent	600	-	3	-	Note 5
	Terawins Inc.	-	Financial assets at fair value through profit or loss - noncurrent	643	-	2	-	Note 5
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - noncurrent	93	-	1	-	Note 5

Note 1: The fair value was based on stock closing price as of March 31, 2018.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of March 31, 2018.

Note 3: The fair value of common stock was based on stock closing price, and the fair value of privately placed shares was determined using valuation techniques as of March 31, 2018.

Note 4: The fair value was based on the net asset value of the fund as of March 31, 2018.

Note 5: The fair value was based on the carrying value as of March 31, 2018.

Note 6: As of March 31, 2018, the above marketable securities had not been pledged or mortgaged.

TABLE 4

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Powertech Technology Inc.	Toshiba Memory Corporation	Corporate director's parent company	Sale	$ 3,309,330	36	Note 1	$ -	-	$ 2,175,757	42	-
	Kingston Technology International Ltd.	The president and the vice president are the corporate director of the Corporation.	Sale	183,036	2	Note 1	-	-	90,661	2	-
	Toshiba International Procurement Hong Kong, Ltd.	Corporate director's sister company	Sale	109,551	1	Note 1	-	-	108,083	2	-
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.'s corporate supervisor	Sale	212,454	7	Net 60 days from monthly closing dates	Note 2	-	227,297	8	-

Note 1: Mainly paid on the 30th to 90th days after the month of the invoice date.

Note 2: The sales price of Greatek Electronics Inc. sold to related parties is determined based on general trading practices

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

RECEIVABLE FROM RELATED PARTIES AMOUNTING TO AT LEAST $100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Powertech Technology Inc.	Toshiba Memory Corporation	Corporate director's parent company	$ 2,175,757	4.62	$ -	-	$ 1,041,942	$ -
	Toshiba International Procurement Hong Kong, Ltd.	Corporate director's sister company	108,083	6.99	-	-	35,614	-
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of Greatek Electronics Inc.'s corporate supervisor	227,297	3.40	-	-	79,960	-

TABLE 6

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION OF INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

Company Name	Counter Party	Transaction Flow	Intercompany Transactions			
			Financial Statements Items	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
Powertech Technology Inc.	Powertech Technology (Suzhou) Ltd.	1	Sales	$ 7,887	Note 3	-
	TeraPower Technology Inc.	1	Sales	6,734	Note 3	-
	Powertech Technology (Suzhou) Ltd.	1	Subcontract costs	138,730	Note 2	1%
	Greatek Electronics Inc.	1	Subcontract costs	30,903	Note 2	-
	Powertech Technology Akita Inc.	1	Other gains and losses	1,758	Note 2	-
	TeraPower Technology Inc.	1	Accounts receivable from related parties	3,021	Note 3	-
	Powertech Technology (Xian) Ltd.	1	Other receivable from related parties	170,748	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other receivable from related parties	16,557	Note 2	-
	Powertech Technology (Singapore) Pte. Ltd.	1	Other receivable from related parties	3,633	Note 2	-
	Powertech Technology Akita Inc.	1	Other receivable from related parties	1,205	Note 2	-
	Greatek Electronics Inc.	1	Other receivable from related parties	1,024	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Disposal of property, plant and equipment	6,884	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other payable to related parties	48,337	Note 2	-
	Powertech Technology (Japan) Ltd.	1	Other payable to related parties	1,511	Note 2	-
	Greatek Electronics Inc.	1	Other payable to related parties	45,176	Note 2	-
	TeraPower Technology Inc.	1	Other payable to related parties	707	Note 2	-
	Tera Probe, Inc.	1	Other payable to related parties	2,058	Note 2	-
Tera Probe, Inc.	TeraPower Technology Inc.	1	Other receivable from related parties	4,197	Note 2	-

Note 1: No. 1 - from the parent company to the subsidiary.

Note 2: The transactions for related parties were negotiated and thus not comparable with those in the market.

Note 3: The selling prices with subsidiaries were negotiated and thus not comparable with those in the market, and the collection period with subsidiaries was same as common customer.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE
MARCH 31, 2018
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2018	December 31, 2017	Shares (Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsin-chu	Wafer probing test services	$ 661,500	$ 661,500	65,440	55	$ 1,868,011	$ 169,784	$ 106,362	Notes 1 and 2
	Powertech Holding (BVI) Inc.	BVI	Investment business	1,679,370	1,679,370	50	100	828,682	(10,324)	(10,324)	Notes 1 and 2
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing service	6,169,948	6,169,948	244,064	43	7,969,830	625,081	263,972	Notes 1 and 2
	Powertech Technology (Singapore) Pte. Ltd.	Singapore	Integrated circuit testing and assembly service	USD 85,000	USD 85,000	85,000	100	1,174,121	(3,188)	(3,188)	Notes 2 and 3
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	3,300,641	(10,581)	(5,543)	Note 3
	Tera Probe, Inc.	Japan	Wafer probing test services	$ 230,616	$ 230,616	1,077	12	729,230	39,958	6,889	Note 3
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 27,650	USD (356)	USD (356)	Note 3
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	47	USD 102,153	USD 1,363	USD 652	Note 3
	Powertech Technology Akita Inc.	Japan	Wafer probing test services	USD 48,917	USD 48,917	6	100	USD 43,334	USD (1,028)	USD (1,028)	Note 3
	TeraPower Technology Inc.	Hsin-chu	Wafer probing test services	JPY3,223,636	JPY3,223,636	68,111	51	JPY3,223,636	JPY 651,198	JPY 332,111	Note 1
	Tera Probe Aizu, Inc.	Japan	Wafer probing test services	JPY 221,616	JPY 221,616	180	100	JPY 221,616	JPY (41,285)	JPY (41,285)	Note 3

Note 1: Amount was recognized on the basis of reviewed financial statements.

Note 2: Excluding unrealized intercompany gains (losses).

Note 3: Amount was recognized on the basis of unreviewed financial statements.

TABLE 8

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
MARCH 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Equity-method Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2018	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss)	Carrying Value as of March 31, 2018	Accumulated Inward Remittance of Earnings as of March 31, 2018	Note
					Outflow	Inflow							
Powertech Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	$ 2,096,640 (US$ 72,000)	Note 1	$ 1,485,120 (US$ 51,000)	$ -	$ -	$ 1,485,120 (US$ 51,000)	$ (10,434) (US$ (356))	100%	$ (10,434) (US$ (356)) (Note 2)	$ 804,668 (US$ 27,633) (Note 2)	$ -	-
Powertech Technology (Xian) Ltd.	Semiconductor testing and assembly services	2,038,400 (US$ 70,000)	Note 1	2,038,400 (US$ 70,000)	-	-	2,038,400 (US$ 70,000)	106,940 (US$ 3,647)	100%	106,940 (US$ 3,647) (Note 2)	2,190,951 (US$ 75,239) (Note 2)	-	-

Equity-method Investee Company	Accumulated Investment in Mainland China as of March 31, 2018 (US$ in Thousands)	Investment Amounts Authorized by the Investment Commission, MOEA (US$ in Thousands)	Ceiling Amount on of the Corporation's Investment in Mainland China
Powertech Technology (Suzhou) Ltd. Powertech Technology (Xian) Ltd.	US$ 51,000 US$ 70,000	US$ 51,000 US$ 70,000	$23,671,779

Note 1: Indirect investments through Powertech Holding (BVI) Inc., the Corporation's 100% subsidiaries.

Note 2: Amount was recognized on the basis of unreviewed financial statements.

Note 3: Based on the exchange rate as of March 31, 2018.