Powertech Technology Inc. and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2019 and 2018 and Independent Auditors' Review Report

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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 June 30, 2019 and 2018 , the related consolidated statements of comprehensive income for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, 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" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our 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 12 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed, as of and for the six months ended June 30, 2019 and 2018, which represented total assets of 14.78% $15,376,152 thousand and 17.00% $18,077,685 thousand of the consolidated assets, respectively; and total liabilities of 12.42% $6,567,421 thousand and 17.26% $9,840,481 thousand of the consolidated liabilities, respectively. These statements also reflected these subsidiaries' comprehensive income of (40.09)% $(614,798) thousand, (3.54)% $(78,890) thousand, (18.93)% $(523,625) thousand and (5.33)% $(210,491) thousand of the consolidated comprehensive income for the three months ended June 30, 2019 and 2018 and six months ended June 30, 2019 and 2018, respectively. These investment amounts, as well as related information disclosed in Note 32 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 of June 30, 2019 and 2018, its consolidated financial performance for the three months ended June 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yu-Feng Huang and Cheng-Chih Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

August 2, 2019

<u>Notice to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally 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)

	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
ASSETS	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 22,046,504	21	$ 18,544,142	18	$ 19,879,535	19
Financial assets at fair value through profit or loss - current (Note 7)	64,259	-	56,217	-	50,284	-
Financial assets at amortized cost - current (Notes 9 and 29)	599,691	1	548,917	-	434,956	-
Contract assets - current (Notes 22 and 28)	1,832,187	2	1,671,214	2	1,703,034	2
Notes and accounts receivable (Notes 10 and 22)	8,432,202	8	8,966,825	9	10,261,400	10
Receivables from related parties (Notes 22 and 28)	3,010,734	3	2,879,308	3	2,985,643	3
Other receivables	354,453	-	309,115	-	432,892	-
Other receivables from related parties (Note 28)	26,401	-	16,081	-	17,629	-
Inventories (Note 11)	3,267,796	3	3,822,960	4	3,145,505	3
Prepaid expenses	188,369	-	261,915	-	220,129	-
Other current assets (Note 16)	436,969	1	812,848	1	1,197,593	1
Total current assets	40,259,565	39	37,889,542	37	40,328,600	38
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	31,589	-	26,803	-	35,404	-
Financial assets at amortized cost - noncurrent (Notes 9 and 29)	2,029,459	2	2,041,110	2	2,260,621	2
Property, plant and equipment (Notes 3, 13 and 29)	58,112,628	56	61,980,853	60	62,098,569	59
Right-of-use assets (Notes 3, 4, 5 and 14)	2,067,736	2	-	-	-	-
Intangible assets (Note 15)	1,113,091	1	1,162,204	1	1,200,193	1
Deferred income tax assets (Notes 4 and 24)	355,658	-	357,829	-	258,146	-
Other noncurrent assets (Note 16)	75,543	-	137,160	-	174,818	-
Total non-current assets	63,785,704	61	65,705,959	63	66,027,751	62
TOTAL	$ 104,045,269	100	$ 103,595,501	100	$ 106,356,351	100

	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES						
Short-term bank loans (Note 17)	$ 1,038,243	1	$ 843,953	1	$ 3,609,075	4
Financial liabilities at fair value through profit or loss - current (Note 7)	3,421	-	2,223	-	51,983	-
Contract liabilities - current (Note 22)	44,118	-	39,323	-	41,192	-
Notes and accounts payable	4,250,393	4	4,969,810	5	5,407,300	5
Accounts payable to related parties (Note 28)	59,649	-	-	-	1,758	-
Bonus to employees and remuneration to directors (Note 23)	1,470,603	2	959,978	1	1,583,672	2
Payables to equipment suppliers	1,987,659	2	2,443,343	2	4,125,898	4
Dividends payable (Note 21)	4,616,814	5	-	-	4,480,505	4
Other payables - related parties (Note 28)	-	-	569	-	-	-
Current income tax liabilities (Notes 4 and 24)	743,277	1	1,603,899	2	1,343,899	1
Lease liabilities - current (Notes 3, 4, 5 and 14)	254,815	-	-	-	-	-
Accrued expenses and other current liabilities (Notes 19 and 28)	5,545,697	5	7,224,942	7	7,623,418	7
Current portion of long-term debts (Notes 17 and 29)	240,724	-	361,637	-	167,153	-
Finance lease payables-current (Notes 3, 4 and 18)	-	-	130,994	-	122,812	-
Total current liabilities	20,255,413	20	18,580,671	18	28,558,665	27
NON-CURRENT LIABILITIES						
Long-term debt (Notes 17 and 29)	30,087,409	29	30,872,339	30	27,315,602	26
Deferred income tax liabilities (Notes 4 and 24)	105,383	-	115,906	-	181,912	-
Lease liabilities - non-current (Notes 3, 4, 5 and 14)	1,652,556	2	-	-	-	-
Finance lease payables-noncurrent (Notes 3, 4 and 18)	-	-	163,439	-	121,420	-
Net defined benefit liability - noncurrent (Notes 4 and 20)	396,167	-	404,530	1	420,404	1
Other noncurrent liabilities (Note 19)	384,607	-	381,249	-	405,865	-
Total non-current liabilities	32,626,122	31	31,937,463	31	28,445,203	27
Total liabilities	52,881,535	51	50,518,134	49	57,003,868	54
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE CORPORATION (Note 21)						
Capital stock						
Common stock	7,791,466	7	7,791,466	7	7,791,466	7
Capital surplus	199,235	-	127,734	-	119,593	-
Retained earnings						
Legal reserve	7,045,884	7	6,422,456	6	6,422,456	6
Special reserve	195,070	-	337,628	-	337,628	-
Unappropriated earnings	24,537,008	24	26,601,327	26	23,344,544	22
Total retained earnings	31,777,962	31	33,361,411	32	30,104,628	28
Other equity	(94,149)	-	(195,070)	-	(183,404)	-
Treasury stock	(82,315)	-	(82,315)	-	(68,099)	-
Total equity attributable to shareholders of the Corporation	39,592,199	38	41,003,226	39	37,764,184	35
NON-CONTROLLING INTERESTS (Notes 12 and 21)	11,571,535	11	12,074,141	12	11,588,299	11
Total stockholders' equity	51,163,734	49	53,077,367	51	49,352,483	46
TOTAL	$ 104,045,269	100	$ 103,595,501	100	$ 106,356,351	100

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

(With Deloitte & Touche review report dated August 2, 2019)

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 June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
NET SALES (Notes 22 and 28)	$ 15,079,649	100	$ 17,214,200	100	$ 29,511,808	100	$ 33,123,771	100
OPERATING COSTS (Notes 11, 23 and 28)	12,486,383	83	13,573,396	79	24,576,169	84	26,233,557	79
GROSS PROFIT	2,593,266	17	3,640,804	21	4,935,639	16	6,890,214	21
OPERATING EXPENSES (Note 23)								
Marketing	76,631	1	96,962	-	156,809	1	182,523	-
General and administrative	366,137	2	469,197	3	744,515	2	870,408	3
Research and development	465,428	3	467,182	3	898,994	3	888,196	3
Expected credit loss (Note 10)	17,624	-	-	-	21,400	-	-	-
Total operating expenses	925,820	6	1,033,341	6	1,821,718	6	1,941,127	6
OPERATING INCOME	1,667,446	11	2,607,463	15	3,113,921	10	4,949,087	15
NONOPERATING INCOME AND EXPENSES								
Other gains and losses (Notes 23 and 28)	(2,034)	-	(200,192)	(1)	90,801	-	(177,389)	(1)
Miscellaneous income (Note 23)	65,269	-	57,132	-	120,292	-	85,640	-
Financial costs (Note 23)	(84,710)	-	(88,165)	-	(167,650)	-	(175,739)	(1)
Foreign exchange gains, net (Notes 23 and 31)	76,061	1	339,606	2	127,372	1	157,235	1
Total nonoperating income and expenses	54,586	1	108,381	1	170,815	1	(110,253)	(1)
INCOME BEFORE INCOME TAX	1,722,032	12	2,715,844	16	3,284,736	11	4,838,834	14
INCOME TAX EXPENSE (Notes 4 and 24)	390,435	3	646,980	4	711,749	2	1,103,264	3
NET INCOME	1,331,597	9	2,068,864	12	2,572,987	9	3,735,570	11
OTHER COMPREHENSIVE INCOME (Note 21)								
Items that may be reclassified subsequently to profit or loss								
Unrealized gain (losses) on investments in equity instruments designated as at fair value through other comprehensive income	8,479	-	(858)	-	17,221	-	3,248	-
Exchange differences on translating foreign operations	193,561	1	163,591	1	175,293	-	210,816	1
Total other comprehensive income	202,040	1	162,733	1	192,514	-	214,064	1
TOTAL COMPREHENSIVE INCOME	$ 1,533,637	10	$ 2,231,597	13	$ 2,765,501	9	$ 3,949,634	12

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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 June 30				For the Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO								
Owners of the Corporation	$ 1,103,124	7	$ 1,678,300	10	$ 2,156,455	7	$ 2,969,680	9
Non-controlling interests	228,473	2	390,564	2	416,532	2	765,890	2
	$ 1,331,597	9	$ 2,068,864	12	$ 2,572,987	9	$ 3,735,570	11
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO								
Owners of the Corporation	$ 1,196,728	8	$ 1,817,379	11	$ 2,257,376	7	$ 3,123,904	9
Non-controlling interests	336,909	2	414,218	2	508,125	2	825,730	3
	$ 1,533,637	10	$ 2,231,597	13	$ 2,765,501	9	$ 3,949,634	12
EARNINGS PER SHARE (Note 25)								
Basic	$ 1.42		$ 2.16		$ 2.78		$ 3.82	
Diluted	$ 1.42		$ 2.15		$ 2.76		$ 3.80	

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

(With Deloitte & Touche review report dated August 2, 2019) (Concluded)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Equity Attributable to Shareholders of the Corporation											
	Share Capital Issued and Outstanding			Retained Earnings			Other Equity					
	Share (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Investments in Equity Instruments Designated Through Other Comprehensive Income	Treasury Stock	Total	Non-controlling Interests	Total Equity
BALANCE, JANUARY 1, 2018	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
Appropriation of 2017 earnings												
Legal reserve	-	-	-	584,926	-	(584,926)	-	-	-	-	-	-
Special reserve	-	-	-	-	337,628	(337,628)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(3,506,160)	-	-	-	(3,506,160)	-	(3,506,160)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,037,884)	(1,037,884)
Net income for the six months ended June 30, 2018	-	-	-	-	-	2,969,680	-	-	-	2,969,680	765,890	3,735,570
Other comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	-	151,490	2,734	-	154,224	59,840	214,064
Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	2,969,680	151,490	2,734	-	3,123,904	825,730	3,949,634
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	124,121	124,121
BALANCE, JUNE 30, 2018	779,147	$ 7,791,466	$ 119,593	$ 6,422,456	$ 337,628	$ 23,344,544	$ (167,660)	$ (15,744)	$ (68,099)	$ 37,764,184	$ 11,588,299	$ 49,352,483
BALANCE, JANUARY 1, 2019	779,147	$ 7,791,466	$ 127,734	$ 6,422,456	$ 337,628	$ 26,601,327	$ (170,725)	$ (24,345)	$ (82,315)	$ 41,003,226	$ 12,074,141	$ 53,077,367
Appropriation of 2018 earnings												
Legal reserve	-	-	-	623,428	-	(623,428)	-	-	-	-	-	-
Special reserve	-	-	-	-	(142,558)	142,558	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	(3,739,904)	-	-	-	(3,739,904)	-	(3,739,904)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	(939,230)	(939,230)
Other changes in capital surplus												
Changes in percentage of ownership interests in subsidiaries	-	-	71,501	-	-	-	-	-	-	71,501	(71,501)	-
Net income for the six months ended June 30, 2019	-	-	-	-	-	2,156,455	-	-	-	2,156,455	416,532	2,572,987
Other comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	-	96,135	4,786	-	100,921	91,593	192,514
Total comprehensive income for the six months ended June 30, 2019	-	-	-	-	-	2,156,455	96,135	4,786	-	2,257,376	508,125	2,765,501
BALANCE, JUNE 30, 2019	779,147	$ 7,791,466	$ 199,235	$ 7,045,884	$ 195,070	$ 24,537,008	$ (74,590)	$ (19,559)	$ (82,315)	$ 39,592,199	$ 11,571,535	$ 51,163,734

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

(With Deloitte & Touche review report dated August 2, 2019)

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2019	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES		
Current income before income tax	$ 3,284,736	$ 4,838,834
Adjustments for:		
Depreciation	6,251,086	6,044,491
Amortization	69,914	73,274
Expected credit loss recognized on accounts receivable	21,400	-
Net (gain) loss on fair value change of financial assets designated as at fair value through profit or loss	(6,436)	8,677
Financial costs	167,650	175,739
Premium amortization of financial assets at amortized cost	575	927
Interest revenue	(55,191)	(35,844)
Net (gain) loss on disposal of property, plant and equipment	(64,144)	8,101
Property, plant and equipment transfer to expenses	2,552	-
Impairment losses recognized on property, plant and equipment	527,327	175,458
Gain of foreign currency exchange, net	(68,833)	(244,082)
Changes in operating assets and liabilities:		
Increase in contract assets	(160,973)	(19,963)
Decrease (increase) in notes and accounts receivable	505,004	(1,763,138)
(Increase) decrease in accounts receivable from related parties	(141,592)	1,106,002
Increase in other receivables	(41,385)	(180,648)
(Increase) decrease in other receivables from related parties	(647)	3,406
Decrease (increase) in inventories	555,164	(576,367)
Decrease in prepayments	73,546	40,062
Decrease (increase) in other current assets	375,879	(476,214)
(Decrease) increase in financial liabilities held for trading	(408)	46,096
Increase (decrease) in contract liabilities	4,795	(2,550)
(Decrease) increase in notes and accounts payable	(714,061)	335,471
Increase in accounts payable to related parties	60,001	4,892
Increase in bonus to employees and remuneration of directors	510,625	615,048
Decrease in other payables to related parties	(569)	-
(Decrease) increase in accrued expenses and other current liabilities	(1,676,438)	487,216
(Decrease) increase in net defined benefit liabilities	(8,363)	23,909
Increase (decrease) in other payables	3,456	(323,531)
Cash generated from operations	9,474,670	10,365,266
Interest received	51,170	35,310
Interest paid	(270,883)	(243,748)
Income tax paid	(1,580,724)	(900,694)
Net cash generated from operating activities	7,674,233	9,256,134

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POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

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

	For the Six Months Ended June 30	
	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at amortized cost	$ (116,210)	$ (11,077)
Proceeds from sale of financial assets at amortized cost	120,442	140,828
Proceeds from disposal of non-current assets held for sale	-	1,024,362
Acquisition of property, plant and equipment	(3,471,475)	(8,663,516)
Disposal of property, plant and equipment	129,948	118,639
(Increase) decrease in refundable deposits	(2,503)	9,182
Increase in intangible assets	(17,258)	(12,192)
Decrease in prepayments for equipment	613	9,621
Decrease in other prepayments	-	1,330
Net cash used in investing activities	(3,356,443)	(7,382,823)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term bank loans	194,290	(240,249)
Increase in long-term debts	10,709,371	1,700,000
Decrease in long-term debts	(11,628,877)	(1,369,626)
(Decrease) increase in guarantee deposits	(98)	3,539
Decrease in finance lease payables	-	(62,007)
Repayment of the principal portion of lease liabilities	(114,760)	-
Dividends paid to non-controlling interests	(62,320)	(63,539)
Increase in non-controlling interests	-	124,121
Net cash (used in) generated from financing activities	(902,394)	92,239
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	86,966	197,403
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,502,362	2,162,953
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	18,544,142	17,716,582
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 22,046,504	$ 19,879,535

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

(With Deloitte & Touche review report dated August 2, 2019) (Concluded)

1. GENERAL INFORMATION

Powertech Technology Corporation (the "Corporation") was incorporated in the Republic of China ("ROC") on May 15, 1997 and commenced business on September 3, 1997. The Corporation is mainly engaged in the manufacturing, packaging, testing, researching and developing, designing, assembling and sale of various integrated circuit products. 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 Corporation's registered office and principal place of business is in Hsin-chu Industrial Park, Hukou, Hsin-chu.

The Corporation's share was initially listed and started trading on the Taipei Exchange ("TPEx") since April 3, 2003, after which the Corporation's share was transferred for listing and started trading on the Taiwan Stock Exchange ("TWSE") since November 8, 2004. The Corporation also issued Global Depositary Shares ("GDS"), which are listed on the Luxembourg Stock Exchange and trading on the Euro MTF Market. The GDS was accepted for quotation on the International Order Book of the London Stock Exchange.

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 share is listed on the Taiwan Share Exchange.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Board of Directors and issued on August 2, 2019.

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), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, 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 did not have material impact on Powertech Technology Inc. and its subsidiaries' (the Group) accounting policies:

   1) IFRS 16 "Leases"

      IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed 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. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in China were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

c) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.

d) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.71%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	$ 393,632
The future minimum lease payments of cancellable operating lease commitments on December 31, 2018	1,847,294
Undiscounted amounts on January 1, 2019	$ 2,240,926
Discounted amounts using the incremental borrowing rate on January 1, 2019	$ 1,663,368
Add: Finance lease liabilities on December 31, 2018	294,433
Lease liabilities recognized on January 1, 2019	$ 1,957,801

The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	Pre-adjusted Amount as of January 1, 2019	**Adjustments Arising from Initial Application**	**Adjusted Amount as of January 1, 2019**
Lease prepayments (classified as other assets - current)	$ 2,566	$ (2,566)	$ -
Property, plant and equipment	61,980,853	(369,999)	61,610,854
Lease prepayments (classified as other assets - non-current)	63,520	(63,520)	-
Right-of-use assets	-	2,099,453	2,099,453
Total effect on assets	$ 62,046,939	$ 1,663,368	$ 63,710,307
Lease liabilities - current	$ -	$ 259,743	$ 259,743
Finance lease payables - current	130,994	(130,994)	-
Lease liabilities - non-current	-	1,698,058	1,698,058
Finance lease payables - non-current	163,439	(163,439)	-
Total effect on liabilities	$ 294,433	$ 1,663,368	$ 1,957,801
Retained earnings	$ 26,601,327	$ -	$ 26,601,327

2) 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 has 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 Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

Upon initial application of IFRIC 23, there are no impact on assets, liabilities and equity.

b. Amendments to the IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB (International Accounting Standards Board)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 2)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
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 17 "Insurance Contracts"	January 1, 2021

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

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 consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for 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, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, 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 an 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 an 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 Notes 12 and 32k for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

Except for the followings, 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, 2018. For the summary of other significant accounting policies, refer to the consolidated financial statements for the year ended December 31, 2018.

1) Leases

<u>2019</u>

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee’s incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

2018

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b) The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Finance expenses implicit in lease payments for each period are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

2) 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.

3) 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. The effect of a change in tax rate resulting from a change in tax law is recognized consistently with the accounting for the transaction itself which gives rise to the tax consequence, and this is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except for the followings, 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, 2018.

a. Lease terms - 2019

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Group occur.

b. Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, secured position, etc.) are also taken into account.

6. CASH AND CASH EQUIVALENTS

	June 30, 2019	December 31, 2018	June 30, 2018
Checking accounts and demand deposits	$ 22,045,776	$ 18,543,547	$ 19,855,003
Cash on hand	728	595	532
Cash equivalent			
Repurchase agreements collateralized by bonds	-	-	24,000
	$ 22,046,504	$ 18,544,142	$ 19,879,535

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

	June 30, 2019	December 31, 2018	June 30, 2018
Bank deposits	0%-2.92%	0%-3.10%	0%-1.85%
Repurchase agreement collateralized by bonds	-	-	0.36%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets at FVTPL - current			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts	$ 13,741	$ 5,841	$ 18
Non-derivative financial assets			
Mutual funds	50,518	50,376	50,266
	$ 64,259	$ 56,217	$ 50,284
Financial liabilities at FVTPL - current			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts	$ 3,421	$ 2,223	$ 51,983

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)
June 30, 2019			
Sell forward exchange contracts	USD to NTD	2019.07.02-2019.10.01	USD 57,001
	USD to JPY	2019.07.05-2019.11.08	USD 11,203
	USD to CNY	2019.07.15	USD 583
December 31, 2018			
Sell forward exchange contracts	USD to NTD	2019.01.03-2019.03.13	USD 58,190
	USD to JPY	2019.01.02-2019.05.10	USD 10,618
	USD to CNY	2019.01.04-2019.01.08	USD 1,168
June 30, 2018			
Sell forward exchange contracts	USD to NTD	2018.07.02-2018.09.13	USD 60,713
	USD to JPY	2018.07.02-2018.11.02	USD 25,539
	USD to CNY	2018.07.03-2018.07.09	USD 1,786

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

Investments in equity instruments at fair value through other comprehensive income (FVTOCI)

	June 30, 2019	December 31, 2018	June 30, 2018
Non-current			
Domestic investments			
Listed shares			
Ordinary shares - Solid State System Co., Ltd.	$ 31,589	$ 26,803	$ 35,404

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.

9. FINANCIAL ASSETS AT AMORTIZED COST

	June 30, 2019	December 31, 2018	June 30, 2018
Current			
Domestic investments			
Corporate bonds - 02 Taiwan Power Company 1B Bond	$ 150,959	$ -	$ -
Corporate bonds - P04 Hon Hai 4C Bond	100,000	100,000	-
Corporate bonds - 01 TSMC 1B Bond	-	100,015	100,290
Time deposits with original maturity of more than 3 months	8,700	8,605	8,540
Pledged time deposits	21,594	21,763	12,981
Restricted deposit	318,438	318,534	313,145
	$ 599,691	$ 548,917	$ 434,956
Non-current			
Domestic investments			
Corporate bonds - P06 Taiwan Power Company 1A Bond	$ 300,001	$ 300,001	$ 300,001
Corporate bonds - P07 Taiwan Power Company 1A Bond	200,001	200,001	200,001
Corporate bonds - P06 Taiwan Power Company 3A Bond	100,000	100,001	100,001
Corporate bonds - P04 FENC 4 Bond	100,000	100,000	100,000
Corporate bonds - P06 FPC 1A Bond	100,000	100,000	100,000
Corporate bonds - 02 Taiwan Power Company 1B Bond	-	151,518	152,086
Corporate bonds - P04 Hon Hai 4C Bond	-	-	100,000
Time deposits with original maturity of more than 3 months	1,149,283	992,774	799,530
Pledged time deposits	80,174	96,815	409,002
	$ 2,029,459	$ 2,041,110	$ 2,260,621

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.

On May 14, 2018, the Group bought corporate bonds issued by Taiwan Power Company with an effective interest rate of 0.70% at premium value $200,001 thousand (par value $200,000 thousand) and maturity dates of May 14, 2021.

The ranges of interest rates for time deposits with original maturity of more than 3 months were approximately 0.007%-1.92%, 0.001%-1.92% and 0.001%-1.92% per annum as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively.

Refer to Note 27 for information relating to the credit risk management and impairment of investments in financial assets at amortized cost.

Refer to Note 29 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable			
Notes receivable - operating	$ 74,183	$ 78,037	$ 72,974
Accounts receivables			
At amortized cost			
Gross carrying amount	8,417,500	8,926,869	10,227,899
Less: Allowance for impairment loss	(59,481)	(38,081)	(39,473)
	8,358,019	8,888,788	10,188,426
	$ 8,432,202	$ 8,966,825	$ 10,261,400

At amortized cost

The average credit period of sales of goods was 30 days to 150 days starting from the first day of the month following the invoice date. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the group 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 receivable. The expected credit losses on accounts receivable 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 forecasted 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 an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable 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 receivable based on the Group's provision matrix.

June 30, 2019

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	$ 8,211,134	$ 39,954	$ 13,695	$ 2,893	$ 149,824	$ 8,417,500
Loss allowance (Lifetime ECLs)	(7,873)	(17,461)	(4,731)	(2,337)	(27,079)	(59,481)
Amortized cost	$ 8,203,261	$ 22,493	$ 8,964	$ 556	$ 122,745	$ 8,358,019

December 31, 2018

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	$ 8,668,966	$ 184,436	$ 57,213	$ 10,235	$ 6,019	$ 8,926,869
Loss allowance (Lifetime ECLs)	(6,133)	(15,943)	(4,093)	(8,029)	(3,883)	(38,081)
Amortized cost	$ 8,662,833	$ 168,493	$ 53,120	$ 2,206	$ 2,136	$ 8,888,788

June 30, 2018

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Gross carrying amount	$10,181,583	$ 32,162	$ 6,827	$ 858	$ 6,469	$10,277,899
Loss allowance (Lifetime ECL)	(7,302)	(19,013)	(5,831)	(858)	(6,469)	(39,473)
Amortized cost	$10,174,281	$ 13,149	$ 996	$ -	$ -	$10,188,426

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

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	$ 38,081	$ 39,473
Add: Net remeasurement of loss allowance	21,400	-
Balance at June 30	$ 59,481	$ 39,473

11. INVENTORIES

	June 30, 2019	December 31, 2018	June 30, 2018
Raw materials	$ 2,905,271	$ 3,402,888	$ 2,715,006
Supplies	362,525	420,072	430,499
	$ 3,267,796	$ 3,822,960	$ 3,145,505

The nature of the cost of goods sold is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Operating costs	$ 12,486,383	$ 13,573,396	$ 24,576,169	$ 26,233,557
Write-downs (reversal) of inventories	$ 7,930	$ 62,469	$ (49,001)	$ 52,557
Unallocated overheads	$ 908,291	$ 757,300	$ 2,043,014	$ 1,748,957
Sales of scrapes	$ 34,534	$ 46,901	$ 54,803	$ 82,984

12. SUBSIDIARY

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	Proportion of Ownership June 30, 2019	Proportion of Ownership December 31, 2018	Proportion of Ownership June 30, 2018	Remark
Powertech Technology Inc.	Powertech Holding (BVI) Inc.	Investment business	100%	100%	100%	Note 2
	Greatek Electronics Inc. (“GEI”)	Semiconductor assembly and testing service	43%	43%	43%	Notes 1 and 3
	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%	Note 2
	Powertech Technology Japan Ltd.	Investment business	100%	100%	100%	Note 2
	Tera Probe, Inc.	Wafer probing test services	12%	12%	12%	Notes 2 and 3
	TeraPower Technology Inc.	Wafer probing test services	49%	49%	49%	-
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Investment business	100%	100%	100%	Note 2
PTI Technology (Singapore) Pte. Ltd.	Powertech Technology (Suzhou) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	100%	100%	100%	Note 2
Powertech Technology (Singapore) Pte. Ltd.	Powertech Technology (Xian) Ltd.	Semiconductor testing design, manufacturing, sales business and assembly services	64%	64%	64%	Note 2
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Wafer probing test services	49%	47%	47%	Notes 2, 3 and 4
	Powertech Technology Akita Inc.	Semiconductor assembly and testing service	100%	100%	100%	Note 2
Tera Probe, Inc.	TeraPower Technology Inc.	Wafer probing test services	51%	51%	51%	-
	Tera Probe Aizu, Inc.	Wafer probing test services	100%	100%	100%	Note 2

Note 1: On the reelection of the directors and supervisors of Greatek Electronics Inc., the Corporation obtained the a majority of the board seats and Greatek Electronics Inc. became a subsidiary of the Corporation even though the Corporation has only 43% ownership of Greatek Electronics Inc.

Note 2: It is a non-significant subsidiary, its financial statements for six months ended June 30, 2019 and 2018 have not been reviewed.

Note 3: Subsidiaries that have material non-controlling interests.

Note 4: Powertech Technology Japan Ltd.’s ownership of Tera Probe, Inc. changes to 49% since Tera Probe, Inc. handled the buy-back of treasury stock in 2019.

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

Name of Subsidiary	Principal Place of Business	Proportion of Ownership and Voting Rights Held by Non-controlling Interests June 30, 2019	December 31, 2018	June 30, 2018
Greatek Electronics Inc.	Zhunan Township, Miaoli County	57%	57%	57%
Tera Probe, Inc.	Japan	39%	41%	41%

Name of Subsidiary	Profit or Loss Allocated to Non-controlling Interests: For the Three Months Ended June 30, 2019	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2019	For the Six Months Ended June 30, 2018	Accumulated Non-controlling Interests June 30, 2019	December 31, 2018	June 30, 2018
Greatek Electronics Inc.	$ 272,049	$ 360,440	$ 460,629	$ 711,977	$ 8,910,282	$ 9,326,563	$ 8,734,790
Tera Probe, Inc.	$ (43,576)	$ 30,124	$ (44,097)	$ 53,913	$ 2,661,253	$ 2,747,578	$ 2,853,509

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.

	June 30, 2019	December 31, 2018	June 30, 2018
Current assets	$ 8,447,587	$ 7,351,080	$ 8,344,627
Non-current assets	11,107,927	11,473,480	11,397,417
Current liabilities	(3,781,609)	(2,369,720)	(4,340,892)
Non-current liabilities	(243,417)	(235,776)	(223,428)
Equity	$ 15,530,488	$ 16,219,064	$ 15,177,724
Equity attributable to:			
Shareholders of the Corporation	$ 6,663,384	$ 6,958,819	$ 6,512,030
Non-controlling interests	8,867,104	9,260,245	8,665,694
	$ 15,530,488	$ 16,219,064	$ 15,177,724

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Operating revenue	$ 2,958,939	$ 3,193,421	$ 5,502,341	$ 6,246,109
Net income	$ 485,861	$ 640,676	$ 825,528	$ 1,265,757
Other comprehensive income (loss)	7,040	(5,760)	21,780	900
Total comprehensive income for the period	$ 492,901	$ 634,916	$ 847,308	$ 1,266,657
Net income attributable to:				
Owners of the Corporation	$ 208,459	$ 274,883	$ 354,194	$ 543,075
Non-controlling interests	277,402	365,793	471,334	722,682
	$ 485,861	$ 640,676	$ 825,528	$ 1,265,757
Total comprehensive income attributable to:				
Owners of the Corporation	$ 211,480	$ 272,412	$ 363,539	$ 543,462
Non-controlling interests	281,421	362,504	483,769	723,195
	$ 492,901	$ 634,916	$ 847,308	$ 1,266,657
Net cash inflow (outflow) from:				
Operating activities	$ 885,526	$ 1,066,624	$ 1,915,548	$ 2,275,519
Investing activities	(410,668)	(809,995)	(827,372)	(1,620,156)
Financing activities	(296)	-	(665)	-
Net cash inflow	$ 474,562	$ 256,629	$ 1,087,511	$ 655,363

Tera Probe, Inc.

	June 30, 2019	December 31, 2018	June 30, 2018
Current assets	$ 2,639,516	$ 3,111,580	$ 4,000,190
Non-current assets	5,737,698	5,566,923	5,420,843
Current liabilities	(1,636,393)	(1,844,532)	(1,762,960)
Non-current liabilities	(833,002)	(845,862)	(1,361,740)
Equity	$ 5,907,819	$ 5,988,109	$ 6,296,333
Equity attributable to:			
Owners of the Corporation	$ 3,582,998	$ 3,559,332	$ 3,742,540
Non-controlling interests	2,324,821	2,428,777	2,553,793
	$ 5,907,819	$ 5,988,109	$ 6,296,333

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Operating revenue	$ 417,552	$ 587,142	$ 966,887	$ 1,444,796
Net income (loss)	$ (143,604)	$ 55,576	$ (163,583)	$ 95,533
Other comprehensive income (loss)	(85,952)	(220)	(97,839)	5,348
Total comprehensive income (loss) for the period	$ (229,556)	$ 55,356	$ (261,422)	$ 100,881
Net income (loss) attributable to:				
Owners of the Corporation	$ (87,096)	$ 33,034	$ (98,971)	$ 56,784
Non-controlling interests	(56,508)	22,542	(64,612)	38,749
	$ (143,604)	$ 55,576	$ (163,583)	$ 95,533
Total comprehensive income (loss) attributable to:				
Owners of the Corporation	$ (139,226)	$ 32,904	$ (158,167)	$ 59,964
Non-controlling interests	(90,330)	22,452	(103,255)	40,917
	$ (229,556)	$ 55,356	$ (261,422)	$ 100,881
Net cash inflow (outflow) from:				
Operating activities	$ (327,802)	$ 1,209,923	$ (315,032)	$ 1,459,478
Investing activities	531,345	(620,390)	578,715	(976,705)
Financing activities	(685,259)	196,491	(854,973)	645,933
Net cash (outflow) inflow	$ (481,716)	$ 786,024	$ (591,290)	$ 1,128,706

13. PROPERTY, PLANT AND EQUIPMENT

	June 30, 2019
Assets used by the Group	$ 58,112,628

a. 2019

	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
Cost										
Balance at January 1, 2019	$ 3,322,250	$ 26,944,810	$ 91,234,066	$ 2,343,814	$ 362,214	$ 3,650,775	$ 907,019	$ 6,016,130	$ 147,694	$ 134,928,772
Additions	121,366	29,542	281,385	4,224	7,205	13,903	500,382	1,985,851	170,412	3,114,270
Disposals	-	(5,116)	(428,431)	(26,672)	-	(4,955)	(2,443)	(1,465)	(171,462)	(640,544)
Reclassified	-	300,015	3,863,984	122,010	55,092	44,283	(550,183)	(4,588,308)	-	(753,107)
Effect of foreign currency exchange differences	789	52,855	405,566	31,573	6,311	3,220	16,545	5,609	181	522,649
Balance at June 30, 2019	3,444,405	27,322,106	95,356,570	2,474,949	430,822	3,707,226	871,320	3,417,817	146,825	137,172,040
Accumulated deprecation										
Balance at January 1, 2019	-	9,698,433	57,403,617	1,658,423	228,673	3,091,424	-	-	13,277	72,093,847
Depreciation expense	-	746,014	4,948,505	137,497	11,244	115,889	-	-	172,946	6,132,095
Disposals	-	(5,116)	(366,513)	(26,552)	-	(3,891)	-	-	(171,462)	(573,534)
Reclassified	-	6,841	(324,485)	-	(6,841)	(10,050)	-	-	-	(334,535)
Effect of foreign currency exchange differences	-	22,345	316,015	19,890	2,993	2,128	-	-	150	363,521
Balance at June 30, 2019	-	10,468,517	61,977,139	1,789,258	236,069	3,195,500	-	-	14,911	77,681,394
Accumulated impairment										
Balance at January 1, 2019	1,762	260,090	353,465	112,819	80,298	-	45,638	-	-	854,072
Recognition (revolution) of Impairment loss	-	186,737	327,828	(8,024)	-	-	-	-	-	506,541
Disposals	-	-	(1)	-	-	-	-	-	-	(1)
Effect of foreign currency exchange differences	65	4,577	8,345	1,841	890	-	1,688	-	-	17,406
Balance at June 30, 2019	1,827	451,404	689,637	106,636	81,188	-	47,326	-	-	1,378,018
Carrying amounts at June 30, 2019	$ 3,442,578	$ 16,402,185	$ 32,689,794	$ 579,055	$ 113,565	$ 511,726	$ 823,994	$ 3,417,817	$ 131,914	$ 58,112,628
Carrying amounts at December 31, 2018 and January 1, 2019	$ 3,320,488	$ 16,986,287	$ 33,476,984	$ 572,572	$ 53,243	$ 559,351	$ 861,381	$ 6,016,130	$ 134,417	$ 61,980,853

Powertech Technology Akita Inc. and Tera Probe, Inc. expects a decrease in the future cash flows of buildings, machinery and equipment and office equipment. Therefore, impairment losses of $506,541 thousand and $506,541 thousand were recognized in other gains and losses for the three months ended June 30, 2019 and six months ended June 30, 2019, respectively. Powertech Technology Akita Inc. and Tera Probe, Inc. evaluated that the carrying amount of some machinery and equipment cannot be recovered.

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
Wafer Fab	6-16 years
Fire control equipment	2-26 years
Others	1-56 years
Machinery and equipment	1-20 years
Office equipment	1-25 years
Leasehold improvements	4-8 years
Other equipment	1-16 years
Spare parts	0.5-2 years

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 29.

b. 2018

	Land	Building	Machinery and Equipment	Office Equipment	Leasehold Improvements	Other Equipment	Construction in Progress	Advance Payments	Spare parts	Total
Cost										
Balance at January 1, 2018	$ 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	3,203	62,542	2,416,832	21,278	-	48,774	1,352,060	5,567,915	185,587	9,658,191
Disposals	-	(103,132)	(884,165)	(636,171)	(114,785)	(46,680)	(191,963)	(7,500)	(160,366)	(2,144,762)
Reclassified	-	1,950,060	5,259,881	105,881	-	(18,274)	(1,234,524)	(5,551,117)	-	511,907
Effect of foreign currency exchange differences	931	38,511	583,778	43,673	9,286	7,823	11,961	7,221	401	703,585
Balance at June 30, 2018	3,321,992	25,194,310	91,303,390	2,264,285	302,495	3,639,033	810,056	8,273,898	147,203	135,256,662
Accumulated deprecation										
Balance at January 1, 2018	-	8,708,794	53,515,329	2,023,118	265,799	2,912,733	-	-	11,149	67,436,922
Depreciation expense	-	727,771	4,852,728	139,814	6,822	154,737	-	-	162,619	6,044,491
Disposals	-	(103,132)	(958,104)	(626,509)	(66,447)	(46,501)	-	-	(160,366)	(1,961,059)
Reclassified	-	66,033	430,305	780	-		-	-	-	497,118
Effect of foreign currency exchange differences	-	16,711	470,840	31,377	6,106	3,477	-	-	315	528,826
Balance at June 30, 2018	-	9,416,177	58,311,098	1,568,580	212,280	3,024,446	-	-	13,717	72,546,298
Accumulated impairment										
Balance at January 1, 2018	-	207,722	56,697	85,568	77,811	-	-	-	-	427,798
Recognition of impairment loss	-	7,556	150,912	17,114	-	-	-	-	-	175,582
Disposals	-	(124)	-	-	-	-	-	-	-	(124)
Effect of foreign currency exchange differences	-	1,108	4,778	953	1,700	-	-	-	-	8,539
Balance at June 30, 2018	-	216,262	212,387	103,635	79,511	-	-	-	-	611,795
Carrying amounts at June 30, 2018	$ 3,321,992	$ 15,561,871	$ 32,779,905	$ 592,070	$ 10,704	$ 614,587	$ 810,056	$ 8,273,898	$ 133,486	$ 62,098,569

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
Wafer Fab	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

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 29.

14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	June 30, 2019
Carrying amounts	
Land	$ 1,471,660
Buildings	178,289
Machinery and Equipment	417,294
Transportation equipment	493
	$ 2,067,736

	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Additions to right-of-use assets	$ -	$ 69,231
Depreciation charge for right-of-use assets		
Land	$ 9,279	$ 18,557
Buildings	26,166	51,945
Machinery and Equipment	23,980	48,333
Transportation equipment	78	156
	$ 59,503	$ 118,991

b. Lease liabilities - 2019

	June 30, 2019
Carrying amounts	
Current	$ 254,815
Non-current	$ 1,652,556

Range of discount rate for lease liabilities was as follows:

	June 30, 2019
Land	1.10%-1.69%
Buildings	0.69%-3.77%
Machinery and equipment	0.80%-2.32%
Transportation equipment	1.13%

c. Other lease information

2019

	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2019
Expenses relating to short-term leases	$ 8,942	$ 17,228
Total cash (outflow) for leases		$ (131,988)

The Group leases certain land, office, machines, vehicles and office equipment which qualify as short-term leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

The Group as lessee

The Corporation leases a land from Tang Eny Iron Works Co., Ltd. under a renewable agreement that expires before December 2023.

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

	December 31, 2018	June 30, 2018
Not later than 1 year	$ 16,697	$ 16,697
Later than 1 year and not later than 5 years	66,788	66,788
Later than 5 years	-	8,349
	$ 83,485	$ 91,834

The lease payments recognized in profit or loss were as follows:

	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2018
Minimum lease payment	$ 4,174	$ 8,348

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

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

	December 31, 2018	June 30, 2018
Not later than 1 year	$ 45,155	$ 43,309
Over 1 year up to 5 years	63,544	85,289
	$ 108,699	$ 128,598

The lease payments recognized in profit or loss were as follows:

	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2018
Minimum lease payment	$ 11,023	$ 21,784

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

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

	December 31, 2018	June 30, 2018
Not later than 1 year	$ 201,448	$ 217,914
Later than 1 year and not later than 5 years	-	-
	$ 201,448	$ 217,914

The lease payments recognized in profit or loss were as follows:

	For the Three Months Ended June 30, 2018	For the Six Months Ended June 30, 2018
Minimum lease payment	$ 45,480	$ 209,113

15. INTANGIBLE ASSETS

	Computer Software	Goodwill	Core Technique	Client Relationship	Royalty	Technique Service	Total
Cost							
Balance at January 1, 2018	$ 615,883	$ 979,819	$ 285,501	$ 220,775	$ 1,679	$ 88,894	$ 2,192,551
Additions	12,192	-	-	-	-	-	12,192
Disposals	(809)	-	-	-	-	-	(809)
Reclassified	9,036	-	-	-	-	-	9,036
Effect of foreign currency exchange differences	13,317	-	(35,398)	-	68	-	(22,013)
Balance at June 30, 2018	649,619	979,819	250,103	220,775	1,747	88,894	2,190,957
Accumulated amortization							
Balance at January 1, 2018	424,757	-	285,501	146,933	1,174	84,537	942,902
Amortization expense	56,864	-	-	12,615	59	3,736	73,274
Disposals	(809)	-	-	-	-	-	(809)
Effect of foreign currency exchange differences	10,746	-	(35,398)	-	49	-	(24,603)
Balance at June 30, 2018	491,558	-	250,103	159,548	1,282	88,273	990,764
Carrying amounts at June 30, 2018	$ 158,061	$ 979,819	$ -	$ 61,227	$ 465	$ 621	$ 1,200,193
Cost							
Balance at January 1, 2019	$ 661,534	$ 979,819	$ 250,103	$ 220,775	$ 1,765	$ 88,894	$ 2,202,890
Additions	8,927	-	-	-	8,331	-	17,258
Disposals	(694)	-	-	-	-	-	(694)
Reclassified	22,062	-	-	-	-	-	22,062
Effect of foreign currency exchange differences	12,634	-	(36,448)	-	65	-	(23,749)
Balance at June 30, 2019	704,463	979,819	213,655	220,775	10,161	88,894	2,217,767
Accumulated amortization							
Balance at January 1, 2019	523,810	-	250,103	172,165	1,354	88,894	1,036,326
Amortization expense	56,543	-	-	12,616	755	-	69,914
Disposals	(694)	-	-	-	-	-	(694)
Effect of foreign currency exchange differences	9,942	-	(36,448)	-	52	-	(26,454)
Balance at June 30, 2019	589,601	-	213,655	184,781	2,161	88,894	1,079,092
Accumulated impairment							
Balance at January 1, 2019	4,360	-	-	-	-	-	4,360
Recognition of Impairment loss	20,786	-	-	-	-	-	20,786
Effect of foreign currency exchange differences	438	-	-	-	-	-	438
Balance at June 30, 2019	25,584	-	-	-	-	-	25,584
Carrying amounts at June 30, 2019	$ 89,278	$ 979,819	$ -	$ 35,994	$ 8,000	$ -	$ 1,113,091
Carrying amounts at December 31, 2018 and January 1, 2019	$ 133,364	$ 979,819	$ -	$ 48,610	$ 411	$ -	$ 1,162,204

Powertech Technology Akita Inc. and Tera Probe, Inc. expects a decrease in the future cash flows of computer software. Therefore, impairment losses of $20,786 thousand and $20,786 thousand were recognized in other gains and losses for the three months ended June 30, 2019 and six months ended June 30, 2019, respectively. Powertech Technology Akita Inc. and Tera Probe, Inc. evaluated that the carrying amount of some machinery and equipment cannot be recovered.

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

16. OTHER ASSETS

	June 30, 2019	December 31, 2018	June 30, 2018
Current			
Tax refund receivables	$ 296,189	$ 467,876	$ 691,794
Payment on behalf of others	64,081	284,195	366,802
Lease prepayments	-	2,566	2,640
Others	76,699	58,211	136,357
	$ 436,969	$ 812,848	$ 1,197,593
Non-current			
Lease prepayments	$ -	$ 63,520	$ 66,654
Refundable deposits	48,138	45,635	54,478
Prepayment for equipment	26,202	25,086	2,160
Other	1,203	2,919	51,526
	$ 75,543	$ 137,160	$ 174,818

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

17. BORROWINGS

a. Short-term bank loans

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured borrowings			
Working capital loan	$ 1,038,243	$ 843,953	$ 3,609,075

The effective interest rates on the working capital loan were 0.68%-4.79%, 0.68%-4.40% and 0.69%-5.13% as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively.

b. Long-term debts

	June 30, 2019	December 31, 2018	June 30, 2018
1) Secured Borrowings(Note 29)	$ 12,813,513	$ 13,534,928	$ 12,118,763
2) Unsecured Borrowings	17,514,620	17,699,048	15,363,992
	30,328,133	31,233,976	27,482,755
Current portion	(240,724)	(361,637)	(167,153)
	$ 30,087,409	$ 30,872,339	$ 27,315,602

1. Repayable continually from April 2021 to December 2038; interest rates at 1.14%-1.24% on June 30, 2019, 1.14%-1.25% on December 31, 2018 and 1.11%-1.30% on June 30, 2018.

2. Repayable continually from January 2020 to November 2023; interest rates at 0.69%-3.90% on June 30, 2019, 0.69%-3.77% on December 31, 2018 and 0.69%-3.36% on June 30, 2018.

For PTI's long-term debt, the financing banks required PTI to show compliance with requirements to maintain the current ratio, fixed ratio, liability ratio, financial liability ratio, equity ratio, interest coverage ratio, tangible assets and net asset value as well as the ability to repay the current portion of long-term liabilities in its annual and semiannual consolidated financial statements. As of June 30, 2019, PTI was in compliance with these ratio requirements.

18. FINANCE LEASE PAYABLES - 2018

	December 31, 2018	June 30, 2018
Minimum lease payments		
Not later than one year	$ 133,422	$ 124,577
Over one year up to five years	166,085	122,341
	299,507	246,918
Less: Future finance charges	(5,074)	(2,686)
Present value of minimum lease payments	$ 294,433	$ 244,232
Present value of minimum lease payments		
Not later than one year	$ 130,994	$ 122,812
Over one year up to five years	163,439	121,420
	$ 294,433	$ 244,232

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 between three and 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.

19. OTHER LIABILITIES

	June 30, 2019	December 31, 2018	June 30, 2018
Current			
Accrued expenses and other current liabilities			
Salaries and bonus	$ 1,326,649	$ 2,001,199	$ 1,857,903
Payable for utilities	223,927	185,893	218,693
Payable for insurance	204,223	201,643	188,145
Agency receipts	175,542	133,357	176,679
Payable for annual leave	101,604	24,621	110,446
Indemnification payable (a)	38,431	99,321	75,155
Payable for settlement (b)	-	-	305,000
Others	3,475,321	4,578,908	4,691,397
	$ 5,545,697	$ 7,224,942	$ 7,623,418
Non-current			
Other liabilities			
Guarantee deposits	$ 4,162	$ 4,260	$ 4,188
Others	380,445	376,989	401,677
	$ 384,607	$ 381,249	$ 405,865

a. 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.

b. The Group entered into a litigation settlement agreement with Tessera Inc..

20. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were $10,039 thousand, $10,300 thousand, $19,944 thousand and $20,785 thousand for the three months and six months ended June 30, 2019 and 2018, respectively, and were calculated using the actuarially determined pension cost discount rate as of December 31, 2018 and 2017.

21. EQUITY

a. Capital share

1) Common share

	June 30, 2019	December 31, 2018	June 30, 2018
Share authorized (in thousands of shares)	1,500,000	1,500,000	1,500,000
Share authorized (in thousands of dollars)	$ 15,000,000	$ 15,000,000	$ 15,000,000
Share issued and fully paid (in thousands of shares)	779,147	779,147	779,147
Share issued (in thousands of dollars)	$ 7,791,466	$ 7,791,466	$ 7,791,466

Fully paid common share, which have a par value of $10, carry 1 vote per share and carry a right to dividends.

15,000 thousand shares of the capital share was reserved for the issuance of employee share options.

As of June 30, 2019, 84 thousand units of GDSs of the Corporation were traded on the Luxembourg Share Exchange. The number of common shares represented by the GDSs was 167 thousand shares (one GDS represents 2 common shares).

b. Capital surplus

	June 30, 2019	**December 31, 2018**	**June 30, 2018**
May be used to offset a deficit, distributed as cash dividends, or transferred to capital share (1)			
Share premium	$ 1,929	$ 1,929	$ 1,929
May be used to offset a deficit only			
Arising from treasury share transactions	125,712	125,712	117,612
Change in percentage of ownership interests in subsidiaries (2)	71,594	93	52
	$ 199,235	$ 127,734	$ 119,593

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).

2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

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) Offset deficits.

2) Set aside as legal reserve 10% of the remaining profit.

3) Appropriate as special reserve.

4) After the above-mentioned amounts have been deducted, any remaining profit from the previous years and the current year's undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved by the shareholders as to whether the amount should be distributed as dividends or retained within the Corporation.

Dividends are distributed in the form of cash, common share or a combination of cash and common share. In consideration of the Corporation 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 cash dividends paid in any given year should be at least 20% of total dividends distributed.

For the policies on the distribution of employees' compensation and remuneration of directors after the amendment, refer to employees' compensation and remuneration of directors in Note 23(f).

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Corporation. Distributions can be made out of any subsequent reversal of the debit to other equity items.

An appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's capital surplus. The 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 2018 and 2017 that were approved in the shareholders' meeting on May 31, 2019 and June 8, 2018, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		**Dividends Per Share ($)**	
	For Year 2018	**For Year 2017**	**For Year 2018**	**For Year 2017**
Legal reserve	$ 623,428	$ 584,926	$ -	$ -
Special reserve (reversed) appropriated	(142,558)	337,628	-	-
Cash dividends	3,739,904	3,506,160	4.8	4.5

d. Others equity items

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

	For the Six Months Ended June 30	
	2019	**2018**
Balance at January 1	$ (170,725)	$ (319,150)
Recognized for the period		
Exchange differences on translating the financial statements of foreign operations	96,135	151,490
Other comprehensive income recognized for the period	96,135	151,490
Balance at June 30	$ (74,590)	$ (167,660)

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

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	$ (24,345)	$ (18,478)
Recognized for the period		
Unrealized gain/(loss) - debt instruments	4,786	2,734
Other comprehensive income recognized for the period	4,786	2,734
Balance at June 30	$ (19,559)	$ (15,744)

e. Non-controlling interests

	For the Six Months Ended June 30	
	2019	2018
Balance at January 1	$ 12,074,141	$ 11,676,332
Share in profit for the period	416,532	765,890
Other comprehensive income for the period		
Exchange difference on translating the financial statements of foreign entities	79,158	59,326
Unrealized gain on financial assets at FVTOCI	12,435	514
Cash dividends distributed by subsidiaries	(939,230)	(1,037,884)
Changes in percentage of ownership interests in subsidiaries	(71,501)	-
Increase in non-controlling interests	-	124,121
Balance at June 30	$ 11,571,535	$ 11,588,299

f. Treasury share

Purpose of Buy-Back	Stock Held by Subsidiary (In Thousands of Shares)
Number of share at January 1, 2018	1,800
Increase during the period	-
Number of share at June 30, 2018	1,800
Number of share at January 1, 2019	2,200
Increase during the period	-
Number of share at June 30, 2019	2,200

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

Name of Subsidiary	Number of Share Held (In Thousands of Shares)	Carrying Amount	Market Price
June 30, 2019			
Greatek Electronics Inc.	2,200	$ 167,200	$ 167,200
December 31, 2018			
Greatek Electronics Inc.	2,200	$ 145,420	$ 145,420
June 30, 2018			
Greatek Electronics Inc.	1,800	$ 159,300	$ 159,300

The Corporation's shares held by its subsidiary are treated as treasury share.

22. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Revenue from contracts with customers				
Revenue from packaging service	$ 9,842,729	$ 11,627,391	$ 19,096,955	$ 22,126,738
Revenue from testing service	5,148,909	5,429,093	10,176,341	10,764,232
Others	88,011	157,716	238,512	232,801
	$ 15,079,649	$ 17,214,200	$ 29,511,808	$ 33,123,771

a. Contract information

As the Group fulfills the obligations in the contract for testing services, the customer simultaneously receives and consumes the benefits provided by the Group. The Group has the right to revenue collection for the portion of testing services that have been fulfilled, and the revenue from testing services is recognized over time. The Group fulfills the obligations in the contract for packaging services when the customer creates or enhances the goods they have control of. The Group has the right to revenue collection for the portion of packaging services that have been fulfilled, and the revenue from packaging services is recognized over time.

b. Contact balances

	June 30, 2019	December 31, 2018	June 30, 2018	January 1, 2018
Notes and accounts receivable (including related parties) (Note 10)	$ 11,442,936	$ 11,846,133	$ 13,247,043	$ 12,412,484
Contract assets				
Revenue from services	$ 1,832,187	$ 1,671,214	$ 1,703,034	$ 1,683,071
Contract liabilities				
Revenue from services	$ 44,118	$ 39,323	$ 41,192	$ 43,742

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 obligations satisfied in previous periods is as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
From the beginning contract liability				
Revenue from services	$ 8,088	$ 2,709	$ 19,568	$ 23,572

c. Disaggregation of revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Type of goods or services				
Revenue from packaging service	$ 9,842,729	$ 11,627,391	$ 19,096,955	$ 22,126,738
Revenue from testing service	5,148,909	5,429,093	10,176,341	10,764,232
Others	88,011	157,716	238,512	232,801
	$ 15,079,649	$ 17,214,200	$ 29,511,808	$ 33,123,771
Primary geographical markets				
Japan	$ 4,932,500	$ 5,627,324	$ 9,647,976	$ 11,507,695
Taiwan (The location of the Group)	3,297,340	3,530,338	6,144,992	6,912,047
Singapore	3,041,180	3,856,399	5,962,201	6,889,124
North America	2,975,151	2,999,526	6,058,396	5,624,385
Europe	552,036	536,689	1,096,045	967,892
China and Hong Kong	178,379	510,495	402,740	947,686
Others	103,063	153,429	199,458	274,942
	$ 15,079,649	$ 17,214,200	$ 29,511,808	$ 33,123,771

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Fair value changes of financial assets and financial liabilities				
Financial assets mandatorily at FVTPL	$ 9,850	$ (41,457)	$ 4,920	$ 7,443
Financial liabilities classified as held for trading	(27,176)	(85,968)	(32,798)	(84,655)
Impairment loss on non-financial assets	(527,327)	(175,458)	(527,327)	(175,458)
Others	542,619	102,691	646,006	75,281
	$ (2,034)	$ (200,192)	$ 90,801	$ (177,389)

b. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Rental income				
Operating lease rental income	$ 33,086	$ 34,845	$ 65,101	$ 49,796
Interest income				
Bank deposits	29,662	19,282	50,138	28,884
Financial assets measured at amortized cost	2,521	2,800	5,041	5,735
Repurchase agreements collateralized by bonds	-	205	12	878
Others	-	-	-	347
	$ 65,269	$ 57,132	$ 120,292	$ 85,640

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Interest on bank loans	$ 92,043	$ 123,406	$ 185,075	$ 243,936
Interest on lease liabilities	7,389	-	15,101	-
Capitalized interest	(14,722)	(35,241)	(32,526)	(68,197)
	$ 84,710	$ 88,165	$ 167,650	$ 175,739

Information about capitalized interest was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Capitalized interest	$ 14,722	$ 35,241	$ 32,526	$ 68,197
Capitalization rate	1.17%-1.19%	0.94%-5.13%	1.17%-1.19%	0.94%-5.13%

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Property, plant and equipment	$ 3,111,201	$ 3,073,422	$ 6,132,095	$ 6,044,491
Right-of-use assets	59,503	-	118,991	-
Intangible assets	35,481	36,808	69,914	73,274
	$ 3,206,185	$ 3,110,230	$ 6,321,000	$ 6,117,765
An analysis of depreciation by function				
Operating costs	$ 3,008,848	$ 2,937,448	$ 5,941,793	$ 5,772,613
Operating expense	161,856	135,974	309,293	271,878
	$ 3,170,704	$ 3,073,422	$ 6,251,086	$ 6,044,491
An analysis of amortization by function				
Operating costs	$ 31,366	$ 34,026	$ 62,434	$ 68,195
Marketing	3	66	36	68
General and administrative	1,945	2,174	3,836	3,978
Research and development	2,167	542	3,608	1,033
	$ 35,481	$ 36,808	$ 69,914	$ 73,274

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Post-employment benefits				
Defined contribution plans	$ 124,723	$ 119,703	$ 262,448	$ 248,744
Defined benefit plans (see Note 20)	10,039	10,300	19,944	20,785
	134,762	130,003	282,392	269,529
Other employee benefits	3,458,322	4,052,153	6,967,626	7,814,864
Total employee benefits expense	$ 3,593,084	$ 4,182,156	$ 7,250,018	$ 8,084,393

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
An analysis of employee benefits expense by function				
Operating costs	$ 3,067,909	$ 3,533,377	$ 6,214,004	$ 6,910,669
Operating expenses	525,175	648,779	1,036,014	1,173,724
	$ 3,593,084	$ 4,182,156	$ 7,250,018	$ 8,084,393

(Concluded)

f. Employees' compensation and remuneration of directors

According to the Corporation's Articles, the Corporation stipulate to distribute employees' compensation and remuneration to directors 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. However, if the Corporation has accumulated deficits (including adjustment of unappropriated earnings), the Corporation should retain the net profit in advance for deducting accumulated deficits. For the three months and six months ended June 30, 2019 and 2018, respectively, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Employees' compensation	5.32%	5.42%	5.32%	5.42%
Remuneration of directors	1.06%	1.08%	1.06%	1.08%

Amount

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Employees' compensation	$ 74,461	$ 113,285	$ 145,561	$ 200,453
Remuneration of directors	14,892	22,657	29,112	40,091

If there is a change in the amounts after the annual consolidated 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 for 2018 and 2017 that were resolved by the board of directors on March 14, 2019 and March 16, 2018, respectively, are as shown below:

	For the Year Ended December 31	
	2018	2017
	Cash	Cash
Employees' compensation	$ 420,813	$ 394,825
Remuneration of directors	84,163	78,965

There is 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 years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors in 2019 and 2018 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gain or loss on foreign currency exchange

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Foreign exchange gains	$ 115,757	$ 508,044	$ 195,275	$ 643,316
Foreign exchange losses	(39,696)	(168,438)	(67,903)	(486,081)
Net gains	$ 76,061	$ 339,606	$ 127,372	$ 157,235

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Current tax				
In respect of the current period	$ 326,934	$ 632,381	$ 590,067	$ 1,068,368
Income tax on unappropriated earnings	129,210	139,052	129,210	139,052
Adjustments for prior periods	(11,100)	4,907	(11,100)	4,907
	445,044	776,340	708,177	1,212,327
Deferred tax				
In respect of the current period	(54,609)	(129,360)	3,572	(105,969)
Adjustments to deferred tax attributable to changes in tax rates and laws	-	-	-	(3,094)
	(54,609)	(129,360)	3,572	(109,063)
Income tax expense recognized in profit or loss	$ 390,435	$ 646,980	$ 711,749	$ 1,103,264

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. 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 the 2018 unappropriated earnings will be reduced from 10% to 5%.

In July 2019, the President of the ROC approved the announcement of the amendments to the Statute of Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in certain assets or technologies above a specific amount are allowed as deduction when computing the income tax on unappropriated earnings. However, the related implementation rules are yet to be issued by the Ministry of Finance; thus, the Company could not estimate the effect on the current income tax.

b. Income tax assessments

Income tax returns through 2016 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	**2018**	**2019**	**2018**
Basic earnings per share	$ 1.42	$ 2.16	$ 2.78	$ 3.82
Diluted earnings per share	$ 1.42	$ 2.15	$ 2.76	$ 3.80

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

Net Profit for the Periods

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	**2018**	**2019**	**2018**
Net profit attributable to owner of the Corporation	$ 1,103,124	$ 1,678,300	$ 2,156,455	$ 2,969,680
Effect to dilutive potential common share:				
Employees' compensation	-	-	-	-
Earnings used in computation of diluted earnings per share	$ 1,103,124	$ 1,678,300	$ 2,156,455	$ 2,969,680

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	**2018**	**2019**	**2018**
Weighted average number of common shares used in the computation of basic earnings per share	776,947	777,347	776,947	777,347
Effect of potentially dilutive common share:				
Employees' compensation	1,915	2,265	4,322	3,991
Weighted average number of common shares used in the computation of dilutive earnings per share	778,862	779,612	781,269	781,338

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.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure its ability to continue as a going concern while maximizing the return to stakeholders. The Group's overall strategy remains unchanged from the previous year.

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).

27. FINANCIAL INSTRUMENTS

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

June 30, 2019

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at amortized cost					
Domestic corporate bonds	$ 1,050,961	$ -	$ 1,056,861	$ -	$ 1,056,861

December 31, 2018

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at amortized cost					
Domestic corporate bonds	$ 1,151,536	$ -	$ 1,156,991	$ -	$ 1,156,991

June 30, 2018

	Carrying Amount	Fair Value			
		Level 1	**Level 2**	**Level 3**	**Total**
Financial assets					
Financial assets at amortized cost					
Domestic corporate bonds	$ 1,152,379	$ -	$ 1,159,448	$ -	$ 1,159,448

The above-mentioned level 2 fair value measurement was based on the quoted price from the Taipei Exchange.

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

1) Fair value hierarchy

June 30, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutul funds	$ 50,518	$ -	$ -	$ 50,518
Derivative instrument	-	13,741	-	13,741
	$ 50,518	$ 13,741	$ -	$ 64,259
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 2,589	$ 29,000	$ -	$ 31,589
Financial liabilities at FVTPL				
Derivative instrument	$ -	$ 3,421	$ -	$ 3,421

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 50,376	$ -	$ -	$ 50,376
Derivative instrument	-	5,841	-	5,841
	$ 50,376	$ 5,841	$ -	$ 56,217
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 2,303	$ 24,500	$ -	$ 26,803
Financial liabilities at FVTPL				
Derivative instrument	$ -	$ 2,223	$ -	$ 2,223

June 30, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutul funds	$ 50,266	$ -	$ -	$ 50,266
Derivative instrument	-	18	-	18
	$ 50,266	$ 18	$ -	$ 50,284
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic Listed shares and emerging market shares	$ 3,154	$ 32,250	$ -	$ 35,404
Financial liabilities at FVTPL				
Derivative instrument	$ -	$ 51,983	$ -	$ 51,983

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 the market approach and binomial option pricing model to calculate the fair value.

c. Categories of financial instruments

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets			
FVTPL			
Mandatorily classified as at FVTPL	$ 64,259	$ 56,217	$ 50,284
Financial assest at amortized cost (Note 1)	36,547,583	33,352,629	36,328,229
Financial assets at FVTOCI			
Equity instruments	31,589	26,803	35,404
Financial liabilities			
FVTPL			
Held for trading	3,421	2,223	51,983
Amortized cost (Note 2)	42,274,736	40,652,073	39,483,646

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, debt investments, time deposits with original maturities of more than 3 months, notes and accounts receivable (including related parties), other receivables (including related parties), pledged time deposits and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, notes and accounts payable (including related parties), other payables (including related parties), accrued expenses and other current liabilities and long-term debt (including current portion).

d. Financial risk management objectives and policies

The Group's major financial instruments included equity investments, accounts receivable, accounts payable 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 reports 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 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 instruments to hedge against currency exposure taking into consideration the hedging cost and period. The Group currently utilizes derivative financial instruments, including buy/sell foreign exchange forward contracts, to hedge against foreign currency exchange risk.

For 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 31.

The Group uses forward exchange contracts to reduce foreign currency risk 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 adjusted 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, short-term bank loans and long-term debts. The number below indicates the decrease/increase in pre-tax profit when the functional currency strengthens 5% against the relevant currency.

	USD Impact For the Six Months Ended June 30		**JPY Impact For the Six Months Ended June 30**	
	2019	**2018**	**2019**	**2018**
Profit or loss	$ (414,196)	$ (340,142)	$ 25,241	$ 73,694

b) Interest rate risk

As the Group owns assets at both fixed and floating interest rates, the Group is exposed to interest rate risk. 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 amounts of the Group's financial assets and financial liabilities with exposure to interest rate risk at the end of the reporting period were as follows.

	June 30, 2019	**December 31, 2018**	**June 30, 2018**
Fair value interest rate risk			
Financial assets	$ 10,441,782	$ 9,445,057	$ 10,707,656
Financial liabilities	2,580,909	1,049,454	985,628
Cash flow interest rate risk			
Financial assets	13,181,952	10,536,721	10,714,489
Financial liabilities	30,692,838	31,322,908	30,350,434

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rate risk 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 liabilities 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 six months ended June 30, 2019 and 2018 would decrease/increase by $8,755 thousand and $9,818 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 in the electronics industry sector quoted in the Tokyo Share Exchange and the Taipei Exchange.

Sensitivity analysis

The sensitivity analysis below was 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 six months ended June 30, 2019 and 2018 would have increased/decreased by $2,526 thousand and $2,513 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the post-tax other comprehensive income for the six months ended June 30, 2019 and 2018 would have increased/decreased by $1,579 thousand and $1,770 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a 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 of the counterparty to discharge an obligation arises from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

In order to minimize credit risk, the management of the Group has set up an approach for credit and accounts receivable management to ensure that follow-up action is taken to recover overdue debt. 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 ratings.

Accounts receivable 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 receivable.

The Group's concentration of credit risk was related to the three largest customers within the Group. Besides the aforementioned customers, there was no other customer that accounted for 10% of total gross accounts receivable 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

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 June 30, 2019, December 31, 2018 and June 30, 2018, the Group had available unutilized overdraft and short-term bank loan facilities of approximately $7,987,348 thousand, $6,578,487 thousand and $5,636,869 thousand, respectively.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has 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 table includes 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 upon repayment dates.

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.

June 30, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 8,027,321	$ 2,272,054	$ 598,010	$ 5,475	$ 5,500
Lease liabilities	23,609	45,708	185,498	361,797	1,290,759
Fixed interest rate liabilities	-	140,164	127,750	405,624	-
Variable interest rate liabilities	400,000	20,000	591,053	26,503,852	3,177,933
	$ 8,450,930	$ 2,477,926	$ 1,502,311	$ 27,276,748	$ 4,474,192

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 254,815	$ 361,797	$ 134,018	$ 143,425	$ 154,369	$ 858,947

December 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	$ 3,437,665	$ 3,947,536	$ 1,188,943	$ -	$ -
Fixed interest rate liability	-	136,277	276,458	636,719	-
Variable interest rate liabilities	-	707,330	216,519	26,601,190	3,797,869
	$ 3,437,665	$ 4,791,143	$ 1,681,920	$ 27,237,909	$ 3,797,869

June 30, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 3,457,748	$ 2,913,227	$ 1,715,841	$ -	$ -
Fixed interest rate liabilities	-	414,967	219,583	351,078	-
Variable interest rate liabilities	1,452,793	1,309,390	508,245	24,923,257	2,156,749
	$ 4,910,541	$ 4,637,584	$ 2,443,669	$ 25,274,335	$ 2,156,749

b) Liquidity and interest rate risk table for derivative financial liabilities

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

June 30, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 1,396,766	$ 630,900	$ 125,576
Outflows	(1,391,851)	(626,109)	(124,962)
	$ 4,915	$ 4,791	$ 614

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 1,656,354	$ 409,507	$ 88,180
Outflows	(1,655,351)	(408,106)	(86,966)
	$ 1,003	$ 1,401	$ 1,214

June 30, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year
Gross settled			
Foreign exchange forward contracts			
Inflows	$ 1,302,728	$ 1,085,333	$ 102,648
Outflows	(1,332,380)	(1,106,853)	(103,441)
	$ (29,652)	$ (21,520)	$ (793)

c) Financing facilities

	June 30, 2019	December 31, 2018	June 30, 2018
Secured bank loan facilities which may be mutually			
Amount used	$ 12,813,513	$ 13,534,928	$ 12,118,763
Amount unused	1,000,000	-	1,966,000
	$ 13,813,513	$ 13,534,928	$ 14,084,763

28. 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 are not disclosed in this note. Details of transactions between the Group and other related parties are 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. (No longer the related party of the Group since May 29, 2018.)	Substantial related parties

b. Sales of goods

Line Items	Related Party Category/Name	For the Three Months Ended June 30 2019	For the Three Months Ended June 30 2018	For the Six Months Ended June 30 2019	For the Six Months Ended June 30 2018
Sales of goods	Substantial related parties				
	Toshiba Memory Corporation	$ 3,770,775	$ 3,699,103	$ 7,070,395	$ 7,074,739
	Others	694,704	604,557	1,427,317	1,209,285
		$ 4,465,479	$ 4,303,660	$ 8,497,712	$ 8,284,024

Sales transactions with related parties were based on normal commercial prices and terms. In general, the payment term for the Group sales is from 30 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 June 30 2019	For the Three Months Ended June 30 2018	For the Six Months Ended June 30 2019	For the Six Months Ended June 30 2018
Substantial related parties				
Toshiba International Procurement Hong Kong, Ltd.	$ 78,365	$ 8,133	$ 115,044	$ 31,104
Others	-	9	149	26
	$ 78,365	$ 8,142	$ 115,193	$ 31,130

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

d. Other gains and losses

Related Party Category	For the Three Months Ended June 30 2019	For the Three Months Ended June 30 2018	For the Six Months Ended June 30 2019	For the Six Months Ended June 30 2018
Substantial related parties	$ -	$ -	$ 307	$ 10

e. Contract assets

Related Party Category/Name	June 30, 2019	December 31, 2018	June 30, 2018
Substantial related parties			
Toshiba Memory Corporation	$ 689,736	$ 511,952	$ 537,618
Others	110,639	64,763	68,514
	$ 800,375	$ 576,715	$ 606,132

For the six months ended June 30, 2019 and 2018, no impairment loss was recognized for contract assets from related parties.

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

Line Items	Related Party Category/Name	June 30, 2019	December 31, 2018	June 30, 2018
Accounts receivables from related parties	Substantial related parties			
	Toshiba Memory Corporation	$ 2,447,956	$ 2,451,389	$ 2,481,398
	Others	562,778	427,919	504,245
		$ 3,010,734	$ 2,879,308	$ 2,985,643

The outstanding accounts receivables from related parties are unsecured. For the six months ended June 30, 2019 and 2018, no impairment loss was recognized for accounts receivables from related parties.

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

Line Items	Related Party Category/Name	June 30, 2019	December 31, 2018	June 30, 2018
Accounts payables from related parties	Substantial related parties			
	Toshiba International Procurement Hong Kong, Ltd.	$ 59,649	$ -	$ 1,749
	Others	-	-	9
		$ 59,649	$ -	$ 1,758

The outstanding accounts payables from related parties are unsecured.

h. Other receivables from related parties

Related Party Category/Name	June 30, 2019	December 31, 2018	June 30, 2018
Substantial related parties			
Toshiba Memory Corporation	$ 25,003	$ 15,773	$ 16,141
Others	1,398	308	1,488
	$ 26,401	$ 16,081	$ 17,629

i. Other payables from related parties

Related Party Category/Name	June 30, 2019	December 31, 2018	June 30, 2018
Substantial related parties			
Toshiba Memory Corporation	$ -	$ 569	$ -

j. Payable expense and other current liabilities

Related Party Category/Name	June 30, 2019	December 31, 2018	June 30, 2018
Substantial related parties			
Toshiba Memory Corporation	$ -	$ 7,301	$ -

k. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2019	2018	2019	2018
Short-term benefits	$ 73,024	$ 96,486	$ 151,840	$ 184,497
Post-employment benefits	459	459	5,331	918
	$ 73,483	$ 96,945	$ 157,171	$ 185,415

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. 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.

	June 30, 2019	December 31, 2018	June 30, 2018
Property, plant and equipment	$ 17,386,658	$ 19,333,168	$ 18,194,772
Pledged deposits (classified as financial assets at amortized cost - current)	21,594	21,763	12,981
Restricted deposits (classified as financial assets at amortized cost - current)	318,438	318,534	313,145
Pledged deposits (classified as financial assets at amortized cost - noncurrent)	80,174	96,815	409,002
	$ 17,806,864	$ 19,770,280	$ 18,929,900

30. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

The Group’s significant commitments and contingencies as of June 30, 2019 were as following:

a. From September 2017 to September 2018, the Corporation signed contracts worth $1,811,372 thousand with Jian Ming Contractor Co., Ltd. for the purchase of machinery and equipment. As of June 30, 2019, the Corporation has paid a total of $423,772 thousand.

b. From September 2017 to June 2018, the Corporation signed the purchase agreements of equipment worth $2,254,499 thousand with Advantest Corporation. As of June 30, 2019, the Corporation has paid a total of $2,172,617 thousand.

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

	June 30, 2019	December 31, 2018	June 30, 2018
USD	$ -	$ -	$ 395
JYP	$ 123,300	$ 483,640	$ 3,794,820

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	June 30, 2019		
	Foreign Currencies	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
USD	$ 362,718	31.072 (USD:NTD)	$ 11,270,374
USD	7,741	6.8683 (USD:RMB)	240,528
USD	22,156	107.64 (USD:JPY)	688,431
JPY	483,769	0.2887 (JPY:NTD)	139,664
JPY	1,303	0.0638 (JPY:RMB)	376
JPY	983,602	0.0093 (JPY:USD)	283,966
SGD	2,246	0.7392 (SGD:USD)	51,588
RMB	20,941	0.1456 (RMB:USD)	94,737
RMB	4,514	4.524 (RMB:NTD)	20,421
			$ 12,790,085
Non-monetary items			
USD	237	31.072 (USD:NTD)	$ 7,357
JPY	19,364	0.2887 (JPY:NTD)	5,590
			$ 12,947
Financial liabilities			
Monetary items			
USD	101,525	31.072 (USD:NTD)	$ 3,154,585
USD	7,604	6.8683 (USD:RMB)	236,271
USD	16,882	107.64 (USD:JPY)	524,558
EUR	329	35.3817 (EUR:NTD)	11,641
JPY	2,113,914	0.2887 (JPY:NTD)	610,287
JPY	26,206	0.0638 (JPY:RMB)	7,566
JPY	1,077,117	0.0093 (JPY:USD)	310,964
SGD	1,694	0.7392 (SGD:USD)	38,909
RMB	38,863	0.1456 (RMB:USD)	175,816
			$ 5,070,597
Non-monetary items			
USD	76	31.072 (USD:NTD)	$ 2,350
JPY	799	0.2887 (JPY:NTD)	231
RMB	10	4.524 (RMB:NTD)	47
			$ 2,628

	December 31, 2018		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 381,991	30.733 (USD:NTD)	$ 11,739,729
USD	7,530	6.8658 (USD:RMB)	231,419
USD	24,290	110.4 (USD:JPY)	746,505
JPY	1,018,342	0.2784 (JPY:NTD)	283,506
JPY	2,197	0.0622 (JPY:RMB)	612
JPY	1,662,052	0.0091 (JPY:USD)	462,715
SGD	3,379	0.7316 (SGD:USD)	75,978
RMB	14,023	0.1456 (RMB:USD)	62,770
RMB	4,517	4.4762 (RMB:NTD)	20,219
EUR	40	35.2031 (EUR:NTD)	1,408
			$ 13,624,861
Non-monetary items			
USD	101	30.733 (USD:NTD)	$ 3,116
JPY	9,787	0.2784 (JPY:NTD)	2,725
			$ 5,841
Financial liabilities			
Monetary items			
USD	110,319	30.733 (USD:NTD)	$ 3,390,434
USD	18,638	6.8658 (USD:RMB)	572,802
USD	18,757	110.4 (USD:JPY)	576,459
EUR	1,245	35.2031 (EUR:NTD)	43,828
JPY	2,459,309	0.2784 (JPY:NTD)	684,672
JPY	27,248	0.0622 (JPY:RMB)	7,586
JPY	1,523,956	0.0091 (JPY:USD)	424,269
RMB	36,914	0.1456 (RMB:USD)	165,234
SGD	1,944	0.7316 (SGD:USD)	43,712
			$ 5,908,996
Non-monetary items			
USD	34	30.733 (USD:NTD)	$ 1,047
JPY	3,999	0.2784 (JPY:NTD)	1,113
RMB	14	4.4762 (RMB:NTD)	63
			$ 2,223

	June 30, 2018		
	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 387,188	30.50 (USD:NTD)	$ 11,809,234
USD	9,745	6.6246 (USD:RMB)	297,223
USD	28,482	110.63 (USD:JPY)	868,701
JPY	416,598	0.2757 (JPY:NTD)	114,853
JPY	1,050	0.0599 (JPY:RMB)	289
JPY	1,355,855	0.0090 (JPY:USD)	373,801
SGD	2,695	0.7333 (SGD:USD)	60,275
SGD	72	22.366 (SGD:NTD)	1,610
RMB	13,879	0.1510 (RMB:USD)	63,900
RMB	9,504	4.6041 (RMB:NTD)	43,757
			$ 13,633,643
Non-monetary items			
USD	0.36	30.50 (USD:NTD)	$ 11
JPY	25	0.2757 (JPY:NTD)	7
			$ 18
Financial liabilities			
Monetary items			
USD	163,944	30.50 (USD:NTD)	$ 5,000,292
USD	12,550	6.6246 (USD:RMB)	382,775
USD	25,877	110.63 (USD:JPY)	789,249
EUR	3,689	35.45 (EUR:NTD)	130,776
JPY	5,698,459	0.2757 (JPY:NTD)	1,571,030
JPY	139,567	0.0599 (JPY:RMB)	38,478
JPY	1,281,573	0.0090 (JPY:USD)	353,322
SGD	1,394	0.7333 (SGD:USD)	31,178
RMB	38,170	0.1510 (RMB:USD)	175,737
			$ 8,472,837
Non-monetary items			
USD	796	30.50 (USD:NTD)	$ 24,267
JPY	110,827	0.2757 (JPY:NTD)	30,554
			$ 54,821

For the three and six months ended June 30, 2019 and 2018, realized and unrealized net foreign exchange gains were $76,061 thousand, $339,606 thousand, $127,372 thousand and $157,235 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 currencies of the Corporation.

32. SEPARATELY DISCLOSED ITEMS

Except for the following, the Group 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 32 (j).

33. 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 six months ended June 30, 2019 and 2018 are shown in the consolidated income statements for the six months ended June 30, 2019 and 2018. The segment assets as of June 30, 2019, December 31, 2018, and June 30, 2018 are shown in the consolidated balance sheets as of June 30, 2019, December 31, 2018, and June 30, 2018.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(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	$ 1,864,320	$ 1,864,320	$ 745,728	2.8%-3.2%	For short-term financing	$ -	Working capital	$ -	-	$ -	$ 1,979,610	$ 3,959,220	-
		Powertech Technology (Suzhou) Ltd.	Other receivable	Note 2	1,491,456	745,728	-	2.8%-3.2%	For short-term financing	-	Working capital	-	-	-	1,979,610	3,959,220	-
1	Tera Probe, Inc.	Tera Probe Aizu, Inc.	Other receivable	Note 1	219,412	219,412	190,542	1.0%	For short-term financing	-	Working capital	-	-	-	295,391	590,782	-

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.

TABLE 2

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES GIVEN TO OTHER PARTIES
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(In Thousands of New Taiwan Dollars)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	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											
0.	Powertech Technology Inc.	Powertech Technology (Singapore) Pte. Ltd.	Note 1	$ 3,959,220	$ 932,160	$ 932,160	$ 124,133	$ -	2.35	$ 19,796,100	Yes	-	-	-
		Powertech Technology (Suzhou) Ltd.	Note 2	3,959,220	621,440	621,440	194,511	-	1.57	19,796,100	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.

TABLE 3

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 2019
(In Thousands of New Taiwan Dollars)

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				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 - non-current	2,617	$ 31,589	3	$ 31,589	Note 3
Greatek Electronics Inc.	Fund							
	FSITC Money Market Fund	-	Financial assets at fair value through profit or loss - current	283	50,518	-	50,518	Note 4
	Bond							
	02 Taipower 1B	-	Financial assets at amortized cost. - current	150	150,959	-	151,014	Note 2
	P04 Hon Hai 4C	-	Financial assets at amortized cost. - current	100	100,000	-	100,124	Note 2
	P06 Taipower 1A	-	Financial assets at amortized cost. - non-current	300	300,001	-	303,554	Note 2
	P07 Taipower 1A	-	Financial assets at amortized cost. - non-current	200	200,001	-	199,999	Note 2
	P06 Taipower 3A		Financial assets at amortized cost. - non-current	100	100,000	-	100,657	Note 2
	P04 FENC 4	-	Financial assets at amortized cost. - non-current	100	100,000	-	100,674	Note 2
	P06 FPC 1A	-	Financial assets at amortized cost. - non-current	100	100,000	-	100,839	Note 2
	Stock							
	POWERTECH TECHNOLOGY INC.	Greatek Electronics Inc.'s parent company	Financial assets at fair value through other comprehensive profit or loss - non-current	2,200	167,200	-	167,200	Note 1
	SAMHOP Microelectronics Corp.	-	Financial assets at fair value through profit or loss - non-current	268	-	3	-	Note 5
	Terawins Inc.	-	Financial assets at fair value through profit or loss - non-current	643	-	2	-	Note 5
	Airwave Technologies Inc.	-	Financial assets at fair value through profit or loss - non-current	93	-	1	-	Note 5

Note 1: The fair value was based on stock closing price as of June 30, 2019.

Note 2: The fair value was based on trading market in hundreds of new Taiwan dollars as of June 30, 2019.

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 June 30, 2019.

Note 4: The fair value was based on the net asset value of the fund as of June 30, 2019.

Note 5: The fair value was based on the carrying value as of June 30, 2019.

Note 6: As of June 30, 2019, 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 NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(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	$ 6,934,279	38	Note 1	$ -	-	$ 2,369,658	39	-
	Kingston Technology International Ltd.	The president and the vice president are the corporate director of the Corporation.	Sale	657,031	4	Note 1	-	-	198,079	3	-
	Toshiba International Procurement Hong Kong, Ltd.	Corporate director's sister company.	Purchase	115,044	2	Mutual agreement	-	-	(59,649)	2	-
Greatek Electronics Inc.	Realtek Semiconductor Corp.	Parent company of Greatek Electronics Inc.'s corporate supervisor.	Sale	483,192	9	Net 60 days from monthly closing dates	Note 2	-	258,386	9	-
	Realtek Singapore Private Limited	Same parent company as the corporate's director.	Sale	226,382	4	Net 60 days from monthly closing dates	Note 2	-	80,859	3	-
TeraPower Technology Inc.	Toshiba Memory Corporation	Parent company of corporate director of TeraPower Technology Inc.'s ultimate parent company.	Sale	136,116	12	Net 90 days from monthly closing dates	-	-	78,298	12	-

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 NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
JUNE 30, 2019
(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	$ 2,369,658	5.78	$ -	-	$ 1,286,432	$ -
	Kingston Technology International Ltd.	The president and the vice president are the corporate director of the Corporation.	198,079	7.69	-	-	198,079	-
Greatek Electronics Inc.	Realtek Semiconductor corp.	Parent company of Greatek Electronics Inc.'s corporate supervisor	258,386	3.98	-	-	77,484	-

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

INFORMATION OF INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2019
(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	$ 5,188	Note 3	-
	TeraPower Technology Inc.	1	Sales	14,176	Note 3	-
	Powertech Technology Akita Inc.	1	Sales	14	Note 3	-
	Tera Probe, Inc.	1	Sales	290	Note 3	-
	Greatek Electronics Inc.	1	Sales	60	Note 3	-
	Powertech Technology (Suzhou) Ltd.	1	Purchase	2,182	Note 2	-
	Powertech Technology (Singapore) Pte. Ltd.	1	Purchase	510	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Subcontract costs	271,237	Note 2	1%
	Greatek Electronics Inc.	1	Subcontract costs	28,750	Note 2	-
	Tera Probe, Inc.	1	Rent	9,151	Note 2	-
	TeraPower Technology Inc.	1	Rent	1,188	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other gains and losses	200	Note 2	-
	Greatek Electronics Inc.	1	Other gains and losses	375	Note 2	-
	Powertech Technology Akita Inc.	1	Other gains and losses	3,934	Note 2	-
	Powertech Technology (Singapore) Pte. Ltd.	1	Other gains and losses	1,038	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Interest income	7,707	Note 2	-
	Powertech Technology (Singapore) Pte. Ltd.	1	Interest income	10,426	Note 2	-
	TeraPower Technology Inc.	1	Accounts receivable from related parties	4,758	Note 3	-
	Powertech Technology (Xian) Ltd.	1	Other receivable from related parties	223,642	Note 2	-
	TeraPower Technology Inc.	1	Other receivable from related parties	128,425	Note 2	-
	Greatek Electronics Inc.	1	Other receivable from related parties	659,326	Note 2	1%
	Powertech Technology (Suzhou) Ltd.	1	Other receivable from related parties	5,723	Note 2	-
	Powertech Technology (Singapore) Pte. Ltd.	1	Other receivable from related parties	791,199	Note 2	1%
	Powertech Technology Akita Inc.	1	Other receivable from related parties	2,117	Note 2	-
	Powertech Technology Akita Inc.	1	Disposal of property, plant and equipment	11,089	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Disposal of property, plant and equipment	138	Note 2	-
	Powertech Technology (Xian) Ltd.	1	Purchase of property, plant and equipment	267	Note 2	-
	TeraPower Technology Inc.	1	Other payable to related parties	1,210	Note 2	-
	Powertech Technology (Suzhou) Ltd.	1	Other payable to related parties	29,128	Note 2	-
	Greatek Electronics Inc.	1	Other payable to related parties	37,566	Note 2	-
	Powertech Technology (Japan) Ltd.	1	Other payable to related parties	8,742	Note 2	-
	Powertech Technology Akita Inc.	1	Other payable to related parties	3,696	Note 2	-
	Tera Probe, Inc.	1	Other payable to related parties	2,626	Note 2	-
	Powertech Technology (Singapore) Pte. Ltd.	1	Accounts payable to related parties	510	Note 2	-
Tera Probe, Inc.	TeraPower Technology Inc.	1	Other receivable from related parties	149,787	Note 2	-
Powertech Technology (Singapore) Pte. Ltd.	Greatek Electronics Inc.	2	Sales	433	Note 4	-
	Greatek Electronics Inc.	2	Accounts receivable from related parties	386	Note 4	-

Note 1: No. 1 - from the parent company to the subsidiary. No. 2 - from the subsidiary 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.

Note 4: The selling prices with sister companies were negotiated and thus not comparable with those in the market, and the collection period with sister companies was same as common customer.

POWERTECH TECHNOLOGY INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE CORPORATION EXERCISES SIGNIFICANT INFLUENCE
JUNE 30, 2019
(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				June 30, 2019	December 31, 2018	Shares (Thousands)	% of Ownership	Carrying Value			
Powertech Technology Inc.	TeraPower Technology Inc.	Hsin-chu	Wafer probing test services	$ 1,153,964	$ 1,153,964	73,386	49	$ 2,080,704	$ (149,049)	$ (26,697)	Notes 1 and 2
	Powertech Holding (BVI) Inc.	BVI	Investment business	1,679,370	1,679,370	50	100	741,018	(58,239)	(58,239)	Notes 1 and 2
	Greatek Electronics Inc.	Miaoli	Semiconductor assembly and testing service	6,169,948	6,169,948	244,064	43	7,639,047	825,528	345,753	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	1,546,141	35,749	35,749	Notes 2 and 3
	Powertech Technology Japan Ltd.	Japan	Investment business	USD 103,052	USD 103,052	-	100	3,149,914	(33,293)	(23,217)	Note 3
	Tera Probe, Inc.	Japan	Wafer probing test services	$ 230,616	$ 230,616	1,077	12	381,508	(163,583)	(14,780)	Note 3
Powertech Holding (BVI) Inc.	PTI Technology (Singapore) Pte. Ltd.	Singapore	Investment business	USD 51,000	USD 51,000	103	100	USD 22,790	USD (1,889)	USD (1,889)	Note 3
Powertech Technology Japan Ltd.	Tera Probe, Inc.	Japan	Wafer probing test services	USD 43,963	USD 43,963	4,440	49	USD 92,791	USD (5,263)	USD (2,558)	Note 3
	Powertech Technology Akita Inc.	Japan	Semiconductor assembly and testing service	USD 48,917	USD 48,917	6	100	USD 22,618	USD (19,591)	USD (19,591)	Note 3
Tera Probe, Inc.	TeraPower Technology Inc.	Hsin-chu	Wafer probing test services	JPY4,348,056	JPY4,348,056	76,381	51	JPY4,348,056	JPY (553,245)	JPY (282,155)	Note 1
	Tera Probe Aizu, Inc.	Japan	Wafer probing test services	JPY 221,616	JPY 221,616	180	100	JPY 221,616	JPY (193,993)	JPY (193,993)	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
JUNE 30, 2019
(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, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	Percentage of Ownership in Investment	Investment Gain (Loss) (Note 2)	Carrying Value as of June 30, 2019 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 2019	Note
					Outflow	Inflow							
Powertech Technology (Suzhou) Ltd.	Semiconductor testing and assembly services	$ 2,237,184 (US$ 72,000)	Note 1	$ 1,584,672 (US$ 51,000)	$ -	$ -	$ 1,584,672 (US$ 51,000)	$ (58,555) (US$ (1,887))	100%	$ (58,555) (US$ (1,887))	$ 707,917 (US$ 22,783)	$ -	-
Powertech Technology (Xian) Ltd.	Semiconductor testing and assembly services	2,175,040 (US$ 70,000)	Note 1	2,057,432 (US$ 66,215)	-	-	2,057,432 (US$ 66,215)	298,762 (US$ 9,642)	100%	298,762 (US$ 9,642)	3,040,112 (US$ 97,841)	-	-

Equity-method Investee Company	Accumulated Investment in Mainland China as of June 30, 2019 (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.	US$ 51,000	US$ 51,000	$23,755,319
Powertech Technology (Xian) Ltd.	US$ 66,215	US$ 70,000	

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 June 30, 2019.