Taiwan Name Plate Co., Ltd.

Financial Statements for the
Years Ended December 31, 2017 and 2016 and
Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Taiwan Name Plate Co., Ltd.

Opinion

We have audited the accompanying financial statements of Taiwan Name Plate Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2017 and 2016, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The following are the descriptions of the key audit matters in the audit of the financial statements of the Company for the year ended December 31, 2017.

<u>The Valuation of Inventories</u>

The inventory balance is material to the Company as the year ended December 31, 2017. The product price often fluctuates due to the competition in the market, and the product is mainly customized. As the inventories are to be stated at the lower of cost and net realizable value, it need to consider the aging of inventory. The valuation in net realizable value involves significant accounting related to inventory situations that judgments of management. Therefore, we considered the valuation of inventories to be a key audit matter. The accounting estimates and judgments of inventories are disclosed in Note 5 of the financial statements.

To address this key audit matter, we conducted our audit with understanding of the industry and its related products. To evaluate the adequacy of the provisions for the loss for market price decline and obsolete and slow-moving inventories, we assessed the internal control system and provisions established by management for inventory management and focused on the valuation of inventories and sampled the calculation of inventory devaluation. The provisions for the loss for market price decline and obsolete and slow-moving inventories are valued based on detailed testing as random-selected latest sales invoices and inventory aging analysis tables, etc. The result has been compared with the loss for market price decline and obsolete and slow-moving inventories recognized by the Company for appropriateness of the provisions.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company’s financial reporting process.

Auditors’ Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shui En Liu and Ching-Cheng, Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2018

<u>Notice to Readers</u>

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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' report and financial statements shall prevail.

TAIWAN NAME PLATE CO., LTD.

BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 98,305	12	$ 65,803	8
Notes receivable, net (Notes 4 and 8)	2,722	-	4,336	1
Trade receivable, net (Notes 4, 5 and 8)	55,170	6	58,379	7
Inventories (Notes 4, 5 and 9)	133,034	16	139,342	16
Other financial assets - current (Notes 4, 11 and 26)	9,932	1	6,081	1
Other current assets (Notes 4 and 13)	9,054	1	11,997	1
Total current assets	308,217	36	285,938	34
NON-CURRENT ASSETS				
Property, plant and equipment (Notes 4, 5, 10 and 26)	519,657	61	533,668	63
Intangible assets (Notes 4, 5 and 12)	1,913	-	374	-
Deferred tax assets (Notes 4, 5 and 19)	9,185	1	9,516	1
Other non-current assets (Notes 4, 13 and 26)	15,067	2	19,117	2
Total non-current assets	545,822	64	562,675	66
TOTAL	$ 854,039	100	$ 848,613	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 14)	$ 20,000	2	$ 20,000	2
Short-term bills payable (Notes 4 and 14)	-	-	30,000	4
Trade payables (Note 4)	48,900	6	24,511	3
Other payables (Notes 4, 15 and 18)	69,001	8	77,381	9
Current tax liabilities (Notes 4 and 19)	8,657	1	3,958	-
Current portion of long-term borrowings (Notes 4 and 14)	24,253	3	27,732	3
Other current liabilities (Notes 4 and 15)	29,466	3	23,834	3
Total current liabilities	200,277	23	207,416	24
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 14)	103,580	12	184,448	22
Deferred tax liabilities (Notes 4 and 19)	19,161	2	19,161	2
Net defined benefit liabilities - non-current (Notes 4, 5 and 16)	47,059	6	49,820	6
Total non-current liabilities	169,800	20	253,429	30
Total liabilities	370,077	43	460,845	54
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4, 17 and 19)				
Share capital				
Ordinary shares	195,659	23	169,475	20
Capital surplus	60,234	7	16,582	2
Retained earnings				
Legal reserve	49,138	6	44,520	5
Special reserve	72,154	8	72,154	9
Unappropriated earnings	106,777	13	85,037	10
Total retained earnings	228,069	27	201,711	24
Total equity	483,962	57	387,768	46
TOTAL	$ 854,039	100	$ 848,613	100

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

TAIWAN NAME PLATE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
NET REVENUE (Note 4)	$ 784,421	100	$ 740,299	100
COST OF GOODS SOLD (Notes 4, 9, 16, 18, 22 and 25)	(609,662)	(77)	(574,785)	(78)
GROSS PROFIT	174,759	23	165,514	22
OPERATING EXPENSES (Notes 4, 16, 18, 22 and 25)				
Marketing	(38,452)	(5)	(35,105)	(5)
Administrative	(58,780)	(8)	(51,963)	(7)
Research and development	(18,378)	(2)	(17,578)	(2)
Total operating expenses	(115,610)	(15)	(104,646)	(14)
INCOME FROM OPERATIONS	59,149	8	60,868	8
NON-OPERATING INCOME AND EXPENSES (Notes 4 and 18)				
Other income	1,876	-	1,415	-
Other gains and losses	(1,677)	-	(158)	-
Finance costs	(4,932)	(1)	(6,511)	(1)
Total non-operating income and expenses	(4,733)	(1)	(5,254)	(1)
INCOME BEFORE INCOME TAX	54,416	7	55,614	7
INCOME TAX EXPENSE (Notes 4, 5 and 19)	(11,926)	(1)	(9,436)	(1)
NET INCOME	42,490	6	46,178	6
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 16 and 19)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	983	-	(5,364)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(167)	-	912	-
Other comprehensive loss for the year, net of income tax	816	-	(4,452)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 43,306	6	$ 41,726	6

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TAIWAN NAME PLATE CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
EARNINGS PER SHARE (Note 20)				
Basic	$ 2.35		$ 2.60	
Diluted	$ 2.33		$ 2.58	

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

TAIWAN NAME PLATE CO., LTD.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Ordinary Shares		Capital Surplus			Retained Earnings					
	Shares (In Thousand)	Amount	Share Premium	Transaction of Treasury Shares	Total	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Treasury Shares	Total Equity
BALANCE AT JANUARY 1, 2016	16,141	$ 161,410	$ 15,000	$ 1,398	$ 16,398	$ 41,583	$ 72,154	$ 62,378	$ 176,115	$ (105)	$ 353,818
Appropriation of 2015 earnings											
Legal reserve	-	-	-	-	-	2,937	-	(2,937)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(8,065)	(8,065)	-	(8,065)
Share dividends distributed by the Company	807	8,065	-	-	-	-	-	(8,065)	(8,065)	-	-
	807	8,065	-	-	-	2,937	-	(19,067)	(16,130)	-	(8,065)
Net profit for the year ended December 31, 2016	-	-	-	-	-	-	-	46,178	46,178	-	46,178
Other comprehensive loss for the year ended December 31, 2016, net of income tax	-	-	-	-	-	-	-	(4,452)	(4,452)	-	(4,452)
Total comprehensive income for the year ended December 31, 2016	-	-	-	-	-	-	-	41,726	41,726	-	41,726
Buy-back of treasury shares	-	-	-	-	-	-	-	-	-	(50)	(50)
Treasury stock transferred to employee	-	-	-	184	184	-	-	-	-	155	339
BALANCE AT DECEMBER 31, 2016	16,948	169,475	15,000	1,582	16,582	44,520	72,154	85,037	201,711	-	387,768
Appropriation of 2016 earnings											
Legal reserve	-	-	-	-	-	4,618	-	(4,618)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	-	-	(8,474)	(8,474)	-	(8,474)
Share dividends distributed by the Company	847	8,474	-	-	-	-	-	(8,474)	(8,474)	-	-
	847	8,474	-	-	-	4,618	-	(21,566)	(16,948)	-	(8,474)
Net profit for the year ended December 31, 2017	-	-	-	-	-	-	-	42,490	42,490	-	42,490
Other comprehensive income for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	-	816	816	-	816
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	-	-	-	43,306	43,306	-	43,306
Issuance of ordinary shares for cash	1,771	17,710	43,652	-	43,652	-	-	-	-	-	61,362
BALANCE AT DECEMBER 31, 2017	19,566	$ 195,659	$ 58,652	$ 1,582	$ 60,234	$ 49,138	$ 72,154	$ 106,777	$ 228,069	$ -	$ 483,962

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

TAIWAN NAME PLATE CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 54,416	$ 55,614
Adjustments for:		
Reversal of impairment loss recognized on trade receivables	-	(16)
Depreciation expenses	29,199	26,366
Amortization expenses	245	503
Interest income	(136)	(105)
Finance costs	4,932	6,511
Loss on disposal of property, plant and equipment	106	1,675
Net loss on foreign currency exchange	819	-
Changes in operating assets and liabilities		
Decrease in notes receivable	1,614	2,106
Decrease in trade receivables	2,529	9,778
Decrease (increase) in inventories	6,308	(31,250)
Decrease in other current assets	2,944	1,907
Decrease in other non-current assets	5,125	-
Increase (decrease) in trade payables	24,607	(576)
(Decrease) increase in other payables	(8,646)	19,434
Increase in other current liabilities	6,089	7,656
Decrease in net defined benefit liabilities	(1,778)	(15,206)
Cash generated from operations	128,373	84,397
Interest received	136	104
Interest paid	(5,030)	(6,487)
Income tax paid	(7,064)	(1,372)
Net cash generated from operating activities	116,415	76,642
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(10,765)	(16,947)
Proceeds from disposal of property, plant and equipment	19	26
Decrease in refundable deposits	-	3
Payments for intangible assets	(1,784)	(401)
(Increase) decrease in other financial assets	(2,757)	7,864
Increase in prepayment for equipment	(4,913)	(4,184)
Increase in other non-current assets	(1,440)	(1,045)
Net cash used in investing activities	(21,640)	(14,684)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in short-term borrowings	-	(20,000)
(Decrease) increase in short-term bills payable	(30,000)	10,000
Proceeds from long-term borrowings	30,000	14,000
Repayments of long-term borrowings	(114,347)	(40,167)
Dividends paid to owners of company	(8,474)	(8,065)

(Continued)

TAIWAN NAME PLATE CO., LTD.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
Proceeds from issue of ordinary shares	$ 61,362	$ -
Transaction of treasury shares	-	289
Net cash used in financing activities	(61,459)	(43,943)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(814)	-
NET INCREASE IN CASH	32,502	18,015
CASH AT THE BEGINNING OF THE YEAR	65,803	47,788
CASH AT THE END OF THE YEAR	$ 98,305	$ 65,803

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

1. GENERAL INFORMATION

Taiwan Name Plate Co., Ltd. (the "Company") was established in December 1970. The Company manufactures and sells name plates, plastic cards and membrane switches, integrated circuit cards, and bank transaction cards (automatic teller machine or ATM cards, credit cards, etc.) as well as processes certain bank data of individuals.

The Company's shares have been listed on the Emerging Stock Board ("ESB") on September 28, 2016, and subsequently became listed on the Taipei Exchange ("TPEx") Mainboard on November 3, 2017.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar ("NTD").

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 23, 2018.

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

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

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

   1) Amendments to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

      The amendments clarify that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is the fair value less costs of disposal, the Company is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2/Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using the present value technique.

2) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include an emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Company, or is the spouse or second immediate family of the chairman of the board of directors or president of the Company, are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Company has significant transactions. If the transaction amount or balance with a specific related party is 10% or more of the Company's respective total transaction amount or balance, such transactions should be separately disclosed by the name of each related party.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions is enhanced. Refer to Note 25 for the related disclosure.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2018

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2014-2016 Cycle	(Note 2)
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendments to IAS 28 are retrospectively applied for annual periods beginning on or after January 1, 2018.

1) IFRS 9 "Financial Instruments" and related amendments

Classification, measurement and impairment of financial assets

With regard to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Company's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Company may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The Company analyzed the facts and circumstances of its financial assets that exist at December 31, 2017 and performed the assessment of the impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

Unlisted shares measured at cost will be classified as at fair value through profit or loss.

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". A loss allowance is required for financial assets measured at amortized cost, investments in debt instruments measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full-lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full-lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Company takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

The Company has performed a preliminary assessment in which it will apply the simplified approach to recognize full-lifetime expected credit losses for trade receivables. In general, the Company anticipates that the application of the expected credit losses model of IFRS 9 will result in an earlier recognition of credit losses for financial assets.

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

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

When applying IFRS 15, the Company recognizes revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Company satisfies a performance obligation.

The Company does not sell its goods with service that it is not within the scope of IFRS 15 as a performance obligations. Furthermore, the Company does not provide transactions for intergrated goods and service, nor does it have authorized transactions. Therefore, we assessed there have no significant impact on the Company when applying IFRS 15 and related amendments.

Except for the above impact, as of the date the financial statements were authorized for issue, the Company is assessing the possible impact that the application of other standards and interpretations will not result significant impact on the Company's financial position and financial performance.

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

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

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

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

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

IFRS 16 Leases

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The 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. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the Company's financial statements, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

g. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Impairment of tangible and intangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

i. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Available-for-sale financial assets, and loans and receivables.

i. Available-for-sale financial assets

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

ii. Loans and receivables

Loans and receivables (including notes receivable, trade receivables, cash, other financial assets and other receivables) are measured using the effective interest method at amortized cost less any impairment, except for short-term receivables when the effect of discounting is immaterial.

b) Impairment of financial assets

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

For financial assets carried at amortized cost, such as trade receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Company’s past experience of collecting payments, and an increase in the number of delayed payments in the portfolio past the average credit period.

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

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

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

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

Except the financial liabilities at fair value through profit or loss, all financial liabilities are carried at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

j. Revenue recognition

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

1) Sale of goods

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

a) The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Company; and

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

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

2) Interest income

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

k. Leasing

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.

The Company as lessee, operating lease payments are recognized as an expense on a straight-line basis over the lease term.

l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than that which is stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

m. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

n. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability are settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Company takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. The carrying amount of trade receivables which deducted allowance account at December 31, 2017 and 2016 is disclosed in Note 8.

b. Write-down of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

The carrying amount of inventory which deducted allowance account at December 31, 2017 and 2016 is disclosed in Note 9.

c. Impairment of tangible and intangible assets

In the process of evaluating the potential impairment of tangible and intangible assets, the Company is required to make subjective judgments in determining useful lives. For calculating useful lives, the Company should estimate the future cash flows expected to arise from cash-generating unit and a suitable discount rate.

d. Realization of deferred income tax assets

Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which those deferred tax assets can be utilized. Assessment of the realization of the deferred tax assets requires the Company's subjective judgment and estimate, including the future revenue growth and profitability, tax holidays, the amount of tax credits can be utilized and feasible tax planning strategies. Any changes in the global economic environment, the industry trends and relevant laws and regulations could result in significant adjustments to the deferred tax assets. The carrying amount of deferred income tax assets at December 31, 2017 and 2016 is disclosed in Note 19.

e. Recognition and measurement of defined benefit plans

Net defined benefit liabilities and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability. The carrying amount of net defined benefit liabilities at December 31, 2017 and 2016 is disclosed in Note 16.

6. CASH

	December 31	
	2017	**2016**
Cash on hand	$ 194	$ 160
Checking accounts and demand deposits	98,111	65,643
	$ 98,305	$ 65,803

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

	December 31	
	2017	**2016**
Demand deposits	0.001%-0.30%	0.001%-0.30%

7. FINANCIAL ASSETS MEASURED AT COST

	December 31 2017	December 31 2016
Non-current		
Overseas unlisted common shares	$ -	$ -

In June 1989, the Company invested $11,497 thousand (or $9,676 thousand pesos) to establish Tsuchiya Kogyo (Phils) Inc. and held all of this investee's shares. In August 1991, the Company sold 51% of its holding in the investee. As of December 31, 1996, Tsuchiya Kogyo Phils. Inc. had a negative net equity value; thus, the Company recognized an investment loss of $2,667 thousand. After Tsuchiya Kogyo (Phils) Inc. had several capital increase and the Company never had new investment, the ownership of the Company in December 31, 2017 and 2016 were both 4.56%.

Management believed that the above unlisted equity investments held by the Company, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

8. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31 2017	December 31 2016
Notes receivable		
Notes receivable - operating	$ 2,722	$ 4,336
Less: Allowance for impairment loss	-	-
	$ 2,722	$ 4,336
Trade receivables		
Trade receivables - operating	$ 55,170	$ 58,379
Less: Allowance for impairment loss	-	-
	$ 55,170	$ 58,379

Trade Receivables

The average credit period on sales of goods was 30-120 days. In determining the recoverability of a trade receivable, the Company considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. The Company recognized an allowance for impairment loss of 100% against all receivables over 365 days because historical experience had been that receivables that are past due beyond 365 days were not recoverable. Allowance for impairment loss were recognized against trade receivables within 365 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial position.

The aging of trade receivables was as follows:

	December 31	
	2017	2016
0-30 days	$ 29,207	$ 23,313
31-90 days	23,680	33,741
91-150 days	2,278	1,325
151-365 days	5	-
More than 366 days	-	-
	$ 55,170	$ 58,379

The above aging schedule was based on the invoice date.

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2017	2016
1-30 days	$ 683	$ 387
31-90 days	5	-
91-150 days	-	-
151-365 days	-	-
More than 366 days	-	-
	$ 688	$ 387

The movements of the allowance for doubtful trade receivables were as follows:

	December 31	
	2017	2016
Balance at January 1, 2016	$ -	$ 199
Less: Amounts written off during the year as uncollectible	-	(183)
Other adjustments	-	(16)
Balance at December 31, 2016	$ -	$ -

The allowance for doubtful trade receivables at December 31, 2017 and 2016 were not individually determined as impaired.

9. INVENTORIES

	December 31	
	2017	2016
Raw materials	$ 88,001	$ 83,271
Supplies	4,861	5,585
Work in process	24,650	30,240
Finished goods	21,796	26,520
Less: Allowance for inventory devaluation	(6,274)	(6,274)
	$ 133,034	$ 139,342

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 were $609,662 thousand and $574,785 thousand, respectively.

The cost of goods sold for the years ended December 31, 2017 and 2016 included income from selling reusable waste materials of $1,514 thousand and $1,081 thousand, respectively.

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Machinery and Equipment	Other Equipment	Total
Cost					
Balance at January 1, 2016	$ 294,755	$ 219,101	$ 428,583	$ 43,884	$ 986,323
Additions	-	84	7,459	2,551	10,094
Reclassified	-	-	464	-	464
Disposals	-	-	(43,943)	(4,102)	(48,045)
Balance at December 31, 2016	$ 294,755	$ 219,185	$ 392,563	$ 42,333	$ 948,836
Accumulated depreciation					
Balance at January 1, 2016	$ -	$ 76,076	$ 328,597	$ 30,475	$ 435,148
Disposals	-	-	(42,387)	(3,959)	(46,346)
Depreciation expense	-	8,634	15,597	2,135	26,366
Balance at December 31, 2016	$ -	$ 84,710	$ 301,807	$ 28,651	$ 415,168
Carrying amounts at December 31, 2016	$ 294,755	$ 134,475	$ 90,756	$ 13,682	$ 533,668
Cost					
Balance at January 1, 2017	$ 294,755	$ 219,185	$ 392,563	$ 42,333	$ 948,836
Additions	-	-	9,341	1,788	11,129
Reclassified	-	-	4,184	-	4,184
Disposals	-	-	(45,389)	(2,496)	(47,885)
Balance at December 31, 2017	$ 294,755	$ 219,185	$ 360,699	$ 41,625	$ 916,264
Accumulated depreciation					
Balance at January 1, 2017	$ -	$ 84,710	$ 301,807	$ 28,651	$ 415,168
Disposals	-	-	(45,367)	(2,393)	(47,760)
Depreciation expense	-	7,244	19,033	2,922	29,199
Balance at December 31, 2017	$ -	$ 91,954	$ 275,473	$ 29,180	$ 396,607
Carrying amounts at December 31, 2017	$ 294,755	$ 127,231	$ 85,226	$ 12,445	$ 519,657

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful life as follows:

Buildings	
Main buildings	10-50 years
Utility equipment	2-10 years
Other facilities	3-30 years
Machinery and equipment	2-15 years
Other equipment	2-10 years

Property, plant and equipment pledged as collateral for bank borrowings were set out in Note 26.

11. OTHER FINANCIAL ASSETS - CURRENT

	December 31	
	2017	2016
Cash deposits	$ 4,649	$ 3,561
Pledged time deposits	5,283	2,520
	$ 9,932	$ 6,081
The interest rate intervals of cash in bank	1.00%-1.205%	1.00%-1.205%

Other financial assets pledged as collateral were disclosed in Note 26.

12. INTANGIBLE ASSETS

	December 31	
	2017	2016
Computer software	$ 1,913	$ 374

Intangible assets were amortized over 2-3 years on a straight-line basis over the finite lives useful lives.

13. OTHER ASSETS

	December 31	
	2017	2016
Current		
Other receivables	$ 2,635	$ 2,520
Prepayment for purchases	1,403	3,993
Prepayments	4,219	4,635
Others	797	849
	$ 9,054	$ 11,997
Non-current		
Other financial assets (Note)	$ 4,592	$ 5,686
Refundable deposits	140	140
Prepayments for equipment	4,913	4,184
Long-term prepayments	5,422	9,107
	$ 15,067	$ 19,117

Note: Cash deposits and pledged time deposits were recognized as other financial asset in December 31, 2017 and 2016, respectively. The information of pledged time deposits was disclosed in Note 26.

14. BORROWINGS

a. Short-term borrowings

	December 31 2017	December 31 2016
Unsecured borrowings		
Bank loans	$ 20,000	$ 20,000
Interest rate intervals		
Unsecured borrowings	1.6385%	2.05044%

b. Short-term bills payable

	December 31 2017	December 31 2016
Commercial paper	$ -	$ 30,000
Less: Unamortized discount on bills payable	-	-
	$ -	$ 30,000

Outstanding short-term bills payable as follows:

December 31, 2017: No.

December 31, 2016

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate	Collateral	The Carrying Value of Collateral
Commercial paper						
International Bills Finance Corporation - Tauyuan Branch	$ 30,000	$ -	$ 30,000	0.63%	None	$ -

c. Long-term borrowings

	December 31 2017	December 31 2016
Secured borrowings		
Shulin Farmers Association (1)	$ 104,467	$ 175,461
Sanxia Farmers Association (2)	23,366	36,719
Less: Current portion	(24,253)	(27,732)
	$ 103,580	$ 184,448
Interest rate intervals		
Bank loans	2.04%-2.14%	2.04%-2.14%

1) Freehold lands and buildings are pledged as collateral for secured borrowings from Shulin Farmers Association (see Note 26). The term of that borrowings was from August 2012 to August 2027. The loan is being repaid on monthly basis. The Company paid off $4,000 thousand to the principle in borrowing issued ahead of schedule in November 2017.

2) The bank loan is the contract of long-term syndicated borrowings from Sanxia Farmer Association in New Taipei City secured by the Company's pledged freehold land and buildings (see Note 26). There are 4 Farmers Association in total issued syndicated borrowings to the Company. Total borrowings issued was $93,000 thousand, the period of the loan is from August 31, 2012 to August 31, 2019. The first repayment was made in September 2012, and afterwards the repayments were paid monthly, with a total of 84 repayments to principal, the interest was paid monthly. The interest is the deposit fixing rate in Agricultural Bank of Taiwan plus 0.994% floating interest.

15. OTHER LIABILITIES

	December 31	
	2017	2016
Other payables - current		
Payable for salaries and bonus	$ 33,044	$ 37,472
Payable for processing cost	12,449	9,902
Payable for purchase of equipment	1,304	940
Others (a)	22,204	29,067
	$ 69,001	$ 77,381
Other liabilities - current		
Unearned sales revenue	$ 28,778	$ 23,114
Others (b)	688	720
	$ 29,466	$ 23,834

a. The others of other payables - current are mainly payable for insurance, pension cost, employee benefits, remuneration to directors and supervisors and professional service fees.

b. The others of other liabilities - current are mainly including temporary receipts and receipts under custody.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. For the years ended December 31, 2017 and 2016, the Company contributes amounts equal to 6%, of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2017	**2016**
Present value of defined benefit obligation	$ 76,586	$ 76,112
Fair value of plan assets	(29,527)	(26,292)
Net defined benefit liability	$ 47,059	$ 49,820

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	**Fair Value of the Plan Assets**	**Net Defined Benefit Liability**
Balance at January 1, 2016	$ 70,788	$ (11,126)	$ 59,662
Service cost			
Current service cost	548	-	548
Net interest expense (income)	1,150	(315)	835
Recognized in profit or loss	1,698	(315)	1,383
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	161	161
Actuarial loss - changes in financial assumptions	3,481	-	3,481
Actuarial loss - experience adjustments	1,722	-	1,722
Recognized in other comprehensive income	5,203	161	5,364
Contributions from the employer	-	(16,589)	(16,589)
Benefits paid	(1,577)	1,577	-
Balance at December 31, 2016	76,112	(26,292)	49,820
Service cost			
Current service cost	541	-	541
Net interest expense (income)	1,047	(383)	664
Recognized in profit or loss	1,588	(383)	1,205
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	131	131
Actuarial loss - changes in financial assumptions	3,216	-	3,216
Actuarial loss - experience adjustments	(4,330)	-	(4,330)
Recognized in other comprehensive income	(1,114)	131	(983)
Contributions from the employer	-	(2,983)	(2,983)
Balance at December 31, 2017	$ 76,586	$ (29,527)	$ 47,059

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic (foreign) equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2017	**2016**
Discount rates	1.375%	1.375%
Expected rates of salary increase	3.000%	2.750%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2017	**2016**
Discount rates		
0.25% increase	$ (2,518)	$ (2,590)
0.25% decrease	$ 2,636	$ 2,713
Expected rates of salary increase		
0.25% increase	$ 2,551	$ 2,633
0.25% decrease	$ (2,451)	$ (2,527)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2017	**2016**
The expected contributions to the plan over the next 12 months	$ 9,473	$ 3,102
The average duration of the defined benefit obligation	13.5 years	13.9 years

17. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2017	2016
Numbers of shares authorized (in thousands)	60,000	60,000
Shares authorized	$ 600,000	$ 600,000
Number of shares issued and fully paid (in thousands)	19,566	16,948
Shares issued	$ 195,659	$ 169,475

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

The shareholders' meetings taken place on June 16, 2017 has concluded and approved issuing share capital from operating surplus of $8,474 thousand and issuing 847 thousand shares at $10 per share. The board of directors meeting on August 6, 2017 has approved the issue of new capital and shares on July 8, 2016.

The board of directors taken place on August 11, 2017 has concluded and approved issuance of ordinary shares for cash of 1,771 thousand shares at $10 per share. The transaction was approved by the TPEx of the letter of the certificate No. 10600024920 on September 12, 2017, and the subscription base date was determined as at November 1, 2017, totaling $61,362 thousand. The total shares issued is $195,659 thousand after the approval.

b. Capital surplus

The capital surplus from shares issued in excess of par and transaction of treasury shares may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed in cash or transferred to share capital limited to a certain percentage of the Company's paid-in capital and once a year.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The shareholders held their regular meeting on June 24, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors after amendment refer to Employee benefits expense in Note 18-f.

The Company's dividend policy corresponds with the current and future plans of the Company, it takes into consideration of the fund requirements, business environments, industry competition (domestic and international), benefits to shareholders and etc. The distribution of surplus shall be no less than 20% of the share dividend and the accumulated distributable surplus shall be no less than 20% of the share capital. No distribution required in the financial years having net loss or having accumulated surplus less than 20% of paid-up capital. In addition, the dividends can be distributed in the form of cash or shares, the cash dividend shall be no less than 10% of the total dividends distributed.

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

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2016 and 2015 approved in the shareholders' meetings on June 16, 2017 and June 24, 2016, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 4,618	$ 2,937	$ -	$ -
Cash dividends	8,474	8,065	0.5	0.5
Share dividends	8,474	8,065	0.5	0.5

The appropriations of earnings for 2017 had been proposed by the Company's board of directors on March 23, 2018. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 4,249	$ -
Cash dividends	25,436	1.3

The appropriations of earnings for 2017 are subject to the resolution of the shareholders' meeting to be held on June 15, 2018.

d. Special reserves

On first adoption of IFRSs, the Company appropriated to retained earnings the amounts of the unrealized revaluation increment and cumulative translation differences transferred to retained earnings, which were $123,276 thousand and $(3,528) thousand, respectively.

However, the increase in retained earnings that resulted from all IFRSs adjustments was not sufficient for this appropriation (i.e., less transferred amount of revaluation and translation); as a result, the Company appropriated from the $72,154 thousand increase in retained earning result from the new adoption. The reserve can be reversed in future additions, disposals, and reclassification of relevant assets. The appropriated special reserve as a result of first adoption of IFRSs can be used to compensate for future losses. Until the reserve being reversed, the future earnings going forward should be appropriated to compensate the loss.

e. Treasury shares

Purpose of Buy-Back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at January 1, 2016	10
Increase during the year	5
Decrease during the year	(15)
Number of shares at December 31, 2016	-

Treasury stock is held by the Company cannot be mortgaged, distribute dividend and has no voting rights according to the Company Act.

18. NET INCOME

a. Other income

	For the Year Ended December 31	
	2017	2016
Interest income	$ 136	$ 105
Others	1,740	1,310
	$ 1,876	$ 1,415

b. Other gains and losses

	For the Year Ended December 31	
	2017	2016
Loss on disposal of property, plant and equipment	$ (106)	$ (1,675)
Net foreign currency exchange (losses) gains	(1,571)	1,517
	$ (1,677)	$ (158)

c. Finance costs

	For the Year Ended December 31	
	2017	2016
Interest on bank loans	$ 4,932	$ 6,511

d. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
The depreciation of property, plant and equipment	$ 29,199	$ 26,366
Amortization	245	503
	$ 29,444	$ 26,869

(Continued)

	For the Year Ended December 31	
	2017	2016
An analysis of depreciation by function		
Operating costs	$ 26,681	$ 23,884
Operating expenses	2,518	2,482
	$ 29,199	$ 26,366
An analysis of amortization by function		
Operating costs	$ 245	$ 503
Operating expenses	-	-
	$ 245	$ 503

(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2017	2016
Post-employment benefits (see Note 16)		
Defined contribution plans	$ 9,105	$ 5,462
Defined benefit plans	1,205	1,383
	10,310	6,845
Salary and bonus etc.	150,084	153,456
Other employee benefits	20,558	18,787
	$ 180,952	$ 179,088
An analysis of employee benefits expense by function		
Operating costs	$ 107,059	$ 112,282
Operating expenses	73,893	66,806
	$ 180,952	$ 179,088

f. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 2% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2017 and 2016, which have been approved by the Company's board of directors on March 23, 2018 and March 27, 2017, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2017	2016
Employees' compensation - cash	4%	4%
Remuneration of directors and supervisors - cash	3%	3%

Amount

	For the Year Ended December 31	
	2017	2016
	Cash	Cash
Employees' compensation - cash	$ 2,341	$ 2,392
Remuneration of directors and supervisors - cash	1,755	1,794

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

The actual amount of the compensation of employees and remuneration of directors and supervisors paid in 2017 and 2016 are consistent with the amount recognized in the financial statements for the years ended December 31, 2017 and 2016.

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

g. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2017	2016
Foreign exchange gains	$ 4,595	$ 5,119
Foreign exchange losses	(6,166)	(3,602)
Net gain	$ (1,571)	$ 1,517

19. INCOME TAX

a. Major components of tax expense recognized in profit or loss:

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	$ 8,387	$ 3,492
Income tax on unappropriated earnings	2,016	467
Adjustments for prior years	1,359	-
Deferred tax		
In respect of the current year	164	5,477
Income tax expense recognized in profit or loss	$ 11,926	$ 9,436

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2017	2016
Income before income tax	$ 54,416	$ 55,614
Income tax expense calculated at the statutory rate (17%)	$ 9,251	$ 9,454
Nondeductible expenses in determining taxable income	-	(485)
Income tax on unappropriated earnings	2,016	467
Investment credits	(700)	-
Adjustments for prior years' tax	1,359	-
Income tax expense recognized in profit or loss	$ 11,926	$ 9,436

In February 2018, it was announced by the President that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and would increase by $1,621 thousand in 2018.

As the status of 2018 appropriations of earnings is uncertain, the potential income tax consequences of the 10% unappropriated earnings in 2017 are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2017	2016
Deferred tax		
In respect of the current year:		
Remeasurement on defined benefit plan	$ 167	$ (912)
Total income tax recognized in other comprehensive income	$ 167	$ (912)

c. Current tax liabilities

	December 31	
	2017	2016
Current tax liabilities		
Income tax payable	$ 8,657	$ 3,958

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory devaluation	$ 1,066	$ -	$ -	$ 1,066
Defined benefit obligation	8,442	(302)	(167)	7,973
Others	8	138	-	146
	$ 9,516	$ (164)	$ (167)	$ 9,185
Deferred tax liabilities				
Temporary differences				
Land value increment tax	$ 19,161	$ -	$ -	$ 19,161

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory devaluation	$ 1,066	$ -	$ -	$ 1,066
Defined benefit obligation	10,115	(2,585)	912	8,442
Others	9	(1)	-	8
	11,190	(2,586)	912	9,516
Tax losses	3,067	(3,067)	-	-
	$ 14,257	$ (5,653)	$ 912	$ 9,516
Deferred tax liabilities				
Temporary differences				
Land value increment tax	$ 19,161	$ -	$ -	$ 19,161
Others	176	(176)	-	-
	$ 19,337	$ (176)	$ -	$ 19,161

e. Information about unused loss carry-forward and tax-exemption

As of December 31, 2017, profits attributable to the following expansion projects were exempted from income tax for a five-year period:

Expansion Project	Tax-exemption Period
2010 expansion project	2014.01.01-2018.12.31

The Company started an expansion plan in 2010 through application for the right to produce plastics products, metal products, electronic components, computers, electronic products and optics products. As of August 18, 2011, this plan was approved by the Industrial Development Bureau, Ministry of Economic Affairs, for a five-year tax exemption incentive from July 1, 2008 to December 31, 2009. The project was approved for completion.

f. Integrated income tax

	December 31	
	2017	**2016**
Unappropriated earnings		
Generated before January 1, 1998	$ -	$ 18,138
Generated on and after January 1, 1998	-	66,899
	$ -	$ 85,037
	Note	
Imputation credits accounts	$ -	$ 6,582
	Note	

	For the Year Ended December 31	
	2017	**2016**
Creditable ratio for distribution of earnings	Note	9.84%

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, related information for 2017 is not applicable.

g. Income tax assessments

The tax returns of the Company through 2015 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per shares (EPS) were as follows:

	For the Year Ended December 31	
	2017	2016
Net income	$ 42,490	$ 46,178
Weighted average number of ordinary shares in computation of basic earnings per share (in thousands)	18,091	17,788
Effect of potentially dilutive ordinary shares:		
Employees' compensation (in thousands)	119	123
Weighted average number of ordinary shares used in the computation of diluted earnings per share (in thousands)	18,210	17,911

In calculation of EPS, the impact from the free allotment in prior year has been restated, the allotment date is August 6, 2017. Due to the restatement, the change in basic and diluted EPS is as below:

	Prior to Restatement	After Restatement
Basic EPS	$ 2.73	$ 2.60
Diluted EPS	$ 2.71	$ 2.58

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would 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, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

21. NON-CASH TRANSACTIONS

The Company has distributed share dividend of $8,474 thousand and $8,065 thousand in 2017 and 2016, respectively, which are being listed as ordinary shares.

22. OPERATING LEASE ARRANGEMENTS

The car lease contract will expire in March 2021 and can be extended upon expiry.

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

	December 31	
	2017	2016
Not later than 1 year	$ 3,094	$ 2,870
Later than 1 year and not later than 5 years	12,375	11,374
Later than 5 years	3,094	2,843
	$ 18,563	$ 17,087

Rental payments recognized in expenses were as follows:

	For the Year Ended December 31	
	2017	2016
Minimum lease payment	$ 3,093	$ 2,909

23. CAPITAL MANAGEMENT

In consideration of the prevailing industry dynamics and the future development as well as the changes in the external economic environment, the Company manages its working capital and dividend needs in the future, to ensure that the Company will be able to continue as going concerns while maximizing the returns to shareholders as well as other related parties through the optimization of capital structure.

The Company could make adjustment to dividends or new shares in order to maintain or adjust the capital structure.

24. FINANCIAL INSTRUMENTS

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

Management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

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

The Company does not have financial assets and liabilities, that are measured at fair value for the years ended December 31, 2017 and 2016.

There were no transfers between Levels 1 and 2 for the years ended December 31, 2017 and 2016.

c. Categories of financial instruments

	December 31	
	2017	2016
Financial assets		
Loans and receivables (1)	$ 171,563	$ 141,554
Financial liabilities		
Measured at amortized cost (2)	227,640	321,469

1) The balances included loans and receivables measured at amortized cost, which comprise of cash, notes receivable, trade and other receivables (excluding tax receivables), refundable deposits, and other financial assets.

2) The balances included financial liabilities measured at amortized cost, which comprise of short-term and long-term loans (including current portion), short-term bills payable, and trade and other payables (excluding payable for salary, bonus, pension cost, and taxation).

d. Financial risk management objectives and policies

The Company's major financial instruments include trade receivable, trade payables, bank borrowings and short-term bills payable. The Company'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 Company 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.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) at the end of the reporting period are set out in Note 27.

Sensitivity analysis

The Company was mainly exposed to the U.S. dollar (USD) and Japanese Yen (JPY).

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with NTD weakening 1% against the relevant currency. For a 1% strengthening of NTD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below would be negative.

	Currency impact (USD)		**Currency impact (JPY)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2017	**2016**	**2017**	**2016**
Profit or loss	$ 360 (i)	$ 308 (i)	$ 246 (ii)	$ 114 (ii)

i. This was mainly attributable to the exposure outstanding on USD cash, receivables and payables, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure to outstanding on JPY cash, receivables and payables, which were not hedged, at the end of the reporting period.

The Company's sensitivity to foreign currency did not have significant difference for the years ended December 31, 2017 and 2016.

b) Interest rate risk

The Company was exposed to interest rate risk because the Company borrowed funds at floating interest rates.

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

	December 31	
	2017	**2016**
Fair value interest rate risk		
Financial assets	$ 7,283	$ 4,520
Financial liabilities	127,833	212,180
Cash flow interest rate risk		
Financial assets	98,111	65,643
Financial liabilities	20,000	50,000

Sensitivity analysis

The sensitivity analyses below were determined based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. An 1% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2017 and 2016 would increase/decrease by $781 thousand and increase/decrease by $156 thousand, respectively, which was mainly attributable to the Company's exposure to interest rates on its variable-rate bank deposits and borrowings.

The Company's sensitivity to interest rates did not have significant difference for the years ended December 31, 2017 and 2016.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from operating activities, primarily trade receivables.

In order to minimize credit risk, management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Company's credit risk was significantly reduced.

The Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for the clients with trade receivables accounting for 5% of total monetary assets. The Company defines counterparties as having similar characteristics if they are related entities. The receivables from the clients with trade receivables accounting for 5% of total monetary assets amounted to $11,867 thousand and $18,938 thousand as of December 31, 2017 and 2016, respectively. Concentration of credit risk to any other counterparty did not exceed 5% of total monetary assets at any time during the years ended December 31, 2017 and 2016.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management of the Company monitors the utilization of bank borrowings and ensure compliance with loan covenants.

Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

December 31, 2017

	0-6 Months	7 Months to 1 Year	1+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 79,807	$ -	$ -
Variable interest rate liabilities	20,059	-	-
Fixed interest rate liabilities	13,903	12,724	112,284
	$ 113,769	$ 12,724	$ 112,284

December 31, 2016

	0-6 Months	7 Months to 1 Year	1+ Years
Non-derivative financial liabilities			
Non-interest bearing	$ 59,289	$ -	$ -
Variable interest rate liabilities	30,000	20,000	-
Fixed interest rate liabilities	16,981	14,836	199,555
	$ 106,270	$ 34,836	$ 199,555

25. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and related parties are disclosed below:

a. Related parties' name and category

Name	Category
Terry Wang	The chairman

b. Endorsement and guarantees

	December 31	
	2017	2016
Chairman		
Amount endorsed	$ 147,833	$ 262,180
Borrowed amount	$ 147,833	$ 262,180

In the years ended December 31, 2017 and 2016, the Company has borrowing, from the bank, the chairman, Terry Wang, has endorsed the amount stated above.

c. Compensation of key management personnel

	For the Year Ended December 31	
	2017	2016
Short-term employee benefits	$ 14,969	$ 17,356
Post-employment benefits	332	433
	$ 15,301	$ 17,789

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

26. ASSETS PLEDGED AS COLLATERAL

The following assets were provided as collateral for bank borrowings:

	December 31	
	2017	2016
Pledged time deposits (classified as other financial assets - current)	$ 5,283	$ 2,520
Pledged time deposits (classified as other non-current assets)	2,000	2,000
Lands	294,755	294,755
Buildings, net	127,231	134,475
	$ 429,269	$ 433,750

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,310	29.76 (USD:NTD)	$ 68,748
JPY	93,273	0.2642 (JPY:NTD)	24,643
			$ 93,391
Financial liabilities			
Monetary items			
USD	1,099	29.76 (USD:NTD)	$ 32,702

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 1,053	32.25 (USD:NTD)	$ 34,158
JPY	41,422	0.2756 (JPY:NTD)	11,416
			$ 45,574
Financial liabilities			
Monetary items			
USD	105	32.25 (USD:NTD)	$ 3,381

The Company is mainly exposed to exchange rate risk of USD and JPY. The significant realized and unrealized foreign exchange gains (losses), please see Note 18.

28. DISCLOSED ITEMS

a. Information about significant transactions and b. investees

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (None)

3) Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities). (Table 1)

4) Marketable securities acquired and disposed at costs or prices at least NT$300 million or 20% of the paid-in capital. (None)

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

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

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

9) Trading in derivative instruments. (None)

10) Intercompany relationships and significant intercompany transactions. (None)

11) Information on investees. (None)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area. (None)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses. (None)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

b) The amount and percentage of sales and the balance and percentage of the trade receivables at the end of the period.

c) The amount of property transactions and the amount of the resultant gains or losses.

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes.

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds.

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services.

29. SEGMENT INFORMATION

Information reported to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance focuses on the production segments. The Company's reportable segment is the name plate and card segment because the Company is mainly manufacturing and selling the name plates and cards and processing certain data of individuals in the years ended December 31, 2017 and 2016. The accounting policy of reportable segment is the same as the Note 4 "summary of significant accounting policies".

Segment Revenues and Results

The following was an analysis of the Company's revenue and results from continuing operations by reportable segment.

	Segment Revenue		Segment Profit/Loss	
	For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016
Name plate and card segment	$ 784,421	$ 740,299	$ 59,149	$ 60,868
Non-operating income and expenses			(4,733)	(5,254)
Profit before tax			$ 54,416	$ 55,614

Segment revenue reported above represents revenue generated from external customers. The Company sold none of goods to related parties in 2017 and 2016.

Segment profit represents the profit by each segment without allocation of other income, other gains and losses, finance cost and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Segment Total Assets and Liabilities

The information of the Company's assets and liabilities is not reported to decision makers. Thus, the amount of segment total assets and liabilities are valued at zero.

Revenue from Major Products and Services

The following is an analysis of the Company's revenue from continuing operations from its major products and services:

	For the Year Ended December 31	
	2017	2016
Cards	$ 598,553	$ 545,310
Name plates	168,349	179,868
Others	17,519	15,121
	$ 748,421	$ 740,299

Geographical Information

The Company operates in a principal geographical area - Taiwan.

The Company's revenue from continuing operations from external customers by location of operations is the same as the values stated under 'Segment Revenues and Results'.

Information About Major Customers

Single customers contributed 10% or more to the Company's revenue were as follows:

	For the Year Ended December 31			
	2017		2016	
	Amount	Percentage (%)	Amount	Percentage (%)
Custom A	$ 288,297	36.75	$ 201,637	27.24
Custom B	NA (Note)		97,499	13.17

Note: The revenue of Customer B has not exceeded 10% of the Company's revenue in 2017.

TAIWAN NAME PLATE CO., LTD.

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Held Company Name	Type and Name of Marketable Securities	Relationship with the Company (Note)	Financial Statement Account	December 31, 2017				Note
				Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Taiwan Name Plate Co., Ltd.	Stock							
	Tsuchiya Kogyo (Phils.) Inc.		Financial assets measured at cost - non-current	5,779,200	$ 2,667	4.56	$ -	
	Less: Accumulated impairment - financial assets measured at cost - non-current				(2,667)			
					$ -			

Note: If issuers of marketable securities are not related parties, the column will be blank.