Stock Code:8201

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

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

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

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

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Independent Auditors' Review Report

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

Introduction

We have reviewed the accompanying consolidated Balance Sheets of Inventec Besta Co., LTD. and its subsidiaries as at March 31, 2018 and 2017. The consolidated statements of comprehensive income, changes in equity and cash flows for the three-month period then ended, and notes to the consolidated financial statements ,including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34," Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as described in the basis for qualified opinion paragraph , we conducted our review in accordance with Statement of Auditing Standards NO.65"Review of Financial Information Performed by the Independent Auditor of the Entity".

A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As described in note 4(b), the accompanying consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. These consolidated subsidiaries had total assets of $45,616 thousand and $52,121 thousand, constituting 3.95% and 4.14%, respectively, of the Group's consolidated total assets; total liabilities of $13,285 thousand and $17,857thousand, constituting 3.72% and 5.25%, respectively, of the Group' s consolidated total liabilities as of March 31, 2018 and 2017; comprehensive income (loss) of $1,182 thousand and ($1,316) thousand, constituting (3.28%) and 2.78%, respectively, of the Group' s consolidated comprehensive income for the three months ended March 31, 2018 and 2017.

Except as described in paragraphs 3, as described in note 7(g), the long term investments under equity method of $9,852 thousand and $16,495 thousand, respectively, as of March 31, 2018 and 2017, and the related investment loss thereof amounting to $964 thousand and $810thousand for the three months ended March 31, 2018 and 2019, respectively, were recognized based upon financial statements prepared by the investee companies which were not reviewed by independent accountants.

Qualified Conclusion

Based on our review, except for the effects of the adjustments, if any, as might have been determined to be necessary had the financial statements of equity method investees as described above been reviewed by independent accountants, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the financial position of the entity as at March,31 2018 and 2017,and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34," Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China..

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

KPMG
Taipei, Taiwan (Republic of China)
May 14, 2018

AS OF MARCH 31, 2018 AND 2017 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

CONSOLIDATED BALANCE SHEETS
March 31, 2018 , December 31, 2017 and March 31, 2017
(Expressed in Thousands of New Taiwan Dollars)

	Assets	2018.3.31 Amount	%	2017.12.31 Amount	%	2017.3.31 Amount	%
	Current assets:						
1100	Cash and cash equivalents	$ 291,955	25	390,490	31	333,205	26
1125	Current available-for-sale financial assets	-	-	-	-	5,288	-
1150	Notes receivable, net	22,962	2	16,980	1	219	-
1170	Accounts receivable, net	137,879	12	151,032	12	275,580	23
1180	Accounts receivable due from related parties, net	6,103	1	1,904	-	14,872	1
1200	Other receivables, net	179,264	16	145,517	12	85,437	7
1220	Current tax assets	339	-	294	-	218	-
130X	Inventories	64,502	5	51,090	4	35,861	3
1479	Other current assets, others	26,854	2	36,677	3	16,498	1
1476	Other current financial assets	-	-	-	-	2,017	-
		729,858	63	793,984	63	769,195	61
	Non-current Assets:						
1517	Financial assets at fair value through other comprehensive income	109,505	9	-	-	-	-
1543	Non-current financial assets at cost	-	-	155,400	12	155,400	12
1550	Investments accounted for using equity method	9,852	1	10,841	1	16,495	1
1600	Property, plant and equipment	287,655	25	287,864	23	289,786	24
1780	Intangible assets	9,982	1	11,240	1	19,277	2
1840	Deferred tax assets	3,000	-	3,000	-	3,000	-
1980	Other non-current financial assets	6,425	1	7,132	-	4,743	-
1990	Other non-current assets, others	-	-	606	-	1,159	-
		426,419	37	476,083	37	489,860	39
	Total assets	$ 1,156,277	100	1,270,067	100	1,259,055	100

	Liabilities and equity	2018.3.31 Amount	%	2017.12.31 Amount	%	2017.3.31 Amount	%
	Current Liabilities:						
2100	Short-term loans	$ 18,000	2	-	-	7,522	1
2130	Current contract liabilities	19,017	2	-	-	-	-
2150	Notes payable	-	-	6,140	-	-	-
2170	Accounts payable	199,630	17	222,179	17	183,268	15
2200	Other payables	40,407	3	54,473	5	42,608	3
2230	Current tax liabilities	219	-	576	-	378	-
2250	Current provisions	1,219	-	1,220	-	1,151	-
2300	Other current liabilities	7,826	1	43,784	4	16,235	1
		286,318	25	328,372	26	251,162	20
	Non-current Liabilities:						
2570	Deferred tax liabilities	12,141	1	11,819	1	11,223	1
2640	Net defined benefit liability, non-current	57,455	5	59,730	5	74,368	6
2670	Other non-current liabilities, others	1,666	-	2,320	-	3,259	-
		71,262	6	73,869	6	88,850	7
	Total liabilities	357,580	31	402,241	32	340,012	27
	Equity attributable to owners of parent:						
3100	Capital stock	623,663	54	623,663	49	623,663	50
3200	Capital surplus	296,189	26	296,189	23	390,839	31
3300	Retained earnings	(121,933)	(11)	(97,230)	(8)	(137,754)	(11)
3400	Other equity interest	778	-	45,204	4	42,295	3
	Total equity	798,697	69	867,826	68	919,043	73
	Total liabilities and equity	$ 1,156,277	100	1,270,067	100	1,259,055	100

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

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

AS OF MARCH 31, 2018 AND 2017 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the Three Months Ended March 31, 2018and 2017

(Expressed in Thousands of New Taiwan Dollars)

		For the three months ended March 31,			
		2018		2017	
		Amount	%	Amount	%
4000	Operating revenue	$ 458,216	100	385,929	100
5000	Operating costs	(403,802)	(88)	(348,388)	(90)
	Gross profit from operations	54,414	12	37,541	10
5910	Less :Unrealized profit (loss) from sales	(582)	-	(1,171)	-
5920	Add: Realized profit (loss) on from sales	836	-	763	-
		54,668	12	37,133	10
	Operating expenses:				
6100	Selling expenses	(34,045)	(7)	(30,222)	(8)
6200	Administrative expenses	(14,713)	(3)	(18,348)	(4)
6300	Research and development expenses	(24,084)	(5)	(21,120)	(5)
	Total operating expenses	(72,842)	(15)	(69,690)	(17)
	Net-operating loss	(18,174)	(3)	(32,557)	(7)
	Non-operating income and expenses:				
7010	Other income	3,357	1	3,865	1
7020	Other gains and losses	(8,650)	(2)	(13,211)	(4)
7050	Finance costs	(55)	-	(3)	-
7060	Share of loss of associates accounted for using equity method	(964)	-	(810)	-
	Total non-operating income and expenses	(6,312)	(1)	(10,159)	(3)
7900	**Loss before income tax**	(24,486)	(4)	(42,716)	(10)
7950	**Less: Income tax expense**	(217)	-	(388)	-
	Net income loss	(24,703)	(4)	(43,104)	(10)
	Other comprehensive income (loss):				
8310	Items that will not be reclassified subsequently to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(12,783)	(3)	-	-
8349	Income tax expense related to items that will not be reclassified subsequently	-	-	-	-
	Total items that will not be reclassified subsequently to profit or loss	(12,783)	(3)	-	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of foreign financial statements	1,818	-	(4,574)	(1)
8370	Share of other comprehensive income of associates accounted for using equity method	(26)	-	(460)	-
8399	Income tax benefit related to items that are or may be reclassified subsequently	(323)	-	856	-
	Total items that may be reclassified subsequently to profit or loss	1,469	-	(4,178)	(1)
	Other comprehensive income (loss) for the year net of tax	(11,314)	(3)	(4,178)	(1)
8500	Total Comprehensive loss for the year	**$ (36,017)**	**(7)**	**(47,282)**	**(11)**
	Earnings per share				
9750	Basic earnings per share (NT dollars)	**$**	**(0.40)**		**(0.69)**

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

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

AS OF MARCH 31, 2018 AND 2017 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Three Months Ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent					
			Retained Earnings	Other Equity Interest		
	Capital Stock					
	Share Capital	Capital Surplus	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Financial Statements	Unrealized Gain(Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
Balance at January 1, 2017	$ 623,663	390,839	(94,650)	46,473	-	966,325
Net income loss	-	-	(43,104)	-	-	(43,104)
Other comprehensive loss for the period	-	-	-	(4,178)	-	(4,178)
Total comprehensive loss for the period	-	-	(43,104)	(4,178)	-	(47,282)
Balance at March 31, 2017	**$ 623,663**	**390,839**	**(137,754)**	**42,295**	**-**	**919,043**
Balance at January 1, 2018	$ 623,663	296,189	(97,230)	45,204	-	867,826
Effect of retrospective application	-	-	-	-	(33,112)	(33,112)
Adjusted Balance at January 1, 2018	623,663	296,189	(97,230)	45,204	(33,112)	834,714
Net income loss	-	-	(24,703)	-	-	(24,703)
Other comprehensive loss for the period	-	-	-	1,469	(12,783)	(11,314)
Total comprehensive loss for the period	-	-	(24,703)	1,469	(12,783)	(36,017)
Balance at March 31, 2018	**$ 623,663**	**296,189**	**(121,933)**	**46,673**	**(45,895)**	**798,697**

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

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

AS OF MARCH 31, 2018 AND 2017 REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Three Months Ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31, 2018	2017
Cash flows from (used in) operating activities:		
Loss before income tax	$ (24,486)	(42,716)
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	1,850	2,888
Amortization expense	1,601	5,027
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	635	(290)
Interest expense	55	3
Interest income	(978)	(1,040)
Share of loss of associates accounted for using equity method	964	810
Gains on disposal of property, plant and equipment	-	27
Total adjustments to reconcile loss (profit)	4,127	7,425
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(6,000)	4,739
Accounts receivable	12,882	(178,353)
Accounts receivable due from related parties	(4,199)	(7,394)
Other receivables	(33,869)	(20,695)
Inventories	(13,412)	5,599
Other current assets	10,980	(5,371)
Total changes in operating assets	(33,618)	(201,475)
Changes in operating liabilities:		
Notes payable	(6,140)	-
Accounts payable	(22,675)	95,335
Other payables	(14,880)	(3,179)
Provisions	(2)	593
contract liabilities	19,017	-
Other current liabilities	(36,119)	(12,738)
Net defined benefit liabilities-non current	(2,275)	(7,551)
Deferred credits	(254)	408
Total changes in operating liabilities	(63,328)	72,868
Total changes in operating assets and liabilities	(96,946)	(128,607)
Total adjustments	(92,819)	(121,182)
Cash outflow generated from operations	(117,305)	(163,898)
Interests received	1,021	1,028
Interests paid	(55)	(3)
Income taxes (paid) refund	(620)	(7,972)
Net cash used in operating activities	(116,959)	(170,845)
Cash flows from (used in) investing activities:		
Proceeds from disposal of available-for-sale financial assets	-	10,390
Acquisition of property, plant and equipment	(1,552)	(615)
Proceeds from disposal of property, plant and equipment	-	33
Refundable deposits	711	366
Acquisition of intangible assets	(438)	(901)
Other financial assets	-	(22)
Other non-current assets	606	(1,159)
Net cash flows from (used in) investing activities	(673)	8,092
Cash flows from (used in) financing activities:		
Increase in short-term loans	18,000	7,522
Increase in guarantee deposits received	(23)	3
Other non-current liabilities	(378)	(378)
Net cash used in financing activities	17,599	7,147
Effect of exchange rate changes on cash and cash equivalents	1,498	(3,407)
Net decrease in cash and cash equivalents	(98,535)	(159,013)
Cash and cash equivalents at beginning of year	390,490	492,218
Cash and cash equivalents at end of year	$ 291,955	333,205

INVENTEC BESTA CO., LTD. AND ITS SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1)、Overview

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

(2)、Financial Statements Authorization Date and Authorization Process

The consolidated financial statements were approved for issuance by the Board of Directors on May 14, 2018.

(3) 、New Accounting Standards, amendments and Interpretations adopted

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

1. IFRS 15 Revenue from Contracts with Customers

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

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

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

(1) Sales of goods

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

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

The Group's assessment believes that the transfer of risks and rewards of ownership and transfer of control of a good occur at the similar point in time. Otherwise, there will be no impact to the consolidated financial statements.

For certain contracts that permit a customer to return an item, revenue was recognized when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. Otherwise, revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

Under IFRS 15, revenue will be recognized for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. A refund liability and an asset for recovery will be recognized for these contracts and presented separately in the balance sheet.

(2) Rending of services

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

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

(3)Impacts on financial statements:

The following tables summarize the impacts of adopting IFRS 15 on the Company's consolidated financial statements for the three months ended March 31, 2018:

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

	2018.3.31			2018.1.1		
Impact on Assets, Liabilities and Equity	Carrying Amount of IFRS15 not yet adopted	Effect of Changes in Accounting Police	Carrying Amount of IFRS15 adopted	Carrying Amount of not yet adopted	Effect of Changes in Accounting Police	Carrying Amount of IFRS15 adopted
accounts receivable	$ 166,275	669	166,944	169,916	884	170,800
Total effect on assets		**669**			**884**	
Current contract liabilities	$ -	(19,017)	(19,017)	-	(34,430)	(34,430)
Other current liabilities	(26,174)	18,348	(7,826)	(43,784)	33,546	(10,238)
Total effect on liabilities		**(669)**			**(884)**	

2. IFRS 9 “Financial Instruments”

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

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 “Presentation of Financial Statements” which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group’s approach was to include the impairment of trade receivables in operating expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 “Financial Instruments: Disclosures” that are applied to disclosures about 2018 but generally have not been applied to comparative information.

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

(1) Classification, of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated

Instead, the hybrid financial instrument as a whole is assessed for classification.

For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please refer to note 4(c).

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

(2) Impairment of financial assets

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

(3) Transition

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

- Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognized in retained earnings and other equity interest as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

–The determination of the business model within which a financial asset is held.

– The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

– The designation of certain investments in equity instruments not held for trading as at FVOCI.

– Investments in debt securities that are determined to have low credit risk at date of initial application of IFRS 9, the Group assumes that credit risk has not increased significantly since initial recognition

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

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

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

	IAS39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial Asset				
Equip instruments	Financial assets for available-for-sale (Note 1)	155,400	fair value through other comprehensive income (FVOCI)	122,288
Accounts receivables, net	Loans and receivables (Note 2)	315,433	Amortized cost	315,433
Other financial assets(Refundable and restricted cash in banks)	Loans and receivables	7,132	Amortized cost	7,132

Note 1: These equity securities (including financial assets measured at cost) represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Accordingly, a decrease of$33,112 in other equity interest, as well as the decrease of $33,112 in retained earnings was recognized on January 1, 2018.

Note 2: Trade, lease and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost.

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

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

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

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

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

(4)、Summary of Significant Accounting Policies

(a) Statement of compliance

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

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

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

(b) Basis of consolidation

1. Subsidiaries included in the consolidated financial statements：

Investor	Name of Subsidiary	Primary Business	Shareholding Ratio 2018.3.31	2017.12.31	2017.3.31	Note
The Company	INVENTEC BESTA (BVI) CO., LTD.	Investment management	100%	100%	100%	
〃	BESTA (CAYMAN) CO., LTD.	Investment management	100%	100%	100%	
INVENTEC BESTA (BVI) CO., LTD.	Inventec Besta (XiAn) Co., Ltd.	Design, research and sale of electronic products	100%	100%	100%	(note2)
BESTA (CAYMAN) CO., LTD.	PILOT SUCCESS LTD.	Investment management and import/export trade	100%	100%	100%	
〃	iSing Music Technology(Beijing) Co., Ltd.	Design, research and sale of online calculator platform software of online calculator	100%	100%	100%	(note1)
〃	Besta (Kunshan) Co., Ltd	Manufacture and sale of consumer electronics and related products	100%	100%	100%	(note2)
PILOT SUCCESS LTD.	Besta Digital Technology Co., Ltd	Sale of electronic dictionaries and PDA-related products	100%	100%	100%	
Besta (Kunshan) Co., Ltd	Kunshan Besta Electronics Limited	Sale of electronic dictionaries and PDA-related products	100%	100%	100%	(note2)

Note1： The boards of directors resolved to liquidate iSing Music Technology (Beijing) Co., Ltd. on October 24, 2016. The liquidation is still in process.

Note2： This is an immaterial subsidiary for which the consolidated financial statements are not reviewed by the Company's independent auditors.

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

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

1. Financial Assets

Financial assets are classified into the following categories: financial assets measured at amortized cost and financial assets measured at fair value through other comprehensive income (FVOCI).

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

(1)Financial assets measured at amortized cost

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

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

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

(2)Financial assets measured at fair value through other comprehensive income (FVOCI)

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

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

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

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

On derecognition, gains and losses accumulated in OCI of equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

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

(3) Impairment of financial assets

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

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

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

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

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

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

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

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

An investment grade credit rating of financial instruments with S&P's rating of BBB-, Moody's rating of Baa3 or Taiwan Ratings Corporation' s rating of twA or higher, the Group's debt securities are considered to have low credit risk.

The Group's presumption that credit risk of financial asset has significantly increased if contractual payments are more than 60 days past due.

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

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

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

Evidence that a financial assets is credit-impaired includes the following observable data：

- significant financial difficulty of the borrower or issuer；
- a breach of contract such as a default or being more than 180 days past
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise；
- it is probable that the borrower will enter bankruptcy or other financial reorganization；or the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income (not be deducted from the gross carrying amount of the assets), and the amount of loss allowances (or reversal) is charged to profit or loss.

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

(4)Derecognition of financial assets

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

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

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

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

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

1. Sale of goods - consumer electronics

The group manufactures and sells a range of consumer electronics in the wholesale market.

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

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

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

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

2. Service

The IT consulting division provides business IT management, design, implementation and support services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognized based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided. This is determined based on the actual labor hours spend relative to the total expected labor hours.

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

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule.

If the services rendered by VALUE IFRS Plc exceed the payment, a contract asset is recognized. If the payments exceed the services rendered, a contract liability is recognized.

3. Construction Contracts

The Group is engaged in contract of digital computer science and information engineering, the Group recognizes revenue over time the basis of the percentage of completion of a physical proportion of the contract work, this is because the customer controls all of the work in progress as the products are being manufactured.

The consideration promised in a contract with a customer may include fixed amounts, variable amounts, or both, the customer pays the fixed amount based on a payment schedule.

The most likely amount may be an appropriate estimate of the amount of certain variable consideration, for example overdue days-based penalties.

The amount that has been recognized as revenue over the amount that the Company hasn't issued a bill is recognized as a contract asset. When the entitlement to the payment becomes unconditional, the contract asset is transferred to receivables.

When the outcome of a construction contract cannot be estimated reliably,

revenue shall be recognized only to the extent of contract costs incurred that it is probable will be recoverable.

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

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

(e) Income taxes

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

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

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(f) Employee benefits

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

(5)、Significant Accounting Judgments, Estimations, Assumptions, and Sources of Estimation Uncertainty

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

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

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

(6)、Explanation to Significant Accounts

(a) Cash and cash equivalents

	2018.3.31	2017.12.31	2017.3.31
Cash on hand	$ 395	664	631
Demand deposits	34,366	34,698	9,649
Foreign currency deposits	24,533	45,851	20,644
Time deposits	212,301	208,025	287,099
Cash equivalents	20,360	101,252	15,182
Total	$ 291,955	390,490	333,205

Refer to note 6(t) for the disclosure of interest rate risk and sensitivity analysis of the financial assets of the Group.

(b) Financial assets at fair value through other comprehensive income

	2018.3.31
Investments in equity instruments at FVTOCI：	
Private equity	$ 109,505

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

No strategic investments were disposed as of March 31, 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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

The aforesaid financial assets were not pledged as collateral.

(c) Available-for-sale financial assets and Non-current financial assets carried at cost

1. Details were as follows:

(1) Available-for-sale financial assets

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

	2018.3.31	2017.12.31	2017.3.31
Current available-for-sale financial assets			
Investment in debt-product	$ -	-	5,288

(2) Non-current financial assets at cost

	2018.3.31	2017.12.31	2017.3.31
Private equity	$ -	155,400	155,400

The aforementioned investments held by the Group were measured at cost less impairment as of December 31 and March 31, 2017, given the range of reasonable fair value estimates is large and the probability for each estimate cannot be reasonably determined；Therefore, the Group management had determined that the fair value cannot be measured reliably and classified as financial assets measured at cost.

These investments were classified as fair value through other comprehensive income as of March 31, 2018.

Please refer to note 6(t) for credit risk and market risk of the Group.

As of March 31, 2018 and 2017, the aforesaid financial assets measured at cost, the Group were not pledged as collateral.

(d)Notes receivable and accounts receivable

	2018.3.31	2017.12.31	2017.3.31
Notes receivable	$ 23,017	17,017	219
Accounts receivable	144,621	153,923	296,895
Less：Accounts receivable	(694)	(140)	(4,670)
Allowance for sales returns and discounts	-	(884)	(1,773)
	$ 166,944	169,916	290,671

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables on March 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporate forward looking information.

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

Analysis of expected credit losses as of March 31, 2018, which was measured based on the aforementioned method, was as follows:

	Gross carrying amount	Weighted average loss rate	Loss allowance
Not past due	$ 145,174	0.00%~0.84%	131
Past due within 30 days	13,259	0.00%~1.72%	536
Past due 31-180 days	8,762	0.00%~2.32%	18
Past due over	443	1.92%~2.52%	9
	$ 167,638		694

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

	2017.12.31	2017.3.31
Past due within 30 days	$ 15,933	4,531
Past due 31-180 days	8,102	6,084
Past due over	184	404
合　　計	$ 24,219	11,019

The Group's movements of the allowance for notes receivable and accounts receivable were as follows:

		2017.3.31	
	2018.3.31	Individually assessed impairment	Collectively Assessed for Impairment
Balance at January 1, 2018 (IAS 39)	$140	4,928	74
Effect of retrospective application of IFRS 9	-		
Balance at January 1, 2018 (IFRS 9)	140		
Provision(Reversal)	554	(288)	(44)

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

Balance at March 31, 2018	$	694	4,640	30

(e) Other receivables

		2018.3.31	2017.12.31	2017.3.31
other receivables	$	180,692	146,864	85,927
Less: Allowance for doubtful accounts		(1,428)	(1,347)	(490)
	$	179,264	145,517	85,437

As of December 31, 2017 and March 31, 2017, the Group's aging analysis of other receivables which were past due but not impaired was as follow:

		2017.12.31	2017.3.31
Past due within 30 days	$	-	-
Past due 31-180 days		-	1,526
Past due over		1,004	-
	$	1,004	1,526

For the three months ended March 31, 2017, the Group's movements of the allowance for other receivables were as follows:

		Individually assessed impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	$	312	136	448
Provision(Reversal)		(18)	60	42
Balance at March 31, 2018	$	294	196	490

(f) Inventories

		2018.3.31	2017.12.31	2017.3.31
Raw materials and consumables	$	15,322	16,627	6,4
Work in process		5,425	2,754	1,3
Finished goods and finished goods in transit		7,394	11,132	8,2
Merchandise		36,361	20,577	19,8
	$	64,502	51,090	35,8

For the three months ended March 31, 2018 and 2017, the components of cost of goods sold were as follows：

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

	2018.3.31	2017.3.31
Cost of goods sold	$ 403,224	348,853
Loss (gain) on inventory valuation and obsolescence	578	(465)
Total	$ 403,802	348,388

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

As of March 31, 2018, December 31, 2017 and March 31, 2017, the aforesaid inventories were not pledged as collateral.

(g) Investments accounted for using equity method

The investment under equity method was as follows:

	March31,2018	December31,2017	March31,2017
associates	$ 9,852	10,841	16,495

1. Associates

Associates consisted of the following:

Associates	Nature of the relationship with the Group	Main operating location/Registered Country of the Company	Proportion of shareholding and voting rights 2018.3.31	2017.12.31	2017.3.31
IKNOW PTE. LTD.	Associate under equity method	Singapore	47%	47%	47%

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

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

	2018.3.31	2017.12.31	2017.3.31
Summarized financial information to the carrying amount of Individually insignificant associates	$ 9,852	10,841	16,495

	2018.3.31	2016.3.31
Attributable to the Group's share:		
Profit (loss) from continuing operations	$ (964)	(810)

In order to develop the market in Singapore, Malaysia, and Indonesia, the Group invested in Iknow Pte. Ltd. and owns 47% shares of Iknow Pte. Ltd. in 2010. The investment cost was SGD 2,749 (approximately $62,641) as of Marche 31, 2018.

2. Pledged

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

(h) Property, Plant, and Equipment

	Land	Building and Construction	Machinery Building and equipment	Other Facilities	Leasehold Improvements	Total
Carrying amounts:						
Balance at January 1, 2018	$ 154,042	125,012	1,878	6,932	-	287,864
Balance at March 31, 2018	$ 154,042	124,505	1,784	7,324	-	287,655
Balance at January 1, 2017	$ 154,042	128,629	2,592	7,048	-	292,311
Balance at March 31, 2017	$ 154,042	126,963	2,355	6,426	-	289,786

There were no significant additions, disposal, or impairment in property, plant and equipment for the three months ended March 31, 2018 and 2017. The details of depreciation are disclosed in note12 (a). For other information about the property, plant and equipment, please refer to note 6(f) of the consolidated financial statements for the year ended December 31, 2017.

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

(i) Intangible Assets

	Goodwill	Royalties	Software	Total
Carrying amounts:				
Balance at January 1, 2018	$ 6,312	4,478	450	11,240
Balance at March 31, 2018	$ 6,312	3,357	313	9,982
Balance at January 1, 2017	$ 6,312	7,837	9,202	23,351
Balance at March 31, 2017	$ 6,312	5,990	6,975	19,277

1. Amortization and Impairment

For three months ended March 31, 2018 and 2017, the amortization of intangible assets was respectively included in the statement of comprehensive income:

	2018.3.31	2017.3.31
Operating costs	$ -	1,573
Operating expenses	$ 1,601	3,402

2. Impairment loss and subsequent reversal

The Group performs the impairment test of intangible assets and the recoverable amount is determined based on the value in use. The accumulated impairment losses on electronic dictionary royalties and other royalties amounted to $41,056 and $47,865, respectively, as of March 31, 2018.

(j) short-term loans

	2018.3.31	2017.12.31	2017.3.31
Unsecured loans Amount	$ 18,000	-	7,522
Unused credit line	$ 290,059	385,716	112,478
Annual interest rate	1.45%	-	1.90%

Borrowing and repayment for short-term loans:

For the three months ended March 31, 2018 and 2017, the Group was no significant issuance, repurchase and repayment on short-term loans. Please refer to note 6(s) for interest expenses.

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

(k) Operating Leases

There was no significant addition in the Company's operating lease contracts for the three months ended March 31, 2018 and 2017. Refer to note 6(h) of the consolidated financial statements for the year ended December 31, 2017 for the details.

(l) Employee benefits

1. Defined benefit plans

Subsequent to December 31, 2017, there was no significant market volatility, significant curtailment, reimbursement and settlement or other significant one-time events. Therefore, the pension cost in the consolidated financial statements was measured and disclosed by the Company according to the pension cost valued by actuary as of December 31, 2017 and 2016.

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

	2018.3.31	2017.1.31
Operating cost	$ 9	9
Selling expenses	132	198
Administration expenses	62	91
Research and development expenses	147	158
Total	$ 350	456

2. Defined contribution plans

	2018.3.31	2017.3.31
Operating cost	$ 73	55
Selling expenses	1,230	592
Administration expenses	409	470
Research and development expenses	1,081	977
Total	$ 2,793	2,094

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

(m) Income Taxes

1. Income tax expense

The Group's income tax expenses were as follows:

	2018.3.31	2017.3.31
Current income tax expense		
Current period	$ 217	388

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

	2018.3.31	2017.3.31
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	$ 323	(856)

2. Status of approval of income tax

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

(n) Capital and other equity interest

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

1. Retained earnings

the Company's article of incorporation stipulate that Company's net earnings should first be used to offset the prior years' deficits, if any, before paying any income taxes. Of the remaining balance, 10% is to be appropriated as legal reserve except for the amount of accumulated legal reserve reaching the total amount of capital of the Company, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders' meeting for approval.

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

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

	2017.12.31	2016.12.31
Offset accumulated deficits:		
Capital surplus used to offset accumulated deficits	$ 97,230	94,650

3. Other equity (net of taxes)

	Exchange differences on translation of foreign financial statements	Unrealized gains(losses) on financial assets at FVTOCI
Balance at January 1, 2018 (IFRS9)	$ 45,204	-
Effect of retrospective application	-	(33,112)
Adjusted balance at January 1, 2018	45,204	(33,112)
Exchange differences on foreign operations	1,490	-
Exchange differences on subsidiaries accounted for using equity method	(21)	-
Unrealized gain (loss) on financial assets at FVTOCI	-	(12,783)
Balance at March 31, 2018	$ 46,673	(45,895)
Balance at January 1, 2017	$ 46,473	-
Exchange differences on foreign operations	(3,795)	-
Exchange differences on subsidiaries accounted for using equity method	(383)	-
Balance at March 31, 2017	$ 42,295	-

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

(o) Earnings per share

The calculation of basic earnings per share was as follows:

	2018.3.31	2017.3.31
Basic earnings per share		
Loss attributable to ordinary shareholders	$ (24,703)	(43,104)
Weighted average number of ordinary shares (thousand shares)	62,366	62,366
Basic earnings per share (NT dollars)	$ (0.40)	(0.69)

(p) Revenue from contracts with customers

1. The details of revenue were as follows:

	2018.3.31
Primary geographical markets：	
Taiwan	$ 141,885
China	15,585
Japan	251,635
Singapore and Malaysia	7,131
Hong Kong	10,692
Other Countries	31,288
	$ 458,216
Major products：	
Dictionaries	$ 39,855
Learning Machines	262,348
Digital Products	2,366
Computers	18,133
Autoparts	12,010
Business Services	88,519
Others	34,985
	$ 458,216

Please refer to note 6(q) and 7 for the amount of revenue.

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

2. Contract balances

	2018.3.31	2018.1.1
Accounts receivable	$ 167,638	170,940
Less: Allowance for doubtful accounts	(694)	(140)
Total	**$ 166,944**	**170,800**

	2018.3.31	2018.1.1
contract liabilities	**$ 19,017**	**34,430**

Please refer to note 6(d) for details of accounts receivable and allowance for impairment.

The contract liability balance at the beginning of the period was $16,416.

(q) Revenue

For the three months ended March 31, 2017, the details of revenue are as follows:

	2017.3.31
Selling goods revenue	$ 373,852
Development revenue	7,441
Repairs and maintenance revenue	420
Royalty revenue	4,216
	$ 385,929

Please refer to note 6(p) for details on revenue for the three months ended March 31, 2018.

(r) Rewards of employees, directors and supervisors:

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

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

The Group had losses before tax for the three months ended March 31, 2018 and 2017. There are no estimate expense of rewards of employees, directors and supervisors.。

Related information can be accessed from the Market Observation Post System on the web site.

(s) Non-operating income and expenses

1. Other income

The details of other income were as follows:

	2018.3.31	2017.3.31
Interest income		
Bank deposits	$ 663	876
Others	315	164
Rental income	2,379	2,825
	$ 3,357	**3,865**

2. Other gains and losses

The details of other gains and losses were as follows:

	2018.3.31	2017.3.31
Foreign exchange losses	$ (8,521)	(13,735)
losses on disposal of property, plant and equipment	-	(27)
Other gains(losses)	(129)	551
	$ (8,650)	**(13,211)**

3. Finance loss

The details of finance cost were as follows:

	2018.3.31	2017.3.31
Interest expenses		
Bank borrowings	**$ 55**	**3**

(t) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk, and market risk. Please refer to note 6(p) other information of the consolidated financial statements for the year ended December 31, 2017.

1. Credit risks

(1) Accounts receivable and debt securities of credit risk

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

Please refer to note 6(d) of the exposure to credit risk of accounts receivable and notes receivable.

Please refer to note 6(e) of impairment of financial assets at amortized cost including other receivables for the year ended December 31, 2017.

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

2. Liquidity risks

The following are the contractual maturities of financial liabilities of the Group:

	Carrying amount	Contractual cash flows	Less than 6 month	6 to 12 months	1 to 2 year	2 to 5 year	More than 5 years
2018.3.31							
Non-derivative financial liabilities							
Unsecured bank loans	$18,000	18,000	18,000	-	-	-	-
Account payable	$199,630	199,630	199,630	-	-	-	-
Other payable	$15,069	15,069	15,069	-	-	-	-
Receipts under custody (under other current liabilities)	$2,930	2,930	2,930	-	-	-	-
Guarantee deposits received (under other current liabilities)	$1,085	1,085	-	-	1085	-	-
	$236,714	**236,714**	**235,629**	**-**	**1,085**	**-**	**-**
2017.12.31							
Non-derivative financial liabilities							
Notes payable	$6,140	6,140	6,140	-	-	-	-
Account payable	$222,179	222,179	222,179	-	-	-	-
Other payable	$19,457	19,457	19,457	-	-	-	-
Receipts under custody (under other current liabilities)	$3,296	3,296	3,296	-	-	-	-
Guarantee deposits received (under other current liabilities)	$1,108	1,108	-	-	1108	-	-

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

	Carrying amount	Contractual cash flows	Less than 6 month	6 to 12 months	1 to 2 year	2 to 5 year	More than 5 years
	$252,180	252,180	251,072	-	1,108	-	-
2017.3.31							
Non-derivative financial liabilities							
Unsecured bank loans	$7,522	7,522	7,522	-	-	-	-
Account payable	183,268	183,268	183,268	-	-	-	-
Other payable	18,893	18,893	18,893	-	-	-	-
Receipts under custody (under other current liabilities)	4,039	4,039	4,039	-	-	-	-
Guarantee deposits received (under other current liabilities)	576	576	-	-	576	-	-
	$214,298	214,298	213,722	-	576	-	-

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

3. Market risk

(1) Currency risk

The Group's significant exposure to foreign currency risks was as follows:

	2018.3.31		
	Foreign currency (In thousand)	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$13,430	USD:TWD29.0850	390,612
	435	USD:CNY 6.2602	12,652
CNY	35	CNY:TWD 4.6460	163
financial liabilities			
Monetary items			
USD	5,036	USD:TWD29.0850	146,472
	132	USD:CNY6.2602	3,839

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

	2017.12.31		
	Foreign currency (In thousand)	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$14,177	USD:TWD29.7800	422,191
	329	USD:CNY 6.5379	9,798
CNY	38	CNY:TWD 4.5550	173
Financial liabilities			
Monetary items			
USD	3,086	USD:TWD29.7800	91,901
	225	USD:CNY 6.5379	6,701

	2017.3.31		
	Foreign currency (In thousand)	Exchange rate	TWD
Financial assets			
Monetary items			
USD	$16,270	USD:TWD30.3400	493,632
	475	USD:CNY 6.8845	14,411
CNY	65	CNY:TWD4.4070	286
Financial liabilities			
Monetary items			
USD	5,964	USD:TWD30.3400	180,948
	396	USD:CNY 6.8845	12,015

The Group's exposure to foreign currency risk of financial assets and liabilities arises from the translation of foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, account payable, and other payable. A 0.5% depreciation or appreciation of the functional currency against all the non-functional currency as of March 31, 2018 and 2017 would have increased or decreased the net loss after tax by $1,267 and $1,577, respectively. The analysis is performed on the same basis for both periods.

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

(2)Gains or losses on foreign exchange of monetary items

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

	2018.3.31		2017.3.31	
	Foreign exchange gains	Average exchange rate	Foreign exchange gains	Average exchange rate
TWD	$ (8,970)	1.000	(13,818)	1.000
CNY	449	4.6005	83	4.5175

4. Interest risk

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

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

If the interest rate increases / decreases by 5%, the Group's net losses will decrease/increase by $3,000 thousand and $16,000 thousand for the three months ended March 31, 2018 and 2017, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's time deposits and borrows in variable rate.

5. Fair value of financial instruments

(1) Fair value hierarchy

The Group measured its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income (available-for-sale financial assets) on a recurring basis.

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

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

	2018.3.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments	$ 109,505	-	-	109,505	109,505
Financial assets at amortized cost					
Cash and cash equivalents	291,955	-	-	-	-
Notes receivable, accounts receivable and other receivables	346,208	-	-	-	-
Other financial assets	6,425	-	-	-	-
Subtotal	644,588	-	-	-	-
Total	$ 754,093	-	-	109,505	109,505
Financial liabilities at amortized cost					
Bank loans	$ 18,000	-	-	-	-
Notes payable, accounts payable and other payables	240,037	-	-	-	-
Subtotal	258,037	-	-	-	-
Total	$ 258,037	-	-	-	-

	2017.12.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at amortized cost	$ 155,400	-	-	-	-
Loans and receivables					
Cash and cash equivalents	390,490	-	-	-	-
Notes receivable, accounts receivable and	315,433	-	-	-	-

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

	2018.3.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
other receivables					
Other financial assets	7,132	-	-	-	-
Subtotal	713,055	-	-	-	-
Total	**$ 868,455**	**-**	**-**	**-**	**-**
Financial liabilities at amortized cost					
Notes payable, accounts payable and other payables	**$ 282,792**	**-**	**-**	**-**	**-**

	2017.3.31				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Investment in debt-product	$ 5,288	-	5,288	-	5,288
Financial assets at amortized cost	155,400	-	-	-	-
Loans and receivables					
Cash and cash equivalents	333,205	-	-	-	-
Notes receivable, accounts receivable and other receivables	376,108	-	-	-	-
Other financial assets	6,760	-	-	-	-
Subtotal	716,073	-	-	-	-
Total	**$ 876,761**	**-**	**5,288**	**-**	**5,288**
Financial liabilities at amortized cost					
Bank loans	$ 7,522	-	-	-	-
accounts receivable	225,876	-	-	-	-
Total	**$ 233,398**	**-**	**-**	**-**	**-**

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

(2.1) Non-derivative financial instruments

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

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

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

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

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

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

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

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

	Financial assets at fair value through other comprehensive income
	Unquoted equity instruments
Balance as of January 1, 2017	$122,288
Total gains and losses recognized in Other comprehensive income	(12,783)
Balance as of March 31, 2018	**$109,505**

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

	2018.3.31
Total gains and losses recognized in	
In other comprehensive income (recognized as "unrealized gains and losses from Financial assets at fair value through other comprehensive income")	**($12,783)**

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

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

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

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

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable InputThe Relationship between
Fair value through other comprehensive income-financial instruments without an active market	Comparable listed company market approach	The multiplier of price-to-book Ratio(As of March 31, 2018 were1.62)	The higher the PB, the higher the fair value.
		Liquidity discounted rate (As of March 31, 2018 were85%)	The higher the liquidity discounted rate, the lower the fair value.

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

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

	Input	Variation	Impact of Fair Value Change on Other Comprehensive income or loss: Favorable Change	Unfavorable Change
March 31, 2018				
Financial assets at fair value through other comprehensive income				
financial instruments without an active market	The multiplier of price-to-book Ratio	5%	4,968	(4,968)
financial instruments without an active market	Liquidity discounted rate	5%	5,930	(5,930)
			$10,898	**(10,898)**

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

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

(u) Financial risk management

There were no significant differences of the Group's financial risk management and policies with those disclosed in note 6(q) of the consolidated financial statements for the year ended December 31, 2017.

(v)Capital Management

Management believes that the objectives, policies and processes of capital management of the Group have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2017. Also, management believes that there were no significant changes in the Group's capital management information as disclosed in note 6(r) for the year ended December 31, 2017.

7、Related Party Transactions

(a) The Company and the ultimate controlling party

The Company is the ultimate controlling party of the Group.

(b) Names and relationship with related parties

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

(c) Significant transactions with related parties

1. Sales revenue

The amounts of significant sales transactions and outstanding balances between the Group and related parties were as follows:

	2018.3.31	2017.3.31
Associates	$ 4,818	18,718
Other related-parties	6,728	184
	$ 11,546	18,902

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

The sales prices and collection terms were determined in accordance with mutual agreement and there is no other client as comparison for the above sales. The collection terms are within 30 days except for Iknow Pte.Ltd, which is within 30 and 75 days after arrival.

2. Purchases

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

	2018.3.31	2017.3.31
Other related-parties	$ 1,977	-

The purchase prices and payment terms under conditions of purchase are determined in accordance with mutual agreement and there are no other vendors as comparison for the above purchases.

3. Account receivables from related parties

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

Account	Relationship	2018.3.31	2017.12.31	2017.3.31
Accounts receivable	Associates	$ 2,289	100	14,756
Accounts receivable	Other related-parties	3,814	1,804	116
Other receivables	Other related-parties	-	78	-
		$ 6,103	1,982	14,872

4. Account payables from related parties

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

Account	Relationship	2018.3.31	2017.12.31	2017.3.31
Accounts payable	Other related-parties	$ 770	8,691	-
Other payables	Other related-parties	8	71	88
		$ 778	8,762	88

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

5. Other expense and revenue

Account	Relationship	2018.3.31	2017.3.31
Other expenses	Other related-parties	$ 8	60
Rent expenses	Other related-parties	1,889	1,703
		$ 1,897	1,763

6. Property transaction

The Group paid $95 to its other related-parties for intangible assets for the years ended December 31, 2017.

7. Others

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

(2) The Group paid $222 and $150 to its other related-parties for prepaid rents as of December 31, 2017 and March 31, 2017.

(3) The Group paid $79, $78and $75 to its other related-parties for the refundable deposits as of March 31, 2018, December 31, 2017 and March 31, 2017.

(4) The Group paid $1,79, $952 and $952 to its other related-parties for the guaranteed notes in deposit as of December 31, 2017 and March 31, 2017.

(d) Key management personnel compensation

Key management personnel compensation includes:

	2018.3.31	2017.3.31
Short-term employee benefits	$ 5,267	6,548

(8)、Pledged Assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	2018.3.31	2017.12.31	2017.3.31
Other current financial assets	Contract guarantee	$ -	-	2,017
	Customs duty guarantee, performance bond and etc.			
Other non-current financial assets	performance bond and etc.	6,425	7,132	4,743
		$ 6,425	7,132	6,760

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

(9)、Significant Commitments and Contingencies

(a) Major Commitments:

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

	2018.3.31	2017.12.31	2017.3.31
Notes issued as guarantee	$ 345,597	312,742	124,952

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

	2018.3.31	2017.12.31	2017.3.31
TWD	$ 1,466	438	476
USD	$ 209	209	216

(b) Contingencies: None.

(10)、Losses Due to Major Disasters: None.

(11)、Subsequent Events: None.

(12)、Other

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

By function / By item	For the years ended December 31, 2018 Operating Cost	2018 Operation Expenses	2018 Total	2017 Operating Cost	2017 Operation Expenses	2017 Total
Employee benefits						
Salary	1,539	39,817	41,356	1,106	35,810	36,916
Labor and health insurance	120	2,963	3,083	91	2,755	2,846
Pension	82	3,061	3,143	64	2,486	2,550
Others	33	1,462	1,495	22	1,413	1,435
Depreciation	406	1,444	1,850	1,378	1,510	2,888
Amortization	-	1,601	1,601	1,573	3,454	5,027

(13)、Other disclosures

(a) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2018.

1. Loans to other parties: None.
2. Guarantees and endorsements for other parties: None.
3. Securities held as balance sheet date (excluding investment subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder 持有之公司	Category and name of security 有價證券種類及名稱	Relationship with company 與有價證券發行人之關係	Account title 帳列科目	Ending balance 期　末				Notes
				Shares/Units	Carrying value	Percentage of ownership (%)	Fair value	
he Company 本公司	Da Chan Greathrall Group	Investee at Cost	Non-current financial assets at cost	15,450,000	109,505	4.78%	109,505	

4. Individual securities acquired or disposed of with accumulated amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
5. Acquisition of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
6. Disposal of individual real estate with amount exceeding the lower of TWD300 million or 20% of the capital stock: None.
7. Related-party transactions for purchases and sales with amounts exceeding the lower of TWD100 million or 20% of the capital stock: None.
8. Receivables from related parties with amounts exceeding the lower of TWD$100 million or 20% of capital stock: None.
9. Trading in derivative instruments: None.
10. Business relationships and significant intercompany transactions:

Number	Name of the company	Name of the counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Inventec Besta Co., Ltd.	Besta (Kunshan) Co., Ltd.	1	Other receivables	14,285	The same as general counterparty	1.24 %
1	Besta (Kunshan) Co., Ltd.	Inventec Besta Co., Ltd.	2	Accounts payable	14,285	〃	1.24%
1	〃	Inventec Besta (XiAn) Co., Ltd.	3	Prepayment for purchases	15,146	〃	1.31 %
2	Inventec Besta (XiAn) Co., Ltd.	Besta (Kunshan) Co., Ltd.	3	Other payables	15,146	〃	1.31 %

Note 1: The labeling method is as follows:
Parent company labeled 0.

Subsidiaries labeled in number sequence from 1. Note 2: Relationship is classified into three types:
Parent company to subsidiary
Subsidiary to parent company
Subsidiary to subsidiary

Note 3: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated assets; if categorized as income or loss, the calculation is compared with the consolidated income or loss.

Note 4: The Group did not disclose transactions for which the dollar amount did not reach 1% of consolidated net income or consolidated assets.

Note 5: The aforementioned intercompany transactions have been eliminated in the consolidated financial statements.

(b) Information on investees

The following is the information on investment for the three months ended March 31, 2018 (excluding investees in Mainland China):

(Expressed in thousands of dollars)

Name of the investor	Name of investee	Location	Main businesses and products	Initial investment amount		Ending balance			Peak Holding Percentage	Net income (loss) of the investee	Investment income (losses)	Notes
				Ending balance	Beginning balance	Shares	Ratio of shares	Book value				
The Company	INVENTEC BESTA (BVI) CO., LTD.	B.V.I.	Investment management	318,993	318,993	10,258,000	100.00%	16,364	(579)	(579)	318,993	Subsidiary (The difference is unrealized gross income from operations)
〃	BESTA (CAYMAN) CO., LTD.	Cayman	〃	1,137,242	1,137,242	35,502,000	100.00%	141,017	(301)	(301)	1,137,242	〃
〃	IKNOW PTE. LTD.	Singapore	Sales of electronic dictionaries and PDA-related products	62,641	62,641	683,850	47.00%	9,852	(2,051)	(964)	62,641	Associate under equity method
BESTA (CAYMAN) CO., LTD.	PILOT SUCCESS LTD.	B.V.I.	Investment management and import/export trade	382,968	382,968	12,002,000	100.00%	87,115	(518)	(518)	382,968	〃

Note 1: The abovementioned intercompany transactions have been eliminated in the consolidated financial statements.

Note 2: If above mention amount is related to foreign currency, it would be expressed in New Taiwan Dollar at exchange rate of reporting date. The amount of foreign currency of investment income (loss) is expressed in New Taiwan Dollar at average exchange rate.

(c) Information on investment in Mainland China：

1. The names of investees in Mainland China, the main businesses and products, and other information:

(Expressed in thousands of dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2016	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2016	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Out-flow	Inflow							
Inventec Besta (XiAn) Co., Ltd.	Design and research of consumer electronic products	189,053	(2)	178,873	-	-	178,873	(62)	100.00%	100%)	(62)	(9,295)	-
Besta Digital Technology Co., Ltd.	Sale of electronic dictionaries and PDA-related products	349,020	(2)	349,020	-	-	349,020	(500)	100.00 %	100.00 %	(500))	86,388	-
iSing Music Technology (Beijing) Co., Ltd. (Note 7)	Research and sale of consumer electronics and related parties	392,648	(2)	3926480	-	-	392,6480	(52)	100.00 %	100.00 %	-	(52)	-
Besta (Kunshan) Co., Ltd.	Manufacture and sale of consumer electronics and related products	261,765	(2)	261,765	-	-	261,765	1.244	100.00 %	100.00 %	1,244	16,072	-
Kunshan Besta Electronics Limited	Sales of electronic dictionaries and	1,394	(3)	-	-	-	-	1,953	100.00 %	100.00 %	1,953	7,846	-

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2016	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2016	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership during the year	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Out-flow	Inflow							
	PDA-related products												

2. Limitation on investment in Mainland China:

Name of company	Accumulated Investment in Mainland China as of December 31, 2016	Investment Amounts Authorized by investment Commission, MOEA	Uper limit on Investment
Inventec Besta Co., Ltd.	1,473,155	1,473,155	-

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

Note 2: In Investment income (losses):
1. If the investee is in preparation therefore no investment income (losses), it should be noted.
2. There are three kinds of bases of reorganization of investment income (loss) as following, and they should be noted.
(1)The financial statements audited by international accounting Firm Corporation with accounting firm in Republic of China.
(2)The financial statements audited by CPA of the parent company.
(3)Others.

Note 3: The total amount of paid-in capital of the Company is more than 80 million and the net value is less than 5,000 million, so the limitation is the highest of 80% of net value or 80 million.

Note 4: The abovementioned amounts are expressed in New Taiwan Dollar. If the amounts are related to foreign currency, they would be expressed in New Taiwan Dollar at exchange rate of reporting date. The amounts of foreign currency of investment income (loss) are expressed in New Taiwan Dollar at average exchange rate.

Note 5: In accordance with the regulation of amended limitation calculation of Investment Commission in 29 August, 2008, MOEA (IDB) committed the Company were in the scope of operating headquarter; therefore there is no need to calculate the limitation.

Note 6: The abovementioned intercompany transactions have been elimated in the consolidated financial statements.

Note 7: iSing Music Technology (Beijing) Co., Ltd. has been resolved by the board of directors for liquidation on October 24, 2016. The liquidation is still in process.

3. Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China for the three months ended March 31, 2018, which were eliminated in the preparation of consolidated financial statements, are disclosed in “Information on significant transactions”.

(14)、Segment Information

(a) General information

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

(b) Reportable segments financial information:

The classification of the Group’s reportable segments is based on sales regions and the function of each subsidiary. There was no material differences between the accounting policies of the operating segment and the accounting policies described in note 4.

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

	2018.3.31			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue：				
Revenue from external customers	$442,650	15,566	-	458,216
Total revenue	**$442,650**	**15,566**	**-**	**458,216**
Reportable segment net operating income (loss)	**($22,860)**	**(662)**	**-**	**(23,522)**

	2017.3.31			
	Taiwan department	Others	Adjustment and Elimination	Total
Revenue：				
Revenue from external customers	$362,714	23,215	-	385,929
Total revenue	**$362,714**	**23,215**	**-**	**385,929**
Reportable segment net operating income (loss)	**($36,120)**	**(5,783)**	**(3)**	**(41,906)**