Acter Co., Ltd. and Subsidiaries
Consolidated Financial Statements

June 30, 2017 and 2016
(With Independent Auditor's Review Thereon)

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Independent Auditors' Report

The Board of Directors
Acter Co., Ltd.:

We have reviewed the accompanying consolidated statements of financial position of Acter Co., Ltd. (the "Company") and subsidiaries as of June 30, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the six months then ended June 30, 2017 and 2016. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our review.

Except as discussed in the third and fourth paragraph, we conducted our reviews in accordance with Statement on Auditing Standard No. 36, "Engagement to Review Financial Statements". A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

Included in the accompanying consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. The total assets of these subsidiaries amounted to NT$1,894,550 thousand and NT$1,660,676 thousand, representing 19% and 18% of the related consolidated total assets and the total liabilities amounted to NT$997,827 thousand and NT$825,381 thousand, representing 15% and 14% of the related consolidated liabilities as of June 30, 2017 and 2016, respectively. The total comprehensive income of these subsidiaries amounted to NT$44,618 thousand, NT$40,134 thousand, NT$101,612 thousand and NT51,393 thousand, representing 15% , 43%, 21% and 33% of the related consolidated comprehensive income for the three months ended June 30, 2017 and 2016, and for the six months ended June 30, 2017 and 2016, respectively.

Except as described in the third paragraph, the financial statements of equity-accounted investee were not reviewed by independent accountants. Long-term investment in the company amounted to NT$813 thousand and NT$952 thousand as of June 30, 2017 and 2016, and the related investment loss amounted to NT$ 8 thousand and NT$ 82 thousand and NT$ 8 thousand and NT$ 161 thousand for the three months ended June 30, 2017 and 2016, and for the six months ended June 30, 2017 and 2016.

Based on our reviews, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of some consolidated subsidiaries and the equity-accounted investee been reviewed as described in the preceding paragraphs, we are not aware of any material modifications that should be made to the consolidated financial statements referred to the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and guidelines of International Accounting Standards No. 34 "Interim Financial Reporting" which are endorsed by the Financial Supervisory Commission, Republic of China.

Auguest 10, 2017

Note to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations, and cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally accepted and applied in the Republic of China.
The auditors' audit report and the accompanying 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' review report and consolidated financial statements, the Chinese version shall prevail.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements of Financial Position

June 30, 2017, and 2016

(In Thousands of New Taiwan Dollars)

		June 30,2017		December 31,2016		June 30,2016	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Assets:						
1100	Cash and cash equivalents (Note 6(1)and (20))	$ 2,644,422	26	2,553,478	29	2,323,816	26
1125	Available-for-sale financial assets－current (Note 6(2) and (20))	187,494	2	202,046	2	202,551	2
1150	Notes receivable, net (Note 6(3)and (20))	192,989	2	95,956	1	96,026	1
1170	Accounts receivable, net (Note 6(3)and (20))	2,796,536	28	2,350,980	27	2,574,364	29
1190	Construction contracts receivable (Note 6(4))	1,193,545	12	904,016	10	1,140,956	13
1200	Other receivables (Note 6(3)and (20))	31,286	-	30,082	-	43,028	-
1220	Current income tax assets	5,754	-	5,008	-	3,368	-
1310	Inventories, net (Note 6(5))	1,319,468	13	1,193,997	13	1,451,880	16
1476	Other financial assets－current (Note 8)	269,630	3	167,513	2	195,829	2
1479	Other current assets	478,751	5	503,803	6	319,510	4
		9,119,875	91	8,006,879	90	8,351,328	93
	Non-current assets:						
1523	Available-for-sale financial assets－noncurrent (Note 6(2) and (20))	4,165	-	3,960	-	6,788	-
1550	Investment accounted for using equity method	813	-	877	-	952	-
1600	Property, plant and equipment (Note 6(8))	394,701	4	374,530	4	372,586	4
1760	Investment property, net(Note 6(9))	246,984	3	248,228	3	30,372	-
1840	Deferred tax assets	170,189	2	184,886	2	184,985	2
1985	Long-term prepaid rents	34,294	-	35,910	1	38,022	-
1990	Other non-current assets (Note 6(2))	33,405	-	28,793	-	42,060	1
		884,551	9	877,184	10	675,765	7
	Total Assets	$ 10,004,426	100	8,884,063	100	9,027,093	100

		June 30,2017		December 31,2016		June 30,2016	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:						
2100	Short-term loans (Note 6(11) and (20))	$ 258,782	3	193,680	2	96,997	1
2150	Notes payable (Note 6(20))	275,599	3	235,806	3	233,618	3
2170	Accounts payable (Note 6(20))	2,539,842	25	2,084,077	23	2,277,155	25
2180	Payables to related parties (Note 6(20) and 7)	761	-	118	-	396	-
2190	Construction contracts payable (Note 6(4))	661,786	7	1,028,078	12	1,004,817	11
2201	Accrued salaries and bonuses	164,209	2	213,790	2	129,623	1
2216	Dividend payable	425,785	4	-	-	297,235	3
2230	Current tax liabilities	81,563	1	66,075	1	80,179	1
2250	Provisions－current (Note 6(10) and (20))	317,295	3	235,573	3	220,499	3
2311	Advance sales receipts(Note 6(12))	1,394,137	14	1,055,346	12	1,341,792	15
2399	Other current liabilities(Note 9)	197,195	2	177,028	2	196,177	2
		6,316,954	64	5,289,571	60	5,878,488	65
	Non-current liabilities:						
2570	Deferred tax liabilities	201,094	2	173,142	2	153,869	2
2640	Accrued pension liabilities	39,703	-	40,400	-	34,278	-
2645	Guarantee deposit received	314	-	314	-	312	-
		241,111	2	213,856	2	188,459	2
	Total Liabilities	6,558,065	66	5,503,427	62	6,066,947	67
	Equity Attributable to Shareholders of the parent company(Note 6(14)):						
3100	Common stock	471,529	5	472,369	5	473,079	5
3200	Capital surplus	1,065,671	10	1,071,656	12	1,026,642	11
3300	Retained earnings	1,670,777	17	1,597,951	18	1,355,141	15
3400	Other equity interest	(92,844)	(1)	(78,851)	(1)	(47,467)	-
	Total Equity attributable to the parent of company	3,115,133	31	3,063,125	34	2,807,395	31
36xx	**Non-controlling interests**(Note 6(6))	331,228	3	317,511	4	152,751	2
	Total Equity	3,446,361	34	3,380,636	38	2,960,146	33
	Total Liabilities And Equity	$ 10,004,426	100	8,884,063	100	9,027,093	100

Acter Co., Ltd. and Subsidiaries
Consolidated Statements Of Comprehensive Income
For The Three Months Ended June 30, 2017 And 2016 and For The Six Months Ended June 30, 2017 And 2016
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)
Reviewed only, not audited

		For the Three Months Ended June 30				For the Six Months Ended June 30			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenues:								
4521	Construction revenue (Note 6(4))	$ 2,264,868	90	1,853,596	85	4,692,590	82	3,494,112	88
4529	Less: allowances	(2,131)	-	(4,914)	-	(2,621)	-	(9,373)	-
		2,662,737	90	1,848,682	85	4,689,969	82	3,484,739	88
4110	Sales	297,242	10	299,353	14	947,940	17	449,400	11
4800	Other operating revenue	7,312	-	35,904	1	45,030	1	50,510	1
		2,967,291	100	2,183,939	100	5,709,939	100	3,984,649	100
	Operating cost (Note 6(13)and(17)):								
5520	Construction cost (Note 7)	2,238,459	75	1,656,012	76	3,954,354	69	3,059,640	77
5110	Cost of goods sold (Note 6(5))	205,922	7	219,247	10	711,979	13	315,537	8
5800	Other operating cost	131	-	-	-	131	-	-	-
		2,444,512	82	1,875,259	86	4,666,464	82	3,375,177	85
	Gross profit	522,779	18	308,680	14	1,043,475	18	609,472	15
	Operating expenses (Note 6(13)and(17)):								
6100	Selling	19,925	1	23,202	1	40,936	1	50,985	1
6200	General and administrative	126,440	4	127,772	6	252,899	4	263,005	7
6300	Research and development	12,831	1	15,892	1	28,096	-	20,496	-
		159,196	6	166,866	8	321,931	5	334,486	8
	Operating income	363,583	12	141,814	6	721,544	13	274,986	7
	Non-operating income and expenses:								
7050	Finance costs	(706)	-	(403)	-	(1,702)	-	(1,116)	-
7010	Other income (Note 6(16))	4,827	-	6,190	-	8,113	-	11,458	-
7070	Share of loss of associates accounted for using equity method	(8)	-	(82)	-	(8)	-	(161)	-
7020	Other gains and losses, net (Note 6(16))	(6,746)	-	8,159	1	(53,048)	(1)	(34,987)	(1)
		(2,633)	-	13,864	1	(46,645)	(1)	(24,806)	(1)
7900	**Profit before tax**	360,950	12	155,678	7	674,899	12	250,180	6
7950	**Income tax expense** (Note 6(18))	88,744	3	39,595	2	157,980	3	57,994	1
	Profit for the year	272,206	9	116,083	5	516,919	9	192,186	5
8300	**Other comprehensive income, net of tax:**								
8360	**Actuarial gain (loss) from defined benefit plans**								
8361	Foreign currency translation differences－foreign operations	26,240	1	(27,632)	(1)	(41,882)	(1)	(57,825)	(1)
8362	Net change in fair value of available-for-sale financial assets	361	-	974	-	2,934	-	13,797	-
8399	Income tax related to components of other comprehensive income(Note 6(18))	(3,888)	-	4,648	-	6,339	-	9,705	-
8300	**Other comprehensive income, net**	22,713	1	(22,010)	(1)	(32,609)	(1)	(34,323)	(1)
8500	**Comprehensive income**	$ 294,919	10	94,073	4	484,310	8	157,863	4
	Profit attributable to ：								
8610	Shareholders of the parent	$ 244,133	8	112,025	5	450,721	8	187,423	5
8620	Non-controlling interests	28,073	1	4,058	-	66,198	1	4,763	-
		$ 272,206	9	116,083	5	516,919	9	192,186	5
	Comprehensive income attributable to：								
8710	Shareholders of the parent	$ 263,471	9	90,306	4	422,703	7	153,840	4
8720	Non-controlling interests	31,448	1	3,767	-	61,607	1	4,023	-
		$ 294,919	10	94,073	4	484,310	8	157,863	4
	Earnings per share ((attributable to shareholders of the parent)) (Note 6(19))								
9750	**Basic earnings per share**	$ 5.27		2.43		9.74		4.06	
9850	**Diluted earnings per share**	$ 5.16		2.38		9.52		3.98	

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements Of Changes In equity

For The Six Months Ended June 30, 2017 And 2016

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to Shareholders of the Parent											
			Retained earnings				Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Foreign currency translation adjustments	Unrealized on gains (losses) available-for -sale financial assets	Others	Total	Non-controlling interests	Total Equity
Balance, January 1, 2016	$ 466,159	978,475	343,459	36,888	1,071,386	1,451,733	58,573	(14,583)	(20,845)	23,145	144,305	3,063,817
Appropriation and distribution of retained earnings												
Legal reserves	-	-	41,635	-	(41,635)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(284,015)	(284,015)	-	-	-	-	-	(284,015)
	466,159	978,475	385,094	36,888	745,736	1,167,718	58,573	(14,583)	(20,845)	23,145	144,305	2,779,802
Changes in ownership interest in subsidiaries	-	(245)	-	-	-	-	-	-	-	-	-	(245)
Issuance of restricted shares of stock to employees	6,920	48,412	-	-	-	-	-	-	(37,029)	(37,029)	-	18,303
Comprehensive income for the six months ended June 30,2016												
Profit for the period	-	-	-	-	187,423	187,423	-	-	-	-	4,763	192,186
Other comprehensive income for the period	-	-	-	-	-	-	(47,380)	13,797	-	(33,583)	(740)	(34,323)
Total comprehensive income	-	-	-	-	187,423	187,423	(47,380)	13,797	-	(33,583)	4,023	157,863
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	4,423	4,423
Balance, June 30, 2016	**$ 473,079**	**1,026,642**	**385,094**	**36,888**	**933,159**	**1,355,141**	**11,193**	**(786)**	**(57,874)**	**(47,467)**	**152,751**	**2,960,146**
Balance, January 1, 2017	$ 472,369	1,071,656	385,094	36,888	1,175,969	1,597,951	(38,155)	(5,898)	(34,798)	(78,851)	317,511	3,380,636
Appropriation and distribution of retained earnings												
Legal reserves	-	-	43,628	-	(43,628)	-	-	-	-	-	-	-
Special surplus reserves	-	-	-	7,164	(7,164)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(377,895)	(377,895)	-	-	-	-	-	(377,895)
	472,369	1,071,656	428,722	44,052	747,282	1,220,056	(38,155)	(5,898)	(34,798)	(78,851)	317,511	3,002,741
Issuance of restricted shares of stock to employees	(840)	(5,985)	-	-	-	-	-	-	14,025	14,025	-	7,200
Comprehensive income for the six months ended June 30,2017												
Profit for the period	-	-	-	-	450,721	450,721	-	-	-	-	66,198	516,919
Other comprehensive income for the period	-	-	-	-	-	-	(30,952)	2,934	-	(28,018)	(4,591)	(32,609)
Total comprehensive income	-	-	-	-	450,721	450,721	(30,952)	2,934	-	(28,018)	61,607	484,310
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(47,890)	(47,890)
Balance, June 30, 2017	**$ 471,529**	**1,065,671**	**428,722**	**44,052**	**1,198,003**	**1,670,777**	**(69,107)**	**(2,964)**	**(20,773)**	**(92,844)**	**331,228**	**3,446,361**

See accompanying notes to consolidated financial statements.

Reviewed only, not audited in accordance with the generally accepted auditing standards.

Acter Co., Ltd. and Subsidiaries

Consolidated Statements Of Cash Flows

For The Six Months Ended June 30, 2017 And 2016

(All Amount Expressed in Thousands of New Taiwan Dollars)

	For the six months Ended June 30	
	2017	**2016**
Cash flows from operating activities:		
Profit before tax	$ 674,899	250,180
Adjustments:		
Items with no cash flow		
Depreciation(Including investment property)	10,815	11,390
Amortization	2,550	4,129
Provision for bad debt expense	(3,469)	57,901
Compensation cost arising from employee stock options	7,200	18,303
Provision for inventory obsolescence	185	4,751
Share of loss of associates accounted for using equity method	8	161
Loss(gain) on disposal of investments	(384)	16,851
Other	(2,063)	615
Total adjustments to reconcile profit	14,842	114,101
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in notes receivable	(97,033)	149,856
Increase in accounts receivable	(441,404)	(129,536)
Decrease (increase) in construction contracts receivable	(289,529)	278,924
Increase in inventories	(125,656)	(305,990)
Increase in other financial assets	(70,644)	(77,032)
	(1,024,266)	(83,778)
Changes in operating liabilities		
Increase (decrease) in notes payable	39,793	(35,380)
Increase (decrease) in accounts payable	540,667	(37,213)
Increase (decrease) in construction contracts payable	(366,292)	464,849
Increase in Advance sales receipts	338,791	366,782
Decrease in Other current liabilities	(30,200)	(13,712)
	522,759	745,326
Total adjustments	(486,665)	775,649
Cash inflow (outflow) generated from operations	188,234	1,025,829
Interest received	7,343	4,149
Interest paid	(1,439)	(1,146)
Income taxes paid	(98,021)	(95,757)
Net cash generated by (used in) operating activities	96,117	933,075
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	(26,000)	(15,000)
Proceeds from disposal of available-for-sale financial assets	40,432	28,823
Acquisition of property, plant and equipment	(33,263)	(7,728)
Proceeds from disposal of property, plant and equipment	520	524
Decrease (increase) in other non-current assets	(7,476)	2,907
Net cash used in investing activities	(25,787)	9,526
Cash flows from financing activities:		
Increase (decrease) in short-term loans	65,102	(86,860)
Increase in guarantee deposit	-	60
Change in non-controlling interests	-	4,423
Net cash used in financing activities	65,102	(82,377)
Effect of exchange rate changes on cash and cash equivalents	(44,488)	(31,631)
Net increase in cash and cash equivalents	90,944	828,593
Cash and cash equivalents at beginning of period	2,553,478	1,495,223
Cash and cash equivalents at end of period	**$ 2,644,422**	**2,323,816**

See accompanying notes to consolidated financial statements.

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2017 and 2016
(Expressed in thousands of New Taiwan dollars, unless otherwise specified)

1. Organization and business scope

Acter Co., Ltd. (the "Company") was incorporated on February 19, 1979, under the approval of the Ministry of Economic Affairs, R.O.C. The Company's registered office address is located at at 19F-1, No.201, Sec.2, Wenxin Road, Xitun District., Taichung City 40758, Taiwan (R.O.C.). The consolidated financial statements of the Company as of and for the year ended June 30, 2017 comprised the Company and its subsidiaries (together referred to as the "Group"). The Company is engaged in providing construction, design, and maintenance services related to air conditioners, environmental control services, clean room set-up, ice water machine trading, energy storing equipment trading, ventilation engineering, and energy technology services. The principal operating activities of the rest of the Group entities are described in Notes 4 (2). Acter's common shares were publicly listed on the Taipei Exchange ("TPEx") on November 10, 2010.

2. Approval date and procedures of the consolidated financial Statements

The consolidated financial statement for the years ended June 30, 2017 and 2016 was assented to the audit committee over half of all members and authorized for issuance by the Board of Directors on August 10, 2017.

3. New standards and interpretations dopted

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

The Group conforms to the IFRSs which were issued by the International Accounting Standards Board (IASB) and were endorsed by the FSC on January 1, 2017 in preparing the financial statements. The related new standards, interpretations and amendments are as follows:

New standards and amendments	Effective date per IASB
‧ Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
‧ Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
‧ IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
‧ Amendment to IAS 1 "Disclosure Initiative"	January 1, 2016
‧ Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
‧ Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
‧ Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
‧ Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
‧ Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
‧ Amendments to IAS 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
‧ Annual improvements cycles 2010-2012 and 2011-2013	July 1, 2014
‧ Annual improvements cycle 2012-2014	January 1, 2016
‧ IFRIC 21 "Levies"	January 1, 2014

The Group assessed that the initial application of the above IFRSs would not have any material impact on the consolidated financial statements.

(2) The impact of IFRS endorsed by FSC but not yet effective

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 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017:

New standards and amendments	Effective date per IASB
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 " Insurance Contracts"("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 "Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40, Transfers of Investment Property	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
Amendment to IFRS 1 and Amendment 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:

(a) 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. The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 can only be determined and reliably estimated depending on the financial instruments that the Group holds and economic conditions at that time, as well as the accounting elections and judgments that it will make in the future. The new standard will require the Group to revise its accounting processes and internal controls related to reporting financial instruments. However, the Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9 based on its positions at June 30, 2017 and hedging relationships designated under during the first half of 2017 under IAS 39.

i. Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. 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 standard eliminates the existing 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 assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

At June 30, 2017, the Group had equity investments classified as available-for-sale financial assets-current with a fair value of $187,494. If these investments continue to be held for the same purpose at initial application of IFRS 9, the Group may elect then to classify them as FVTPL. All fair value gains and losses would be recognized in profit or loss as they arise, increasing volatility in the Group's profits.

At June 30, 2017, the Group had equity investments classified as available-for-sale financial assets-noncurrent with a fair value of $4,165 that is held for long-term strategic purposes. If these investments continue to be held for the same purpose at initial application of IFRS 9, the Group may elect then to classify them as FVOCI. All fair value gains and losses would be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses would be reclassified to profit or loss on disposal.

ii. Impairment-Financial assets and contact assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date.However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.The Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9 and believes there were no significant impact.

iii. Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Group's preliminary assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

iv. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Group plans to take advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at 1 January 2018.
- New hedge accounting requirements should generally be applied prospectively. However the Group may elect to apply the expected change in accounting for forward points retrospectively. The Group has not made a decision in relation to this election.

- The following assessments have to be made on the basis of the facts and circumstances that exist 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.

(b) 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 existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts".

i. Construction contracts

Contract revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognized, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date. Under IFRS 15, claims and variations will be included in the contract accounting when they are approved. The Group has performed an initial assessment on previous contract modifications and does not expect that there will be a significant impact on its consolidated financial statements.

ii. Sales of goods

Revenue is currently recognized when 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. The Group has performed an initial assessment and indicated that the related risks and rewards of ownership transfer has similar point with control transfer. The Group does not expect that there will be a significant impact on its consolidated financial statements.

iii. Transition

The Group plans to adopt IFRS 15 in its consolidated financial statements using the cumulative effect approach and not to restate comparative information for prior periods. Differences in the carrying amounts of cumulative effect resulting from the adoption of IFRS 9 generally will be recognized in retained earnings and reserves as at 1 January 2018. The Group plans to use the practical expedients for completed contracts. This means that completed contracts at the beginning of the earliest period presented, are not restated.

(c) Amendments to IAS 7 "Disclosure Initiative"

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group intends to present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by FSC

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC. As of the end of reporting date is as follows:

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"	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

The Group is still currently determining the potential impact of the standards listed 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 financial position and financial performance of 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**

(1) 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 for annual 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, 2016. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2016.

(2) Basis of consolidation

Except as described Note (3(1)) is excluded), the same principles of consolidation have been applied in the Group financial statements as those applied in the Group financial statements for the year ended December 31, 2016. The relative information refers to Note 4 (3) of the Group financial statements for the year ended December 31, 2016.

A. List of subsidiaries in the consolidated financial statements

Investor	Subsidiary	Nature of business	Shareholding ratio		
			2017.6.30	**2016.12.31**	**2016.6.30**
(a)The Company	Nova Technology Corp. (Nova Tech) (Note 1)	Wholesaling of electronic and chemical equipment	73.06	73.06	85.11
	HerSuo Engineering Co., Ltd. (Her Suo)	Construction and set-up of freezing equipment	100%	100%	100%
	Enrich Tech Co., Ltd(Enrich)	Comprehensive construction company	60%	60%	60%
	Sheng Huei International Co., Ltd. (Sheng Huei International)	Investment Holding company	100%	100%	100%
	Nova Technology Singapore Pte., Ltd. (NTS)	Investment Holding company	100%	100%	100%
(b) Nova Tech	Winmax Technology(Shanghai) Corp.(Winmax)	Design and manufacture of air containers and liquid containers	100%	100%	100%
	Winmega Technology Corp.(Winmega)	Wholesaling of electronic and chemical equipments	100%	100%	100%
	Suzhou Winmax Technology Corp Corp(Winmax) (Note 2)	Design and manufacture of air containers and liquid containers	100%	100%	100%
	Novatech Engineering & Construction Pte.,Ltd.(NTEC) (Note3)	Chemical supply system	100%	100%	-
(c) Sheng Huei International	Sheng Huei (Suzhou) Engineering Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%
	Acter International Ltd. (Acter International)	Holding company and trading of clean rooms and air conditioners	100%	100%	100%
	New Point Group Ltd. (New Point)	Holding company and trading of clean rooms and air conditioners	100%	100%	100%
	Sheng Huei Engineering Technology Co., Ltd.	Set-up of electronic protection systems and central air conditioners	100%	100%	100%
(d) NTS	Nova Technology Malaysia Sdn. Bhd.(NTM)	Investment Holding company	100%	100%	100%
	Novamex Indonesia, PT. (NMI) (Note 4)	Equipment trading and set-up	100%	100%	100%
	Acter Engineering Co. Ltd.(Acter Engineering) (Note 5)	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%
(e) Sheng Huei (Suzhou) Enginering Co., Ltd.	Shenzhen Ding –Mao Trade Co., Ltd.	Electronic equipment and machinery trading	100%	100%	100%
	SCEC (Suzhou) Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	57.81%	57.81%	57.81%
	SCEC (Shanghai) Corporation	Wholesale, import and	57.81%	57.81%	57.81%

Investor	Subsidiary	Nature of business	Shareholding ratio 2017.6.30	2016.12.31	2016.6.30
	(SCEC Shanghai)	export of equipment and commission agent			
(f) Acter International	Sheng Huei (Shenzhen) Engineering Co., Ltd.	Construction and set-up of electronic equipment and air conditioners	100%	100%	100%
(g) New Point	Zhangjiagang Free Trade Zone Fuyu Internation Trade Co., Ltd. (Fuyu)	Agent for electronic equipment importing and exporting	100%	100%	100%

Note 1: The Company sold 2.3% of shares of Nova Tech in June, 2016, bought 9.7% of shares of Nova Tech from Solar Applied Materials Technology Corporation in July, 2016, sold 11.26% of shares of Nova Tech to the Company's shareholders in September, 2016 and sold 2.03% of shares of Nova Tech in December, 2016. Nova Tech has increased capital in November, 2016 and the company did not participate in this investment, therefore, the shareholding ratio decreased by 8.46%.
Aforementioned transactions making the Group's shareholding ratio of Nova Tech decrease from 85.11% to 73.06%.

Note 2: Nova Tech established Suzhou Winmax in June, 2016.

Note 3: Nova Tech established Novatech Engineering & Construction Pte.,Ltd. in August, 2016.

Note 4: The ownership consists of 99% from NTS and 1% from NTM.

Note 5: The ownership consists of 99% from NTS and 1% from SHI.

B. Subsidiaries excluded from consolidation: None.

(3) Income Taxes

The preparation of the consolidated interim financial statements in conformity with IAS 34 "Interim financial reporting" paragraph B12 measurement and disclosure of income tax expense for the interim period.

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by the management. This is recognized and allocated to current and deferred taxes proportionately.

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the effective tax rate at the time of realization or liquidation, and recognized directly in equity or other comprehensive income as tax expense.

(4) Employee benefits

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

5. Major sources of accounting assumptions, judgments and estimation uncertainty

The preparation of the consolidated interim financial statements in conformity with IAS 34 "Interim financial reporting" approved by 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.

In preparation of the consolidated interim financial statements, the major source of significant judgments and estimates of uncertainty made by the Company's management during the adoption of the Company's accounting policy is expected to be in alignment with the refer to Note 5 of the Group financial statements for the year ended December 31, 2016.

6. **Significant account disclosure**

The significant accounting policies presented in the quarter consolidated financial statements is the same with the 2016 consolidated financial statements,the related information, please refer to Note 6 of the Group financial statements for the year ended December 31, 2016.

(1) Cash and cash equivalents

	June 30, 2017	December 31, 2016	June 30, 2016
Petty cash and cash on hand	$ 3,031	1,396	2,671
Checking and demand deposits	1,529,015	1,626,616	1,598,233
Time deposits	672,841	496,046	130,783
Cash equivalent – repurchased commercial paper	439,535	429,420	592,129
	$ 2,644,422	**2,553,478**	**2,323,816**

The above-mentioned repurchased commercial paper rate as of June 30, 2017, December 31, 2016 and June 30, 2016 were 0.37%~0.40%, 0.32%~0.55% and 0.32%~0.40%, respectively, and they mature on July 4, 2017, from January 4 to February 3, 2017 and from July 25 to August 11, 2016, respectively.

(2) Investment in financial assets

	June 30, 2017	December 31, 2016	June 30, 2016
Current:			
Available-for-sale financial assets			
Beneficiary securities — open-end funds	$ 187,494	202,046	202,551
Non-current:			
Available-for-sale financial assets			
Holy Stone Healthcare Co., Ltd.	4,165	3,960	6,788
Financial assets carried at cost			
Taichung International Entertainment Co., Ltd.	45	45	45
	$ 191,704	**206,051**	**209,384**

A. The Group had sold the available-for-sale financial assets Xantia Corporation Co., Ltd. amounted to $1,714, write off the amount $14,363 cumulative loss under other comprehensive income and the loss on disposal of investments was amounted to $17,932. The related amount had been collected before March 31, 2017.The loss on disposal of investments, please refer to Note 6(16).

B. The aforesaid financial assets were not pledged.

(3) Notes and accounts receivable, and other receivables net

	June 30, 2017	December 31, 2016	June 30, 2016
Notes receivable	$ 192,989	95,956	96,026
Accounts receivable	3,046,931	2,605,527	2,799,354
Less: Allowance for impairment	(250,395)	(254,547)	(224,990)
	$ 2,989,525	2,446,936	2,670,390
Other receivables	44,762	51,355	50,358
Less: Allowance for impairment	(13,476)	(21,273)	(7,330)
Total	$ 3,020,811	2,477,018	2,713,418

The aging analysis of notes receivable, accounts receivable and other receivables which were past due but not impaired were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Past due 1day to 120 days	$ 430,412	245,178	295,636
Past due 121days to 180 days	20,491	39,881	56,025
Past due 181days to 360 days	29,729	120,012	133,740
Past due 361days to 540 days	20,242	4,385	29,374
	$ 500,874	409,456	514,775

A. Accounts receivable includes retained construction receivable, which amounted to $39,808, $87,706 and $84,456 as of June 30, 2017, December 31, 2016 and June 30, 2016, respectively.

B. The notes and accounts receivable are not discounted or pledged.

C. Impairment loss is the difference between the carrying amount and the amount expected to be collected. The movement in the allowance for impairment with respect to notes and accounts receivable and other receivables for the six months ended June 30, 2017 and 2016 were as follows:

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	For the six months ended June 30	
	2017	2016
Balance, January 1	$ 275,820	183,920
Impairment loss recognized	(3,469)	57,901
Effect of exchange rate changes	(8,480)	(9,501)
Balance, June 30	$ 263,871	232,320

(4) Construction contracts

A. Construction revenue and loss

Construction contract revenue of the Group has been determined based on the percentage - of - completion method. The extent of completion is determined based on contract costs incurred for work performed to date in proportion to the estimated total contract costs. Any expected excess of the total contract costs over the total contract revenue is immediately recognized as construction cost.

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Construction revenue recognized in the periods	$ 2,662,737	1,848,682	4,689,969	3,484,739

B. Construction-in-progress

	June 30, 2017	December 31, 2016	June 30, 2016
Accumulated construction costs incurred (including contract costs that relate to future activity)	$ 9,102,584	9,026,757	9,068,147
Add: Accumulated construction profit and losses	595,765	327,635	320,784
	9,698,349	9,354,392	9,388,931
Less: Progress billings	(9,166,590)	(9,478,454)	(9,252,792)
Construction contracts receivable(net)	$ 531,759	(124,062)	136,139
Construction contracts receivable presented as an asset	$ 1,193,545	904,016	1,140,956
Construction contracts payable presented as a liability	(661,786)	(1,028,078)	(1,004,817)
	$ 531,759	(124,062)	136,139
Accumulated advance received	$ 7,625	6,057	9,426

(5) Inventories

	June 30, 2017	December 31, 2016	June 30, 2016
Finished goods and merchandise	$ 447,462	398,579	182,427
Work in process and semi-finished goods	756,752	726,967	1,094,837
Raw materials	127,209	80,221	182,376
	1,331,423	1,205,767	1,459,640
Less: provision for inventory devaluation	(11,955)	(11,770)	(7,760)
	$ 1,319,468	1,193,997	1,451,880

For the three months ended June 30, 2017 and 2016 and for the six months ended June 30, 2017 and 2016, the Group wrote down (reversed) an operating cost of $(135), $3,616, $185 and $4,751, respectively, from the write-down (recovery) of inventory cost to net realizable value.

The inventories are not pledged for the year ended of June 30, 2017, December 31, 2016 and June 30, 2016.

(6) Acquisition of subsidiaries and non-controlling interests

The Company sold 2.3% of shares of Nova Tech in June, 2016, bought 9.7% of shares of Nova Tech from Solar Applied Materials Technology Corporation in July, 2016, sold 11.26% of shares of Nova Tech to the Company's shareholders in September, 2016 and sold 2.03% of shares of Nova Tech in December, 2016. Nova Tech has increased capital in November, 2016 and the company did not participate in this investment, therefore, the shareholding ratio decreased by 8.46%.
Aforementioned transactions making the Group's shareholding ratio of Nova Tech decrease from 87.41% to 73.06%.

(7) Significant subsidiaries of non-controlling interest

Non-controlling interests of subsidiaries of the Group that are significant to the Group are as follows:

		Percentage of non-controlling ownership		
Subsidiaries	Main Business Location/Registered Country	June 30, 2017	December 31, 2016	June 30, 2016
Nova Tech	R.O.C.	26.94%	26.94%	14.89%
Enrich Tech	R.O.C.	40%	40%	40%
SCEC Shanghai	China	42.19%	42.19%	42.19%
SCEC Suzhou	China	42.19%	42.19%	42.19%

The following information of the aforementioned subsidiaries has been prepared in accordance with IFRS endorsed by the FSC. Included in these information are adjustment made about the fair value and relevant difference in accounting principles between the Company and its subsidiary as at acquisition date. Intra-Group transactions were not eliminated in this information.

A. Information regarding of Nova Tech:

	June 30,2017	December 31,2016	June 30,2016
Current assets	$ 1,644,338	1,494,559	1,155,693
Non-current assets	848,960	740,861	608,244
Current liabilities	(1,303,512)	(1,089,135)	(897,765)
Non-current liabilities	(99,906)	(80,667)	(56,616)
Net assets	$ 1,089,880	1,065,618	809,556
Non-controlling interest	$ 293,615	287,079	120,573

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Operating revenue	$ 355,323	376,991	719,338	672,579
Net income for the period	86,119	90,996	217,184	114,541
Other comprehensive income	11,472	(9,189)	(15,154)	(24,155)
Comprehensive income	$ 97,591	81,807	202,030	90,386
Net income attributable to non-controlling interest	$ 23,200	11,457	58,509	14,422
Comprehensive income attributable to non-controlling interest	$ 26,191	10,301	54,427	11,381
Cash flows from operating activities			$ 112,492	490,767
Cash flows from investing activities			(148)	(33,068)
Cash flows from financing activities			(6,934)	-
Net increase in cash and cash equivalents			$ 105,410	457,699

B. Information regarding of Enrich Tech:

	June 30,2017	December 31,2016	June 30,2016
Current assets	$ 153,064	116,881	53,434
Non-current assets	1,555	755	864
Current liabilities	(97,082)	(79,505)	(8,724)
Net assets	$ 57,537	38,131	45,574
Non-controlling interest	$ 23,015	15,252	18,231

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Operating revenue	$ 135,821	1,828	217,364	32,122
Net income for the period	12,295	(8,811)	19,405	(8,529)
Other comprehensive income	-	-	-	-
Comprehensive income	$ 12,295	(8,811)	19,405	(8,529)
Net income attributable to non-controlling interest	$ 4,918	(3,525)	7,762	(3,412)
Comprehensive income attributable to non-controlling interest	$ 4,918	(3,525)	7,762	(3,412)

Cash flows from operating activities	$ 26,169	(15,018)
Cash flows from investing activities	(1,000)	4
Cash flows from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	$ 25,169	(15,014)

C. Information regarding of SCEC Shanghai:

	June 30,2017	December 31,2016	June 30,2016
Current assets	$ 23,042	24,869	27,240
Non-current assets	-	-	(8,797)
Current liabilities	-	(1,051)	-
Net assets	$ 23,042	23,818	18,443
Non-controlling interest	$ 9,721	10,049	7,781

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Operating revenue	$ -	-	-	-
Net income for the period	31	(9,676)	21	(10,568)
Other comprehensive income	-	-	-	-
Comprehensive income	$ 31	(9,676)	21	(10,568)
Net income attributable to non-controlling interest	$ 13	(4,082)	9	(4,459)
Comprehensive income attributable to non-controlling interest	$ 13	(4,082)	9	(4,459)

Cash flows from operating activities	$ 18,173	374
Cash flows from investing activities	-	119
Cash flows from financing activities	-	-
Effect of exchange rate changes	(55)	(182)
Net increase (decrease) in cash and cash equivalents	$ 18,118	311

D. Information regarding of SCEC Suzhou:

	June 30,2017	December 31,2016	June 30,2016
Current assets	$ 11,560	12,666	18,052
Non-current assets	-	-	957
Current liabilities	-	(504)	(4,393)
Net assets	$ 11,560	12,162	14,616
Non-controlling interest	$ 4,877	5,131	6,167

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Operating revenue	$ -	4,444	-	5,301
Net income for the period	(137)	492	(194)	(4,240)
Other comprehensive income	-	-	-	-
Comprehensive income	$ (137)	492	(194)	(4,240)
Net income attributable to non-controlling interest	$ (58)	207	(82)	(1,789)
Comprehensive income attributable to non-controlling interest	$ (58)	207	(82)	(1,789)

Cash flows from operating activities	$	(678)	(1,281)
Cash flows from investing activities		-	7
Cash flows from financing activities		-	-
Effect of exchange rate changes		(428)	(400)
Net increase (decrease) in cash and cash equivalents	$	(1,106)	(1,674)

(8) Property, plant and equipment

	Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Book values:					
Balance on January 1, 2017	$ 183,187	142,780	44,170	4,393	374,530
Balance on June 30, 2017	$ 183,187	137,590	42,888	31,036	394,701
Balance on January 1, 2016	$ 183,187	155,478	40,269	1,420	380,354
Balance on June 30, 2016	$ 183,187	148,907	36,901	3,591	372,586

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2017 and 2016. Information on amortization for the period is discussed in Note 12(1). Please refer to Note 6(9) of the 2016 annual consolidated financial statements for other related information.

Please refer to Note 8 for details of the property, plant and equipment pledged as collateral.

(9) Investment Property

	Land	Building and construction	Other facilities	Total
Book values:				
Balance on January 1, 2017	$ 139,922	108,291	15	248,228
Balance on June 30, 2017	$ 139,922	107,048	14	246,984
Balance on January 1, 2016	$ 20,937	9,585	15	30,537
Balance on June 30, 2016	$ 20,937	9,421	14	30,372

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2017 and 2016. Information on amortization for the period is discussed in Note 12(1). Please refer to Note 6(10) of the 2016 annual consolidated financial statements for other related information.

The fair value of investment property was no significant different from 2016 annual consolidated financial statements. Please refer to Note 6(10) of the 2016 annual consolidated financial statements for related information.

The board of directors of Acter resolved in July 20, 2016 to acquire the building on Beitou District, Taipei and West District, Taichung, for non-operating purpose and recognized as investment property.

The board of directors of Acter resolved in November, 2006 to purchase the building on Chung Cheng land district, Taichung, for self-use or lease purposes, and the lease began in 2007. As of June 30, 2017, the future receivable for the Group is as follows:

Term	Amount
2017.07.01~2019.05.19	$ 817

a. The original recognition of investment property is measured at cost, and the subsequent measurement is also accounted for under cost model.
b. The depreciation is calculated by its depreciable amount after the original recognition of investment property, and market value is used as the fair value to asset its impairment.
c. The investment property is not pledged.

(10) Provisions

The Group's warranty provision is estimated based on historical data of the construction contract. Most liabilities are expected to occur during the warranty period that is mentioned in the contract since completion of the construction.

	June 30, 2017	December 31, 2016	June 30, 2016
Provisions	$ 317,295	235,573	220,499

(11) Short-term loans

	June 30, 2017	December 31, 2016	June 30, 2016
Unsecured bank loans	$ 258,782	193,680	96,997
Secured bank loans	-	-	-
	$ 258,782	193,680	96,997
Unused facilities	$ 3,036,051	2,238,288	2,116,962
Interest Rate	1.80%~4.35%	1.80%~2.5%	1.65%

A. Issues and Repayments of Short-term loans

For the six months ended June 30, 2017 and 2016, the issues and repayments amounted to $65,102 and $(86,860).

B. Assets pledged for bank loans

For details of the related assets pledged for bank loans, please refer to Note 8.

(12) Advance sales receipts

Construction No.	2017.6.30	2016.12.31	2016.6.30
W3-XXC04X	$ -	-	395,971
N3XXXC204	240,560	-	-
W3-XXC053X	209,132	75,946	79 463
N3XXXC195	193,176	-	-
W3-XXC001X	-	174,261	79,998
W3-XXC143X	137,706	-	-
W3-XXC002X	-	111,581	93,004
W3-XXC05X	-	-	98,723
WS-XXC001X	92,048	-	-
W3-XXC08X	-	77,447	-
N3XXC123	-	62,000	-
W3-XXC092X	-	54,626	-
W3-XXC121X	-	64,827	-
Others(less than 5%)	521,515	434,658	594,633
	$ 1,394,137	1,055,346	1,341,792

(13) Employee benefits

A. Defined benefit plans

Due to there are no significant market volatility, significant reduction, settlement or other significant one-time items after the end of previous financial year, the Group adopts the actuarial decision cost on December 31, 2016 and 2015 to measure and disclose pension cost during the period.

The Group's pension expenses recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Operating cost	$ 33	38	68	76
Operating expense	87	150	173	294
	$ 120	188	241	370

B. Defined contribution plans

The Group's pension expenses recognized in profit or loss were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Operating cost	$ 3,932	4,056	7,884	8,213
Operating expense	1,496	1,629	3,146	3,308
	$ 5,428	5,685	11,030	11,521

The company, HerSuo Engineering, Nova Tech, Enrich and Winmega have deposit the retirement amount to Bureau of Labor and the overseas subsidiaries have deposit the retirement amount to local social insurance institutes base on the local regulation.

(14) Capital and other equity

Except as described below, no significant changes in the Group capital and other equity for the six months ended June 30, 2017 and 2016. The related information, please refer to Note 6(15) of the Group financial statements for the year ended December 31, 2016.

A. Issuance of common stock

The Company filed an issuance of restricted stock to employees on May 28, 2015 for 720,000 shares, with a total shares amounting to $7,200 and a par value $10. The effective date of this issuance is on June 12, 2015. The record date of issuance of restricted stock to employees resolved by the board of directors was January 11, 2016.

On May 31, 2016, November 8, 2016, and May 11, 2017, the Company's board of directors approved to write off restricted stock to employees 28,000 shares,71,000 shares and 84,000 shares, respectively. The record date of capital reduction were June 8, 2016, November 15, 2016, and June 1, 2017, respectively. The company had finished the capital reduction registration.

B. Capital surplus

The components of the capital surplus were as follows:

		June 30, 2017	December 31, 2016	June 30, 2016
From issuance of common stock	$	919,074	903,124	903,124
Difference between consideration and carrying amount of subsidiaries acquired or disposed		30,382	30,382	-
From changes in equity of associates and joint venture accounted for under equity method		66,495	66,495	46,831
From issurance of restricted stocks for employees		49,720	71,655	76,687
	$	1,065,671	1,071,656	1,026,642

i. The company issued 720,000 restricted stocks to employee at closing price $80 on January 11, 2016, with an increase in capital surplus amounting to $50,400. The restricted stocks are available for employees at the price of $0 per share. On June 8, 2016, employees met the vesting conditions and lifted the restriction of 90,000 shares of restricted stocks, resulting premium on common stock amounted to $6,525 and decreasing capital surplus amounted to $6,525. The Company wrote off 28,000 shares of restricted stock and decreasing capital surplus amounted to $1,988.

ii. The Group sold 2.3% of Nova Tech shares in June, 2016, with an decrease in capital surplus amounting to $245.

iii. On May 11, 2017, employees met the vesting conditions and lifted the restriction of 224,000 shares of restricted stocks, resulting premium on common stock amounted to $15,950 and decreasing capital surplus amounted to $15,950. The Company wrote off 84,000 shares of restricted stock. The effective date is on June 1, 2017 and decreasing capital surplus amounted to $5,985.

The above transactions generated capital surplus amounting to $5,985 and $48,167 for the six months ended June 30, 2017 and 2016.

C. Retained earnings

According to Acter’s articles of incorporation, 10% of the annual earnings, after offsetting any accumulated deficit and payment of income taxes due, if any, shall be set aside as a legal reserve. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. The remaining balance is partially reserved depending on the business environment, growth status, and long-term finance planning. After deducting the aforementioned partially reserve, the remaining balance, plus, any unappropriated earnings in previous years shall be used for distribution of stockholders’ bonuses by the board of directors, depending on the capital status and economic development in the current year. Cash bonuses should not be less than 10% of the total stockholders’ bonuses, and they will be recommended by the board of directors and resolved in the stockholders’ meeting.

On May 26, 2017 and May 31, 2016, the meeting of stockholders of Acter approved the distribution plan of retained earnings. Information about dividends per share, employees’ bonuses and directors’ remuneration for 2016 and 2015 are as follows:

	2016	2015
Dividends per share (In New Taiwan Dollars):		
Cash	$ 8.00	6.00

The aforementioned earnings distribution, which was charged to expense, had no difference from the resolution of Acter's board of directors and its accounting records.

D. Other equity interest

	Foreign currency translation differences for foreign operations	**Investment in available-for-sale financial assets**	**Other equity-unrealized bonus**	**Total**
Balance, January1, 2017	$ (38,155)	(5,898)	(34,798)	(78,851)
Foreign currency translation differences (net of tax):				
The Group	(30,952)	-	-	(30,952)
Unrealized gains(losses) on available-for-sale financial assets:				
The Group	-	2,934	-	2,934
Employee's unrealized bonus:				
The Group	-	-	14,025	14,025
Balance, June 30, 2017	$ (69,107)	(2,964)	(20,773)	(92,844)
Balance, January1, 2016	$ 58,573	(14,583)	(20,845)	23,145
Foreign currency translation differences (net of tax):				
The Group	(47,380)	-	-	(47,380)
Unrealized gains(losses) on available-for-sale financial assets:				
The Group	-	13,797	-	13,797
Employee's unrealized bonus:				
The Group	-	-	(37,029)	(37,029)
Balance, June 30, 2016	$ 11,193	(786)	(57,874)	(47,467)

(15) The share-based payment

Except for the following disclosure, there were no significant changes for share-based payment during the periods from January 1 to June 30, 2017 and 2016. For the related information, please refer to Note 6(16) of the consolidated financial statements for the year ended December 31, 2016.

The Group's share-based payment transactions on June 30, 2017 are as follow:

	Restricted stocks for employees	Restricted stocks for employees
Grant date	2016.1.11	2015.1.26
Grant (Unit：In thousand shares)	720	480
Contractual life	2016.1.11~2019.1.11	2015.1.26~2018.1.26
Object of grant	The Company's employees who have formal employment relationship with the Company and serve as supervisors above manager level related to business operation	The Company's employees who have formal employment relationship with the Company and serve as supervisors above manager level related to business operation
Vesting conditions	Note 1	Note 1

Note 1: A restricted stock is vested when the Company's financial performance given and employees' service years are met.

a. The Company's financial performance is measured by sum of operating revenue and profit before tax, less share of gain of subsidiaries accounted for using equity method (gain on long-term investment) when it reaches the goal set by the Company in the next three years since issuance.
b. Employees who are granted with restricted stock and serve in the Company before the vested period matures, and who do not violate against the labor contract or working rules, will be granted with restricted stock based on the following schedule and granted portion:

Year/Goal	Granted Service Years	Granted Percentage when Goals Reached
First year	1 year	20%
Second year	2 years	30%
Third year	3 years	50%

Information on restricted stock to employee was as follows：

	For the six months ended June 30, 2017		For the six months ended June 30, 2016	
(Expressed in thousand unit)	**Weighted-Average Exercise Price**	**Number of Exercisable Shares**	**Weighted-Average Exercise Price**	**Number of Exercisable Shares**
Balance, beginning of the period	-	1,011	-	480
Granted	-	-	-	720
Forfeited	-	(84)	-	(28)
Exercised	-	(224)	-	(90)
Expired	-	-	-	-
Balance, June 30 of the period		703		1,082

(16) Non-operating income and expenses

a. Other revenue

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Interest income	$ 4,693	2,184	7,171	3,833
Rental income	624	380	1,250	703
Others	(490)	3,626	(308)	6,922
	$ 4,827	**6,190**	**8,113**	**11,458**

b. Other income and losses

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Exchange gain(loss) on foreign currency	$ (6,569)	10,030	(53,150)	(15,529)
Gain on disposal of investment	44	529	384	(16,851)
Others	(221)	(2,400)	(282)	(2,607)
	$ (6,746)	**8,159**	**(53,048)**	**(34,987)**

(17) Employees' and directors' remuneration

According to the Company's articles, remuneration to employees and directors should be appropriated amounted not lower to 3% and not higher to 5% of profit before tax without remuneration to employees and directors for the current year, respectively.

The employee bonuses estimated amount $15,073 , $5,466 , $27,506 and $9,132 for the three months ended June 30, 2017 and 2016, for the six months ended June 30, 2017 and 2016, respectively, and the remuneration to directors estimated amount $9,043 , $2,733 , $16,503 and $4,566 for the three months ended June 30, 2017 and 2016, for the six months ended June 30, 2017 and 2016, respectively. The employee bonuses and remuneration to directors were estimated based on the net profit before tax of each period times the percentage in accordance with above mentioned earnings distribution policy, and accounted for the operating cost and operating expenses of each period. If there is an adjustment between actual distribution and estimation of the aforementioned employee bonuses and remuneration to directors, the adjustment would reflect to the profit and loss next year.

For the year ended December 31, 2016 and 2015, the Company estimated its employee remuneration amounted to $20,608 and $42,433, and directors' and supervisors' remuneration amounting to $10,304 and $21,216, respectively. There is no different between estimation and paid. The information is available on the Market Observation Post System website.

(18) Taxes

The Group income tax expense (benefit):

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Current income tax expense (benefit):				
Current period	$ 50,406	49,408	108,987	99,311
Deferred tax expense:				
Origination and reversal of temporary difference	38,338	(9,813)	48,993	(41,317)
Income tax expense (benefit)	$ 88,744	39,595	157,980	57,994

The amounts of tax income expense recognized in other comprehensive income were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Foreign currency translation differences－foreign operations	$ (3,888)	4,648	6,339	9,705

The income tax returns of the Company, Hersuo, Nova Technolog and Enrich Tech have been examined by the tax authorities through year 2015.
The company's integrated income tax was as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Undistributed earnings after 1998	$ 1,198,003	1,175,969	933,159
Balane of Imputation Credit Account	$ 155,752	196,363	203,411

	2016 (Actual)	2015(Actual)
Creditable ratio for distributed to domestic shareholdsers of earnings	20.84%	22.22%

According to the amendment by the Ministry of Finance on October 17, 2013 under Decree No. 10204562810, the Company's integrated income tax should be covering the disclosed information of imputation tax credit as above.

(19) Earnings per share ("EPS")

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Profit attributable to common shareholders	$ 244,133	112,025	450,721	187,423
Weighted average number of common shares (In thousand shares)	46,300	46,159	46,263	46,147
Basic Earnings per share (In New Taiwan Dollars)	**$ 5.27**	**2.43**	**9.74**	**4.06**
Profit attributable to common shareholders	$ 244,133	112,025	450,721	187,423
Weighted average number of common shares (In thousand shares)	46,300	46,159	46,263	46,147
Add: effect on potential common stock				
－employee bonuses (In thousand shares)	93	439	229	581
restricted stocks for employees (In thousand shares)	876	414	853	406
Diluted weighted average number of common shares (In thousand shares)	47,269	47,012	47,345	47,134
Diluted Earnings per share (In New Taiwan Dollars)	**$ 5.16**	**2.38**	**9.52**	**3.98**

(20) Financial Instruments

Except as described below, there are no significant changes on the fair value of financial instruments and the financial instruments exposed to credit risk, liquidity risk and market risk, please refer to Note 6(21) of the Group's financial statements for the year ended December 31, 2016.

A. Credit risk

As of June 30, 2017, December 31 and June 30, 2016, concentration of credit risk came from the Group's major client are not more than 7%, 12% and 10% of the Group's receivables, respectively, while that came from the Group's other four major clients are not more than 24%, 20% and 22% of the Group's receivables, respectively.

B. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payment and excluding the impact of netting agreements:

	Carrying amount	**Contractual cash flows**	**Within 1 year**	**1-2 years**	**2-5years**	**More than 5 years**
June 30, 2017						
Non-derivative financial liabilities						
Unsecured bank loans	$ 258,782	259,793	259,793	-	-	-
Notes payable	275,599	275,599	275,599	-	-	-
Accounts payable and Provision (including related parties)	2,857,898	2,857,898	2,501,991	197,761	158,141	5
	$ 3,392,279	**3,393,290**	**3,037,383**	**191,761**	**158,141**	**5**

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-5years	More than 5 years
December 31, 2016						
Non-derivative financial liabilities						
Unsecured bank loans	$ 193,680	195,487	195,487	-	-	-
Notes payable	235,806	235,806	235,806	-	-	-
Accounts payable and Provision (including related parties)	2,319,768	2,319,768	2,020,616	160,553	138,614	5
	$ 2,749,254	2,571,061	2,451,909	160,533	138,614	5
June 30, 2016						
Non-derivative financial liabilities						
Unsecured bank loans	$ 96,997	97,031	97,031	-	-	-
Notes payable	233,618	233,618	233,618	-	-	-
Accounts payable and Provision (including related parties)	2,498,050	2,498,050	2,218,190	121,519	155,140	3,201
	$ 2,828,665	2,828,699	2,548,839	121,519	155,140	3,201

The Group is not expecting that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

C. Market risk

(A) Currency risk

The Group's significant exposures to foreign currency risk were as follows:

	June 30, 2017			December 31, 2016			June 30, 2016		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets									
Monetary items									
USD	$ 62,641	30.436	1,906,532	46,896	32.279	1,513,806	40,612	32.286	1,311,185
CNY	222,373	4.4894	998,320	224,458	4.6448	1,042,560	237,787	4.8599	1,155,622
SGD	1,749	22.1039	38,660	1,667	22.3098	37,183	1,894	23.9182	45,302
JPY	14,235	0.2716	3,866	27,029	0.2757	7,432	3,129	0.3144	984
Financial liabilities									
Monetary items									
USD	9,624	30.436	292,916	10,097	32.279	325,912	7,219	32.286	233,057
CNY	228,682	4.4894	1,026,646	176,379	4.6448	819,246	225,139	4.8599	1,094,155
SGD	81	22.1039	1,790	72	22.3098	1,614	21	23.9182	511
JPY	82,707	0.2716	22,463	66,232	0.2757	18,260	32,740	0.3144	10,293

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, available-for-sale financial assets, loans, accounts payable and other payables that are denominated in foreign currency. A 1% of appreciation or depreciation of the TWD against the USD, CNY, SGD and JPY as of June 30, 2017 and 2016 would have increased or decreased the after-tax net income by $16,036 and $11,751 respectively. The analysis is performed on the same basis for both periods.

Due to the Group has various functional currencies, thus adopting disclose monetary items to display exchange gain or loss. Exchange gain or loss for the six months ended June 30, 2017 and 2016, respectively, including unrealized and realized, were ($53,150) and ($15,529).

(B) Interest risk

The interest risk exposure from financial assets and liabilities has been disclosed in the note of liquidity risk management.

The following sensitivity analysis is based on the risk exposure to interest rates on the derivative and non-derivative financial instruments on the reporting date. For variable rate instruments, the sensitivity analysis assumes the variable rate liabilities are outstanding for the whole year on the reporting date. The Group's internal management reported the increases/decreases in the interest rates and the exposure to changes in interest rates of 1% is considered by management to be a reasonable change of interest rate.

If the interest rate increases or decreases by 1%, the Group's net income will decrease or increase by $2,588 and $970 for the six months ended June 30, 2017 and 2016, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rate.

(C) Other price risk

If the price of equity securities on reporting date changed (The analysis is performed on the same basis for both periods and assumed that the other factors are fixed), the effects of other comprehensive income items are as following:

	2017 Q2		2016 Q2	
Reporting date Security Price	**Other comprehensive income After-tax amount**	**Post-tax Profit or loss**	**Other comprehensive income After-tax amount**	**Post-tax Profit or loss**
Go up 3%	$ 5,750	-	6,280	-
Go down 3%	$ 5,750	-	6,280	-

D. Fair value of financial instruments

(A) The kinds of financial instruments and fair value

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 :

	June 30 ,2017				
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets-current	$ 187,494	187,494	-	-	187,494
Available-for-sale financial assets-noncurrent	4,165	4,165	-	-	4,165
Financial assets carried at cost	45	-	-	-	-
Loans and receivables:					
Cash and cash equivalents	2,644,422	-	-	-	-
Notes receivable	192,989	-	-	-	-
Accounts receivable	2,796,536	-	-	-	-
Other receivable	31,286	-	-	-	-
Financial liabilities at amortized cost:					
Short-term borrowings	258,782	-	-	-	-
Notes payable	275,599	-	-	-	-
Accounts payable	2,539,842	-	-	-	-
Accounts payable-related party	761	-	-	-	-
Provisions-current	317,295	-	-	-	-
Total	$ 9,249,216	191,659	-	-	191,659

	December 31 ,2016				
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets-current	$ 202,046	202,046	-	-	202,046
Available-for-sale financial assets-noncurrent	3,960	3,960	-	-	3,960
Financial assets carried at cost	45	-	-	-	-
Loans and receivables:					
Cash and cash equivalents	2,553,478	-	-	-	-
Notes receivable	95,956	-	-	-	-
Accounts receivable	2,350,980	-	-	-	-
Other receivable	30,082	-	-	-	-
Financial liabilities at amortized cost:					
Short-term borrowings	193,680	-	-	-	-
Notes payable	235,806	-	-	-	-
Accounts payable	2,084,077	-	-	-	-
Accounts payable-related party	118	-	-	-	-
Provisions-current	235,573	-	-	-	-
Total	$ 7,983,801	206,006	-	-	206,006

	June 30 ,2016				
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets-current	$ 202,551	202,551	-	-	202,551
Available-for-sale financial assets-noncurrent	6,788	6,788	-	-	6,788
Financial assets carried at cost	45	-	-	-	-
Loans and receivables:					
Cash and cash equivalents	2,323,816	-	-	-	-
Notes receivable	96,026	-	-	-	-
Accounts receivable	2,574,364	-	-	-	-
Other receivable	43,028	-	-	-	-
Financial liabilities at amortized cost:					
Short-term borrowings	96,997	-	-	-	-
Notes payable	233,618	-	-	-	-
Accounts payable	2,277,155	-	-	-	-
Accounts payable-related party	396	-	-	-	-
Provisions-current	220,499	-	-	-	-
Total	$ 8,075,283	209,339	-	-	209,339

(B) Valuation techniques for financial instruments measured at fair value

Financial instruments traded in active markets are based on quoted market prices. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange can be used as basis to determine the fair value of the listed companies' equity instrument and debt instrument of the quoted price in an active market.

If quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or regulators 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 nonactive market.

The Group's financial instruments are broken down by the category and attributes of their fair value as follows if such financial instruments are traded in active markets:

beneficiarysecurities－open-end fund and emerging stock, whose fair value was determined based on market quoted prices.

There were no transfers from one level to another for six months ended June 30, 2017 and 2016.

(21) Financial risk management

There are no significant changes on the Group financial risk management objectives and policies disclosure, please refer to Note 6(22) of the Group financial statements for the year ended December 31, 2016.

(22) Capital management

Disclosure of the Company's capital management objectives, policies and procedures consists with the consolidated financial statements of 2016; There are no significant changes to summary quantitative data for capital management disclosed of the consolidated financial statements of 2016. Please refer to Note 6(23) of the Group financial statements for the year ended December 31, 2016.

7. Related party transactions

(1) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	**Relationship with the Group**
Johnwell Co., Ltd	Key management with significant influence

(2) Key management personnel compensation

Key management personnel compensation comprised:

	For the three months ended June 30		**For the six months ended June 30**	
	2017	**2016**	**2017**	**2016**
Short-term employee benefits	$ 16,381	9,328	35,077	21,511
Post-employment benefits	81	54	147	124
Share-based payment	1,954	3,833	4,319	6,978
	$ 18,416	**13,215**	**39,543**	**28,613**

Relative information refers to share-based payment of the financial statements, Note 6(15).

(3) Other related party transactions

The amounts of significant purchase transactions and outstanding payables for goods and equipments between the Group and related parties were as follows:

	Purchases				**Payables to Related Parties**		
	For the three months ended June 30		**For the six months ended June 30**				
	2017	**2016**	**2017**	**2016**	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
Entity under the key management's control	**$ 708**	**293**	**1,012**	**898**	**761**	**118**	**396**

The purchase price and terms of the payments present no significant difference from those with third-party vendors.

8. **Pledged assets**

The Group's pledged assets were as follows:

Asset	Purpose of pledge	June 30, 2017	December 31, 2016	June 30, 2016
Other financial assets－current:				
Savings deposit / time deposit	Construction contract fulfillment and warranty guarantee	$ 166,654	71,133	128,586

9. **Significant commitments and contingencies**

Significant commitments and contingencies for the Group as of June 30, 2017, December 31, 2016 and June 30, 2016 were as follows:

(1) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to $533,544 and $556,231 as well as $449,261, respectively.

(2) Bank pledges for engaging in construction contracts amounted to $727,637, $923,107 and $486,927, respectively.

(3) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for other companies in the same industry amounted to $557,574, $564,828 and $726,444, respectively.

(4) For already-signed but not-yet-finished significant construction contracts, please refer to Note 6 (4).

(5) The Company has signed a construction contract with Walsin Technology Corporation (Walsin) in December, 2010. Walsin claimed that the Company did not perform the construction according to the contract, and therefore claimed a compensation amounting to $42,189 at the Taipei District Court. The civil judgment of the first instance during December, 2015 has been pronounced by the Taipei District Court, requiring the Company pay $14,666 to Walsin, which has been fully recognized as loss by the Company. The Company has appealed to Taiwan High Court. As of June 30, 2017, the compensation remained $8,376 payable, and has been recognized as other current liabilities and accrued expenses.

(6) The Company's subsidiary, Nova Tech, contracted to constructions of gas factory expansion and new factory with Jing He Science Co., Ltd. (Jing He). For installation of process equipment and pipeline, Nova changed the design layout which resulted in extra work. Nova Tech requested Jing He for additional contract payment. Jing He argued that the contract is a lump-sum contract. Therefore, Jing He refused any additional payment and terminated the contract unilaterally right before the construction completed. Nova Tech has sued Jing He for related contract payment. Nova Tech has appointed an attorney as an agent. The case has been in trial and the district court has appointed Taiwan Association of Construction and Development and Taiwan Professional Electrical Engineers Association to valuing the completed part of new factory building. Nova Tech and Jing He has provided supplement opinions for the preliminary valuation and waiting for the valuation report. Besides, the district court has appointed Taiwan Construction Research Institute to valuate the gas factory expansion construction and the Research Institute requests both parties to provide supplememnt documents. Up to the issuance date of this financial statements, Nova Tech was not able to predict the judgment of the court and amount of compensation. However, Nova Tech has appropriately recognized allowance for impairment of incurred construction cost in accordance with related accounting standards.

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:

	For the three months ended June 30					
	2017			2016		
By item	**Operating costs**	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefit						
Salary	146,556	76,322	222,878	134,045	79,803	213,848
Labor, health and social insurance	13,662	10,410	24,072	13,239	6,773	20,012
Pension	3,965	1,583	5,548	4,094	1,779	5,873
Other	4,169	4,882	9,051	3,789	3,944	7,733
Depreciation	710	4,123	4,833	464	5,067	5,531
Amortization	-	1,330	1,330	14	2,052	2,066

	For the six months ended June 30					
	2017			2016		
By item	**Operating costs**	**Operating expenses**	**Total**	**Operating costs**	**Operating expenses**	**Total**
Employee benefit						
Salary	282,828	168,217	451,045	254,606	146,131	400,737
Labor, health and social insurance	27,996	17,911	45,907	28,714	13,292	42,006
Pension	7,952	3,319	11,271	8,289	3,602	11,891
Other	8,058	8,428	16,486	7,904	8,846	16,750
Depreciation	1,314	8,257	9,571	934	10,291	11,225
Amortization	-	2,550	2,550	22	4,107	4,129

Note: Depreciation for investment property for the six months ended June 30, 2017 and 2016 were $1,244 and $165, respectively, and were recorded in non-operating expense.

B. Operation of seasonal:

The Group did not be influenced by seasonal or periodicity.

13. **Segment information**

The Group’s operating segment information and reconciliation are as follows:

For the three months ended June 30, 2017	**Taiwan**	**Mainland China**	**Other Asian**	**Adjustments and eliminations**	**Total**
Revenue:					
Revenue from external customers	$ 1,931,693	811,680	223,919	-	2,967,292
Intersegment revenues	16,494	149,964	-	(166,458)	-
	$ 1,948,187	961,644	223,919	(166,458)	2,967,292
Reportable segment profit or loss	**$ 183,553**	**45,245**	**40,016**	**3,392**	**272,206**

For the three months ended June 30, 2016	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	$ 1,485,393	560,479	183,067	-	2,183,939
Intersegment revenues	1,115	3,820	-	(4,935)	-
	$ 1,486,508	564,299	183,067	(4,935)	2,183,939
Reportable segment profit or loss	**$ 94,136**	**18,389**	**3,558**	**-**	**116,083**

For the six months ended June 30, 2017	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	$ 3,521,280	1,920,699	267,960	-	5,709,939
Intersegment revenues	49,563	150,160	-	(199,723)	-
	$ 3,570,843	**2,070,859**	**267,960**	**(199,723)**	**5,709,939**
Reportable segment profit or loss	**$ 313,303**	**163,062**	**37,442**	**3,112**	**516,919**

For the six months ended June 30, 2016	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	$ 2,896,452	904,731	183,466	-	3,984,649
Intersegment revenues	45,225	3,927	-	(49,152)	-
	$ 2,941,677	**908,658**	**183,466**	**(49,152)**	**3,984,649**
Reportable segment profit or loss	**$ 185,349**	**8,127**	**(1,290)**	**-**	**192,186**

	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Reportable segment Assets					
June 30, 2017	**$8,672,916**	**3,999,675**	**1,689,538**	**(4,357,703)**	**10,004,426**
December 31, 2016	**$7,611,960**	**3,980,670**	**1,437,351**	**(4,145,918)**	**8,884,063**
June 30, 2016	**$6,913,678**	**4,188,411**	**1,594,096**	**(3,669,092)**	**9,027,093**
Reportable segment Liabilities					
June 30, 2017	**$4,144,682**	**2,601,988**	**283,989**	**(472,594)**	**6,558,065**
December 31, 2016	**$3,163,015**	**2,705,156**	**154,684**	**(519,428)**	**5,503,427**
June 30, 2016	**$3,116,511**	**2,977,162**	**417,328**	**(444,054)**	**6,066,947**