Acter Co., Ltd. and Subsidiaries
Consolidated Financial Statements

With Independent Auditors' Review Report
for the Six Months Ended

June 30, 2018 and 2017

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Independent Auditors' Report

The Board of Directors
Acter Co., Ltd.:

Introduction

We have reviewed the accompanying consolidated balance sheets of the Acter Co., Ltd. and its subsidiaries (the "Group") as of June 30, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended June 30, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 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 explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4[b], the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to NT$2,311,583 thousand and NT$1,894,550 thousand, constituting 19% of consolidated total assets as of June 30, 2018 and 2017, respectively, total liabilities amounting to NT$1,265,997 thousand and NT$997,827 thousand, constituting 17% and 15% of consolidated total liabilities as of June 30, 2018 and 2017, respectively, and total comprehensive income(loss) amounting to NT$50,463 thousand, NT$44,618 thousand, NT$122,890 thousand and NT$101,612 thousand, representing 10% , 15%, 16% and 21% of consolidated total comprehensive income (loss) for the three months ended June 30, 2018 and 2017, and for the six months ended June 30, 2018 and 2017, respectively.

Furthermore, as stated in Note 6[i], the equity accounted investments of the Group in its investee companies of NT$804 thousand and NT$813 thousand as of June 30, 2018 and 2017, respectively, and the related investment loss amounted to NT$ 9 thousand, NT$ 8 thousand, NT$ 9 thousand and NT$ 8 thousand for the three months ended June 30, 2018 and 2017, and for the six months ended June 30, 2018 and 2017, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, 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 consolidated financial position of the Acter Co., Ltd. and its subsidiaries as of June 30, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three months ended June 30, 2018 and 2017 and six months ended June 30, 2018 and 2017, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matters

As stated in Note 3[a], The Group plans to adopt IFRS 15 at 1 January 2018 and using the cumulative effect method. Therefore, the comparative information will not be restated. The review conclusion is unaffected.

August 9, 2018

Note to Readers

Acter Co., Ltd. and Subsidiaries

Consolidated Statements of Financial Position

June 30, 2018, and 2017

(In Thousands of New Taiwan Dollars)

		June 30,2018		December 31,2017		June 30,2017	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Assets:						
1100	Cash and cash equivalents (Note 6(a) and (z))	$ 4,552,967	36	3,926,890	34	2,644,422	26
1110	Current financial assets at fair value through profit or loss (Note 6(b) and (z))	336,646	3	-	-	-	-
1125	Available-for-sale financial assets－current (Note 6(d) and (z))	-	-	198,460	2	187,494	2
1140	Contract Assets – current (Note 6(u)	1,381,060	11	-	-	-	-
1150	Notes receivable, net (Note 6(e) and (z)	123,105	1	156,038	1	192,989	2
1170	Accounts receivable, net (Note 6(e) and (z)	4,084,901	33	2,409,665	21	2,796,536	28
1190	Construction contracts receivable (Note 6(g))	-	-	1,543,171	13	1,193,545	12
1200	Other receivables (Note 6(f) and (z))	25,786	-	110,562	1	31,286	-
1220	Current income tax assets	2,907	-	3,546	-	5,754	-
1310	Inventories, net (Note 6(h))	255,937	2	1,653,559	14	1,319,468	13
1476	Other financial assets－current (Note 8)	220,054	2	222,630	2	269,630	3
1479	Other current assets	607,492	5	461,630	4	478,751	5
		11,590,855	93	10,686,151	92	9,119,875	91
	Non-current assets:						
1517	Non-current financial assets at fair value through other comprehensive income(Note 6(c))	3,875	-	-	-	-	-
1523	Non-current available-for-sale financial assets, net (Note 6(d) and (z))	-	-	4,050	-	4,165	-
1550	Investment accounted for using equity method (Note 6(i))	804	-	796	-	813	-
1600	Property, plant and equipment (Note 6(k))	403,872	3	401,971	4	394,701	4
1760	Investment property, net(Note 6(l))	244,497	2	245,741	2	246,984	3
1840	Deferred tax assets	148,488	1	142,511	2	170,189	2
1985	Long-term prepaid rents	34,415	1	34,590	-	34,294	-
1990	Other non-current assets (Note 6(d))	40,010	-	37,961	-	33,405	-
		875,961	7	867,620	8	884,551	9
	Total Assets	$ 12,466,816	100	11,553,771	100	10,004,426	100

		June 30,2018		December 31,2017		June 30,2017	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current Liabilities:						
2100	Short-term loans (Note 6(m) and (z))	$ 55,452	-	344,806	3	258,782	3
2150	Notes payable (Note 6(z))	227,303	2	220,246	2	275,599	3
2170	Accounts payable (Note 6(z))	3,658,211	29	2,627,433	23	2,539,842	25
2180	Payables to related parties (Note 6(z) and 7)	263	-	381	-	761	-
2190	Construction contracts payable (Note 6(g))	-	-	764,337	6	661,786	7
2130	Contract liabilities - current(Note 6(u))	1,316,288	11	-	-	-	-
2201	Accrued salaries and bonuses	178,651	1	254,228	2	164,209	2
2216	Dividend payable	741,285	6	-	-	425,785	4
2230	Current tax liabilities	258,433	2	108,630	1	81,563	1
2250	Provisions－current (Note 6(n)	462,874	4	335,595	3	317,295	3
2311	Advance sales receipts(Note 6(o))	-	-	1,706,250	15	1,394,137	14
2399	Other current liabilities(Note 9)	348,493	3	240,244	2	197,195	2
		7,247,253	58	6,602,150	57	6,316,954	64
	Non-current liabilities:						
2570	Deferred tax liabilities	365,560	3	241,328	2	201,094	2
2640	Accrued pension liabilities	44,812	-	45,458	-	39,703	-
2645	Guarantee deposit received	314	-	314	-	314	-
		410,686	3	287,100	2	241,111	2
	Total Liabilities	7,657,939	61	6,889,250	59	6,558,065	66
	Equity Attributable to Shareholders of the parent company(Note 6(r))**:**						
3100	Common stock	471,489	4	471,529	4	471,529	5
3150	Stock dividend to be distributed	70,729	-	-	-	-	-
3200	Capital surplus	1,411,813	11	1,412,098	12	1,065,671	10
3300	Retained earnings	2,067,598	17	2,057,315	18	1,670,777	17
3400	Other equity interest	(47,062)	-	(66,649)	-	(92,844)	(1)
	Total Equity attributable to the parent of company	3,974,567	32	3,874,293	34	3,115,133	31
36xx	**Non-controlling interests**(Note 6(j))	834,310	7	790,228	7	331,228	3
	Total Equity	4,808,877	39	4,664,521	41	3,446,361	34
	Total Liabilities And Equity	$ 12,466,816	100	11,553,771	100	10,004,426	100

Acter Co., Ltd. and Subsidiaries
Consolidated Statements Of Comprehensive Income
For The Three Months Ended June 30, 2018 And 2017 and For The Six Months Ended June 30, 2018 And 2017
(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			
		2018		2017		2018		2017	
		Amount	%	Amount	%	Amount	%	Amount	%
	Operating revenues:								
4521	Construction revenue (Note 6(g)、(u) and (v))	$ 4,475,662	97	2,664,868	90	7,477,214	98	4,692,590	82
4529	Less: allowances	(573)	-	(2,131)	-	(1,161)	-	(2,621)	-
		4,475,089	97	2,662,737	90	7,476,053	98	4,689,969	82
4110	Sales	122,154	3	297,242	10	130,373	2	947,940	17
4800	Other operating revenue	14,999	-	7,312	-	34,753	-	45,030	1
		4,612,242	100	2,967,291	100	7,641,179	100	5,709,939	100
	Operating cost :								
5520	Construction cost (Note 6(g)、(p) and 7(b))	3,648,748	79	2,238,459	75	6,094,978	80	3,954,354	69
5110	Cost of goods sold	108,350	2	205,922	7	113,178	1	711,979	13
5800	Other operating cost	4,579	-	131	-	9,143	-	131	-
		3,761,677	81	2,444,512	82	6,217,299	81	4,666,464	82
	Gross profit	850,565	19	522,779	18	1,423,880	19	1,043,475	18
	Operating expenses (Note 6(p)):								
6100	Selling	24,595	1	19,925	1	48,030	1	40,936	1
6200	General and administrative	137,448	3	126,440	4	253,936	3	252,899	4
6300	Research and development	34,658	1	12,831	1	64,266	1	28,096	-
		196,701	5	159,196	6	366,232	5	321,931	5
	Operating income	653,864	14	363,583	12	1,057,648	14	721,544	13
	Non-operating income and expenses:								
7050	Finance costs	(827)	-	(706)	-	(3,208)	-	(1,702)	-
7010	Other income (Note 6(x))	20,982	-	4,827	-	33,284	-	8,113	-
7070	Share of loss of associates accounted for using equity method	(9)	-	(8)	-	(9)	-	(8)	-
7020	Other gains and losses, net (Note 6(x))	90,863	2	(6,746)	-	39,926	1	(53,048)	(1)
		111,009	2	(2,633)	-	69,993	1	(46,645)	(1)
	Profit before tax	764,873	16	360,950	12	1,127,641	15	674,899	12
7950	**Income tax expense** (Note 6(q))	241,693	5	88,744	3	368,936	5	157,980	3
	Profit for the year	523,180	11	272,206	9	758,705	10	516,919	9
8300	**Other comprehensive income, net of tax:**								
8360	**Components of other comprehensive income that will be reclassified to profit or loss:**								
8361	Foreign currency translation differences－foreign operations	5,298	-	26,240	1	22,256	-	(41,882)	(1)
8362	Net change in fair value of available-for-sale financial assets (Note 6(y))	-	-	361	-	-	-	2,934	-
8367	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (Note 6(y))	(30)	-	-	-	(175)	-	-	-
8399	Income tax related to components of other comprehensive income(Note 6(q))	(623)	-	(3,888)	-	(4,195)	-	6,339	-
8300	**Other comprehensive income, net**	4,645	-	22,713	1	17,886	-	(32,609)	(1)
8500	**Comprehensive income**	$ 527,825	11	294,919	10	776,591	10	484,310	8
	Profit attributable to ：								
8610	Shareholders of the parent	429,851	9	244,133	8	628,464	8	450,721	8
8620	Non-controlling interests	93,329	2	28,073	1	130,241	2	66,198	1
		$ 523,180	11	272,206	9	758,705	10	516,919	9
	Comprehensive income attributable to：								
8710	Shareholders of the parent	$ 435,819	9	263,471	9	643,672	8	422,703	7
8720	Non-controlling interests	92,006	2	31,448	1	132,919	2	61,607	1
		$ 527,825	11	294,919	10	776,591	10	484,310	8
	Earnings per share ((attributable to shareholders of the parent)) (Note 6(t))								
9750	**Basic earnings per share**	$ 8.01		4.57		11.73		8.45	
9850	**Diluted earnings per share**	$ 7.84		4.49		11.45		8.28	

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, 2018 And 2017

(Expressed in Thousands of New Taiwan Dollars

	Attributable to Shareholders of the Parent													
				Retained earnings				Other equity interest						
	Common stock	Stock dividend to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriate retained earnings	Total	Foreign currency translation adjustments	Unrealized on gains (losses) from financial assets measure at fair value through other comprehensive income	Unrealized on gains (losses) available-for-sale financial assets	Others	Total	Non-controlling interests	Total Equity
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 reserve	-	-	-	43,628	-	(43,628)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	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
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(47,890)	(47,890)
Balance, June 30, 2017	**$ 471,529**	**-**	**1,065,671**	**428,722**	**44,052**	**1,198,303**	**1,670,777**	**(69,107)**	**-**	**(2,964)**	**(20,773)**	**(92,844)**	**331,228**	**3,446,361**
Balance, January 1, 2018	$ 471,529	-	1,412,098	428,722	44,052	1,584,541	2,057,315	(52,599)	-	(3,962)	(10,088)	(66,649)	790,228	4,664,521
Effects of retrospective application	-	-	-	-	-	65,534	65,534	-	(4,700)	3,962	-	(738)	39,404	104,200
Balance, January 1, 2018	471,529	-	1,412,098	428,722	44,052	1,650,075	2,122,849	(52,599)	(4,700)	-	(10,088)	(67,387)	829,632	4,768,721
Appropriation and distribution of retained														
Legal reserve	-	-	-	84,216	-	(84,216)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	-	12,508	(12,508)	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(612,986)	(612,986)	-	-	-	-	-	-	(612,986)
Stock dividends	-	70,729	-	-	-	(70,729)	(70,729)	-	-	-	-	-	-	-
	471,529	70,729	1,412,098	512,938	56,560	869,636	1,439,134	(52,599)	(4,700)	-	(10,088)	(67,387)	829,632	4,155,735
Issuance of restricted shares of stock to employees	(40)	-	(285)	-	-	-	-	-	-	-	5,117	5,117	-	4,792
Comprehensive income for the six months ended June 30,2018														
Profit for the period	-	-	-	-	-	628,464	628,464	-	-	-	-	-	130,241	758,705
Other comprehensive income for the period	-	-	-	-	-	-	-	15,383	(175)	-	-	15,208	2,678	17,866
Total comprehensive income	-	-	-	-	-	628,464	628,464	15,383	(175)	-	-	15,208	132,919	776,591
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(128,241)	(128,241)
Balance, June 30, 2018	**$ 471,489**	**70,729**	**1,411,813**	**512,938**	**56,560**	**1,498,100**	**2,067,598**	**(37,216)**	**(4,845)**	**-**	**(4,971)**	**(47,062)**	**834,310**	**4,808,877**

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, 2018 And 2017

(All Amount Expressed in Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2018	**2017**
Cash flows from operating activities:		
Profit before tax	$ 1,127,641	674,899
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation(Including investment property)	13,566	10,815
Amortization	3,642	2,550
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	(24,667)	(3,469)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	2,046	-
Compensation cost arising from employee stock options	4,792	7,200
Share of loss of associates and joint ventures accounted for using equity method	9	8
Gain on disposal of investments	-	(384)
Other	(18,694)	(2,063)
	(19,306)	14,657
Changes in operating assets and liabilities		
Changes in operating assets		
Increase in financial assets at fair value through profit or loss, mandatorily measured at fair value	(140,232)	-
Decrease in contract assets	267,239	-
Decrease (increase) in notes receivable	32,933	(97,033)
Increase in accounts receivable	(1,652,466)	(441,404)
Decrease (increase) in construction contracts receivable	-	(289,529)
Decrease (increase) in inventories	1,690	(125,471)
Increase in other financial assets	(59,139)	(70,644)
	(1,549,975)	(1,024,081)
Changes in operating liabilities		
Increase in contract liabilities	254,496	-
Increase in notes payable	7,057	39,793
Increase in accounts payable	1,157,219	540,667
Decrease in construction contracts payable	-	(366,292)
Increase in advance sales receipts	-	338,791
Increase (decrease) in other current liabilities	32,548	(30,200)
	1,451,320	522,759
Total adjustments	(117,961)	(486,665)
Cash inflow generated from operations	1,009,680	188,234
Interest received	22,129	7,343
Interest paid	(3,848)	(1,439)
Income taxes paid	(131,040)	(98,021)
Net cash generated by (used in) operating activities	896,921	96,117
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	-	(26,000)
Proceeds from disposal of available-for-sale financial assets	-	40,432
Acquisition of property, plant and equipment	(14,094)	(33,263)
Proceeds from disposal of property, plant and equipment	965	520
Increase in other non-current assets	(5,809)	(7,476)
Net cash used in investing activities	(18,938)	(25,787)
Cash flows from financing activities:		
Increase in short-term loans	26,971	120,463
Repay in short-term loans	(317,783)	(55,361)
Change in non-controlling interests	58	-
Net cash used in financing activities	(290,754)	65,102
Effect of exchange rate changes on cash and cash equivalents	38,848	(44,488)
Net increase in cash and cash equivalents	626,077	90,944
Cash and cash equivalents at beginning of period	3,926,890	2,553,478
Cash and cash equivalents at end of period	**$ 4,552,967**	**2,644,422**

Acter Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2018 and 2017
(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 19F-1, No.201, Sec.2, Wenxin Road, Xitun District., Taichung City 40758, Taiwan (R.O.C.).The consolidated financial statements of the Company 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 (b). 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 statements for the six months ended June 30, 2018 and 2017 were authorized for issuance by the board of directors on August 9, 2018.

(3) Adoption of new Standards and interpretations

(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 Group has prepared its consolidated financial statements in conformity with the new standards, interpretations and amendments of IFRSs which have been endorsed by the FSC and are effective for annual period beginning on or after January 1, 2018 as follows:

New standards and amendments	Effective date per IASB
· Amendments to IFRS 2,: "Clarifications 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
· Amendments to IFRS 9"Financial Instruments"	January 1, 2018
· Amendments to IFRS15 "Revenue from Contracts with Customers"	January 1, 2018
· Amendments to IAS 7 "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 IFRSs 2014-2016 Cycle	

New standards and amendments	Effective date per IASB
· Amendments to IFRS 12	January 1, 2017
· Amendments to IFRS 1 and Amendments to IFRS 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:

(i) 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". The Group plans to adopt IFRS 15 using the cumulative effect method. Therefore, the comparative information will not be restated. The cumulative effect of initially applying IFRS 15 will be recognized as an adjustment to the opening balance of retained earnings at 1 January 2018.

The Group plans to use the practical expedient in paragraph C5(a) of IFRS 15, under which, for contracts that are completed at the date of the initial application (i.e. 1 January 2018) will not be restated.

(1) Construction contracts

Contract revenue 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.

(2) Sales of goods-equipment

For the sale of equipment, based on the acceptance terms in the contracts, the Group recognize revenue when the equipment are delivered to customers' site, installation is completed and accepted by customer and related risks and rewards of ownership have been transfer to customers. 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 product contracts, the customer controls the products gradually as the products are being manufactured and installation. When this is the case, revenue will be recognized as the equipment 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 equipment are delivered, installed and accepted completely by the customers.

(3) Impacts on financial statements

The following tables summarize the impacts of adopting IFRS15 on the Group's consolidated financial statements:

	June 30, 2018			January 1, 2018		
Impacted line items on the consolidated balance sheet	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting polices**	**Balances upon the adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting polices**	**Balances upon the adoption of IFRS 15**
Contract assets	$ -	1,381,060	1,381,060	-	1,648,299	1,648,299
Construction contracts receivable	1,222,645	(1,222,645)	-	1,543,171	(1,543,171)	-
Inventories	2,261,413	(2,005,476)	255,937	1,653,559	(1,395,932)	257,627
Deferred tax assets	190,079	(41,591)	148,488	142,511	(13,791)	128,720
Impact on assets		**(1,888,652)**			**(1,304,595)**	
Contract liabilities	$ -	1,316,288	1,316,288	-	1,061,792	1,061,792
Construction contracts payable	989,451	(989,451)	-	764,337	(764,337)	-
Advance sales receipts	2,471,992	(2,471,992)	-	1,706,250	(1,706,250)	-
Impact on liabilities		**(2,145,155)**			**(1,408,795)**	
Retained earnings	$ 1,907,353	159,507	2,066,860	2,057,315	64,796	2,122,111
Non-controlling interests	737,314	96,996	834,310	790,228	39,404	829,632
Impact on equity		**256,503**			**104,200**	

	For the Three Months Ended June 30			**For the Six Months Ended June 30**		
Impacted line items on the consolidated balance sheet	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting polices**	**Balances upon the adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting polices**	**Balances upon the adoption of IFRS 15**
Operating revenue	$ 4,536,863	75,379	4,612,242	6,881,984	759,195	7,641,179
Operating costs	(3,726,166)	(35,511)	(3,761,677)	(5,638,207)	(579,092)	(6,217,299)
Profit before tax		39,868			180,103	
Tax expense	(238,307)	(3,386)	(241,693)	(341,136)	(27,800)	(368,936)
Profit		(36,482)			152,303	
Basic earnings per share	**$ 7.59**	**0.42**	**8.01**	**9.96**	**1. 77**	**11.73**
Diluted earnings per share	**$ 7.43**	**0.41**	**7.84**	**9.72**	**1. 73**	**11.45**

Impacted line items on the consolidated balance sheet	**For The Six Months Ended June 30, 2018** Before adjustments	Impact of changes in accounting police	After adjustments
Cash flows from operating activities:			
Profit before tax	$ 947,538	180,103	1,127,641
Adjustments:			
Decrease in contract assets	-	267,239	267,239
Decrease (increase) in construction contracts receivable	320,526	(320,526)	-
Decrease (increase) in inventories	(607,854)	609,544	1,690
Increase in contract liabilities	-	254,496	254,496
Increase (decrease) in construction contracts payable	225,114	(225,114)	-
Increase (decrease) in advance sales receipts	765,742	(765,742)	-
Impact on cash flows from operating activities		(180,103)	
Impact on net cash flows from operating activities		-	

(ii) 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 administrative 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 detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

(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 see 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 the ‘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 see note 4(c).

(3) Transition

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

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves 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.
- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group assumed that the credit risk on its asset will not increase significantly since its initial recognition.

(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.

	IAS39		IFRS9	
	Measurement categories	**Carrying amount**	**Measurement categories**	**Carrying amount**
Financial assets				
Cash and cash equivalents	Loans and receivables	3,926,890	Amortized cost	3,926,890
Debt instruments	Available-for-sale(note a)	198,460	Financial assets at fair value through profit or loss	198,460
Equity instruments	Available-for-sale(note b)	4,050	Financial assets at fair value through other comprehensive income or loss	4,050
Accounts receivable, net	Loans and receivables (note c)	2,676,265	Amortized cost	2,676,265
Other financial assets (Guarantee deposits paid)	Loans and receivables	222,630	Amortized cost	222,630

a. The corporate debt securities are categorized as available-for-sale under IAS 39. The Group assesses that these securities are held within a business model whose objective is achieved by selling securities. Consequently, the Group has designated these investments at the date of initial application as measured at FVOCI. An allowance for impairment of NT$738 thousand was recognized in opening retained earnings upon transition to IFRS 9 on January 1, 2018.

b. These equity securities 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.

c. 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.

	2017.12.31 IAS 39 Carrying amount	**Reclassifications**	**Remeasurements**	**2018.1.1 IFRS 9 Carrying Amount**	**2018.1.1 Retained Earnings**	**2018.1.1 Other equity**
Fair value through profit or loss						
Beginning balance of FVTPL (IAS 39)	$ -	-	-		-	-
Additions – debt instruments:						
From available for sale	-	198,460	-		738	(738)
Total	**$ -**	**198,460**	**-**	**198,460**	**738**	**(738)**

	2017.12.31 IAS 39 Carrying amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained Earnings	2018.1.1 Other equity
Fair value through other comprehensive income						
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 202,510	-	-		-	-
Available for sale to FVOCI						
Deductions – debt instruments:						
From FVTPL – required reclassification based on classification criteria	-	(198,460)	-		-	-
Total	$ 202,510	(198,460)	-	4,050	-	-

(iii) 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 present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities as note 6(cc).

(iv) Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Loss"

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value.

(b) The impact of IFRS endorsed by the 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, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IFRS 19" Plan Amendment, Curtailment or Settlement"	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

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:

(i) IFRS 16 "Leases"

IFRS 16 replaces the existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 introduces a single and an on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In addition, the nature of expenses related to those leases will now be changed since IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. There are recognition exemptions for short-term leases and leases of low-value items. The lessor accounting remains similar to the current standard – i.e. the lessors will continue to classify leases as finance or operating leases.

The Group has completed an initial assessment of the potential impact on its consolidated financial statements, wherein the detailed assessment has yet to be completed. The actual impact of applying IFRS 16 on its financial statements in the period of initial application will depend on future economic conditions, including the Group's discounting rate, the composition of the Group's lease portfolio at that date, the Group's latest assessment of whether it will exercise any lease renewal options and the extent to which the Group chooses to use practical expedients and recognition exemptions.

So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for its operating leases of offices, warehouses, and factory facilities. The impact amount is still under assessment.

(1) Determining whether an arrangement contains a lease

The Group has an arrangement that was not in the legal form of a lease, for which it concluded that the arrangement contains a lease of equipment under IFRIC 4. On transition to IFRS 16, the Group can choose to apply either of the following:

- IFRS 16 definition of a lease to all its contracts; or
- a practical expedient that does not need any reassessment whether a contract is, or contains, a lease.

The Group is assessing the potential impact of using the practical expedient.

(2) Transition

As a lessee, the Group can apply the standard using either of the following:

- retrospective approach; or
- modified retrospective approach with optional practical expedients.

On January 1, 2019, the Group plans to initially apply IFRS 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting IFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2019, with no restatement of comparative information.

When applying the modified retrospective approach to leases previously classified as operating leases under IAS 17, the lessee can elect, on a lease-by-lease basis, whether to apply a number of practical expedients on transition. The Group is assessing the potential impact of using these practical expedients.

The Group is not required to make any adjustments for leases in which the Group is the lessor where the Group is the intermediate lessor in a sub-lease.

(ii) IFRIC 23 "Uncertainty over Income Tax Treatments"

In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations.

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits, as well as tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

So far, the most significant impact identified is that the Group shall reflect the effect of uncertainty for each uncertain tax treatment for the application of the amendments resulting in deferred tax liabilities and the tax expenses. The impact amount is still under assessment.

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

The following IFRSs have been issued by the IASB, but have yet to be 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 17 “Insurance Contracts”	January 1, 2021

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 financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect 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 and issued into effect 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 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.

(b) Basis of consolidation

Principles of preparation of the consolidated interim financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2017. For the related information, please refer to Note 4 (c) of the consolidated financial statements for the year ended December 31, 2017.

For the six months ended on June 30, 2018, 100% shares of Acter International Ltd. hold by Sheng Huei (Shenzhen) Engineering Co., Ltd. were sold to Sheng Huei (Suzhou) Engineering Co., Ltd. (Sheng Huei Suzhou)；1% shares of PT. Novamex Indonesia. hold by Nova Technology Malaysia Sdn. Bhd. were sold to Acter International Ltd..

Enrich Tech Co., Ltd. , HerSuo Engineering Co., Ltd. , Suzhou Winmax Technology Corp. , Novatech Engineering & Construction Pte., Ltd , Acter International Ltd. , New Point Group Ltd. , Sheng Huei Engineering Technology Co., Ltd. , Nova Technology Singapore Pte., Ltd. , Nova Technology Malaysia Sdn. Bhd. , PT. Novamex Indonesia. , Acter Engineering Co., Ltd. , Shenzhen Ding –Mao Trade Co., Ltd. , Sheng Huei (Shenzhen) Engineering Co., Ltd. and Shangjiagang Free Trade Zone Fuyu Internation Trade Co., Ltd. are non-significant subsidiaries, their financial statements have not been reviewed.

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

(i) Financial assets

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

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 and interest on the 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) 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 and interest on the 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 instrument-by-instrument 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, deriving from debt investments are recognized in profit or loss; whereas dividends deriving 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 debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity 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) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

(4) Impairment loss on 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, leases receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI, accounts receivable 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 as well as forward-looking information.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade which is considered to be BBB- or higher per Standard & Poor's, Baa3 or higher per Moody's or twA or higher per Taiwan Ratings'.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 360 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 540 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 (i.e 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 360 days past due；
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- 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 instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain 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.

(5) Derecognition of financial assets

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

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its 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 – unrealized gains or losses on fair value through other comprehensive income”, in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

On derecognition of a part of debt instrument in which the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of 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, shall be recognized in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

(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.

(i) Equipment contracts and Construction contracts

The Group enters into such as Semiconductor, Livelihood, Ics Assembly, Medical Biotech for equipment contracts and construction contracts. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract is a fixed amount. The customer pays the fixed amount based on a payment schedule. The Group recognizes revenue only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

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.

The Group offers a standard warranty to provide assurance that they comply with agreed-upon specifications and has recognized warranty provisions for this obligation; please refer to Note 6(n).

(ii) Financing components

The group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(e) Contract costs (applicable from January 1, 2018)

(i) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

(ii) Costs to fulfill a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfill a contract only if those costs meet all of the following criteria:

(1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
(2) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(3) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfill the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(f) 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.

For a change in tax rate that is substantively enacted in an interim period, the effect of the change immediately should be recognized in the interim period in which the change occurs.

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.

(g) 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) Significant accounting assumptions and judgments, and major sources of estimation uncertainty

The preparation of the consolidated 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.

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2017. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2017.

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6(e).

(6) Explanation of significant accounts

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2017. Please refer to Note 6 of the 2017 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2018	December 31, 2017	June 30, 2017
Petty cash and cash on hand	$ 1,192	1,118	3,031
Checking and demand deposits	2,461,173	2,249,161	1,529,015
Time deposits	1,201,001	1,139,760	672,841
Cash equivalent - repurchased commercial paper	889,601	536,851	439,535
	$ 4,552,967	**3,926,890**	**2,644,422**

The above-mentioned repurchased commercial paper rate as of June 30, 2018, December 31, 2017 and June 30, 2017 were 0.45%~0.55%, 0.38%~0.43% and 0.37%~0.40%, respectively, and they mature from July 3 to July 13, 2018, from January 4 to January 29, 2018 and July 4, 2017, respectively.

(b) Financial assets at fair value through profit or loss

	June 30, 2018
Mandatorily measured at fair value through profit or loss:	
Non-derivative financial assets	
Beneficiary securities - open-end funds	$ 336,646

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

	June 30, 2018
Equity investments at fair value through other comprehensive income	
TPEx-Listed-	
Holy Stone Healthcare Co., Ltd.	$ 3,875

(i) Equity investments at fair value through other comprehensive income

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes. These investments were classified as available-for-sale financial assets on December 31, 2017 and June 30, 2017.

No strategic investments were disposed as of June 30, 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

(ii) For credit risk and market risk; please refer to Note 6(z).

(iii) The aforesaid financial assets were not pledged.

(d) Investment in financial assets

Current:	December 31, 2017	June 30, 2017
Available-for-sale financial assets		
Beneficiary securities - Open-end funds	$ 198,460	187,494
Non-current		
Available-for-sale financial assets		
Holy Stone Healthcare Co., Ltd.	4,050	4,165
Financial assets carried at cost		
Taichung International Entertainment Co., Ltd. (under other noncurrent assets)	45	45
	$ 202,555	**191,704**

(i) As of June 30, 2018, the available-for-sale financial assets of the Group were classified as fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL); please refer to Note 6(b) and (c).

(ii) The aforementioned investments held by the Group are measured at cost less impairment losses as of December 31 and June 30, 2017. The fair values of these investments cannot be measured reliably because the range of reasonable fair value estimates is wide and the probabilities for each estimate cannot be reasonably determined and classified as other non-current assets on June 30, 2018.

(iii) For credit risk and market risk; please refer to Note 6(z).

(iv) The aforesaid financial assets were not pledged.

(e) Note and trade receivables

	June 30, 2018	December 31, 2017	June 30, 2017
Note receivables from operating activities	$ 123,105	156,038	192,989
Trade receivables –measured as amortized cost	4,277,579	2,625,114	3,046,931
Less: Allowance for impairment	(192,678)	(215,449)	(250,395)
Total	**$ 4,208,006**	**2,565,703**	**2,989,525**

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on June 30, 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 incorporated forward looking information. The loss allowance provision as of June 30, 2018 was determined as follows:

Aging of Receivables	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
1 to 120 days	$ 4,039,216	-	-
121 to 180 days	115,069	0.50%	575
181 to 360 days	38,879	1.00%	389
361 to 540 days	28,922	40%~50%	13,116
More than 541 days	178,598	100%	178,598
Total	**$ 4,400,684**		**192,678**

As of December 31 and June 30, 2017, the Group applies the incurred loss model to consider the loss allowance provision of notes and trade receivable, and the aging analysis of notes and trade receivable, which were past due but not impaired, was as follows:

	December 31, 2017	June 30,2017
Past due 1-120 days	$ 98,505	430,412
Past due 121-180 days	2,838	20,491
Past due 181-360 days	11,516	29,729
Past due 361-540 days	3,634	20,242
	$ 116,493	**500,874**

The movement in the allowance for notes and trade receivable was as follows:

	June 30, 2018	June 30, 2017 Individually and Collectively assessed impairment
Balance, January 1 per IAS 39	$ 215,449	254,547
Adjustment on initial application of IFRS 9	-	-
Balance, January 1 per IFRS 9	215,449	-
Impairment losses recognized	4,143	18,131
Impairment losses reversed	(28,810)	(14,270)
Foreign exchange gains/(losses)	1,896	(8,013)
Balance, June 30	**$ 192,678**	**250,395**

(i) Accounts receivable includes retained construction receivable, which amounted to $40,344, $33,296 and $39,808 as of June 30, 2018, December 31, 2017 and June 30, 2017, respectively.

(ii) The notes and accounts receivable are not discounted or pledged.

(f) Other receivables

	June 30, 2018	December 31, 2017	June 30, 2017
Other accounts receivable	$ 39,644	124,321	44,762
Less: Loss allowance	(13,858)	(13,759)	(13,476)
	$ 25,786	**110,562**	**31,286**

As of December 31 and June 30, 2017, the aging analysis of other receivables, there were no past due but not impaired.

The movement in the allowance for other receivables was as follows:

	June 30, 2017
	Individually and Collectively assessed impairment
Balance, January 1	21,273
Impairment losses recognized	(7,300)
Foreign exchange gains/(losses)	(467)
Balance, June 30	**13,476**

For further credit risk information, please refers to Note 6(z).

(g) Construction contracts

Construction revenue recognized in profit or loss during the six months ended June 30, 2017 was as follows:

	For the three months ended June 30, 2017	**For the six months ended June 30, 2017**
Construction revenue recognized in current profit or loss	**$ 2,662,737**	**4,689,969**

	December 31, 2017	**June 30, 2017**
Accumulated construction costs incurred (including contract costs that relate to future activity)	$ 10,323,332	9,102,584
Add: Accumulated construction profit and losses	857,760	595,765
	11,181,092	9,698,349
Less: Progress billings	(10,402,258)	(9,166,590)
Net receivables (payables) of construction contracts	**$ 778,834**	**531,759**
Construction contracts receivable presented as an asset	$ 1,543,171	1,193,545
Construction contracts payable presented as a liability	(764,337)	(661,786)
	$ 778,834	**531,759**
Advance received before construction begins	**$ 9,215**	**7,625**

For the amount of contract balance on June 30, 2018 and revenue recognized during the six months ended June 30, 2018, please refer to Note 6(u).

(h) Inventories

	June 30, 2018	**December 31, 2017**	**June 30, 2017**
Finished goods and merchandise	$ 19,454	22,327	447,462
Work in process and semi-finished goods	331	1,475,964	756,752

Raw materials	250,096	169,354	127,209
	269,881	1,667,645	1,331,423
Less: provision for inventory devaluation	(13,944)	(14,086)	(11,955)
	$ 255,937	1,653,559	1,319,468

For the three months ended June 30, 2018 and 2017 and the six months ended Jun 30, 2018 and 2017, the write-down (reversal) of inventories amounted to $7,268 thousand, $(135) thousand, $7,498 thousand and $185 thousand. The write-downs are included in cost of goods sold.

The inventories of the Group were not pledged.

(i) Investments accounted for using equity method

The investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed. There were no significant additions and disposal of investments accounted for using equity method for the six months ended June 30, 2018 and 2017. Please refer to Note 6(f) of the 2017 annual consolidated financial statements for other related information.

(j) The relevant information of the Group's equity-accounted investees is as follows:

Subsidiaries	Main Business Location/Registered Country	Percentage of ownership and voting share: June 30, 2018	December 31, 2017	June 30, 2017
Nova Tech	R.O.C.	37.81%	37.81%	26.94%
Enrich Tech	R.O.C.	40%	40%	40%
SCEC Shanghai	China	(Note 1)	(Note 1)	42.19%
SCEC Suzhou	China	(Note 1)	(Note 1)	42.19%

Note 1: SCEC Suzhou and SCEC Shanghai had been liquidated in 2017.

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.

(i) Information regarding of Nova Tech:

	June 30,2018	December 31,2017	June 30,2017
Current assets	$ 2,309,638	2,149,828	1,644,338
Non-current assets	1,210,575	1,021,468	848,960

Current liabilities	(1,248,156)	(1,043,772)	(1,303,512)
Non-current Liabilities	(176,744)	(129,888)	(99,906)
Net assets	$ 2,095,313	1,997,636	1,089,880
Non-controlling interest	$ 792,338	755,402	293,615

	For the three months ended June 30		For the six months ended June 30	
	2018	2017	2018	2017
Operating revenue	$ 550,577	355,323	1,213,542	719,338
Net income for the period	$ 240,047	86,119	325,676	217,184
Other comprehensive income	(3,505)	11,472	7,080	(15,154)
Comprehensive income	$ 236,542	97,591	332,756	202,030
Net income attributable to non-controlling interest	$ 90,773	23,200	123,154	58,509
Comprehensive income attributable to non-controlling interest	$ 89,450	26,291	125,382	54,427
Cash flows from operating activities			$ 104,454	112,492
Cash flows from investing activities			28,546	(148)
Cash flows from financing activities			-	(6,934)
Net increase (decrease) in cash and cash equivalents			$ 133,000	105,410

(ii)Information regarding of Enrich Tech:

	June 30,2018	December 31,2017	June 30,2017
Current assets	$ 227,322	193,670	153,064
Non-current assets	3,708	2,630	1,555
Current liabilities	(133,389)	(109,236)	(97,082)
Net assets	$ 97,641	87,064	57,537
Non-controlling interest	$ 41,972	34,826	23,015

	For the three months ended June 30		For the six months ended June 30	
	2018	**2017**	**2018**	**2017**
Operating revenue	$ 80,301	135,821	299,251	217,364
Net income for the period	6,390	12,295	17,718	19,405
Other comprehensive income	-	-	-	-
Comprehensive income	$ 6,390	12,295	17,718	19,405
Net income attributable to non-controlling interest	$ 2,556	4,918	7,087	7,762
Comprehensive income attributable to non-controlling interest	$ 2,556	4,918	7,087	7,762
Cash flows from operating activities			$ 41,261	26,169
Cash flows from investing activities			(23)	(1,000)

Cash flows from financing activities	(2,141)	-
Net increase (decrease) in cash and cash equivalents	$ 39,097	25,169

(iii) Information regarding of SCEC Shanghai:

	June 30,2017
Current assets	$ 23,042
Current liabilities	-
Net assets	$ 23,042
Non-controlling interest	$ 9,721

	For the three months ended June 30	For the six months ended June 30
	2017	2017
Operating revenue	$ -	-
Net income for the period	31	21
Other comprehensive income	-	-
Comprehensive income	$ 31	21
Net income attributable to non-controlling interest	$ 13	9
Comprehensive income attributable to non-controlling interest	$ 13	9
Cash flows from operating activities		$ 18,173
Cash flows from investing activities		-
Cash flows from financing activities		-
Effect of exchange rate changes		(55)
Net increase (decrease) in cash and cash equivalents		$ 18,118

(iv) Information regarding of SCEC Suzhou:

	June 30,2017
Current assets	$ 11,560
Current liabilities	-
Net assets	$ 11,560
Non-controlling interest	$ 4,877

	For the three months ended June 30	For the six months ended June 30
	2017	2017
Operating revenue	$ -	-
Net income for the period	(137)	(194)
Other comprehensive income	-	-

Comprehensive income	$ (137)	(194)
Net income attributable to non-controlling interest	$ (58)	(82)
Comprehensive income attributable to non-controlling interest	$ (58)	(82)
Cash flows from operating activities		$ (678)
Cash flows from investing activities		-
Cash flows from financing activities		-
Effect of exchange rate changes		(428)
Net decrease in cash and cash equivalents		$ (1,106)

(k) Property, plant and equipment

	Land	Building and construction	Other facilities	Unfinished construction and equipment under acceptance	Total
Book values:					
Balance on January 1, 2018	$ 183,187	167,255	51,529	-	401,971
Balance on June 30, 2018	$ 183,187	163,960	55,658	1,067	403,872
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

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2018 and 2017. Information on amortization for the period is discussed in Note 12(a). Please refer to Note 6(i) of the 2017 annual consolidated financial statements for other related information.

(l) Investment Property

	Land	Building and construction	Facilities	Total
Book values:				
Balance on January 1, 2018	$ 139,922	105,804	15	245,741
Balance on June 30, 2018	$ 139,922	104,561	14	244,497
Balance on January 1, 2017	$ 139,922	108,291	15	248,228
Balance on June 30, 2017	$ 139,922	107,048	14	246,984

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2018 and 2017. Information on amortization for the period is discussed in Note 12(a). Please refer to Note 6(j) of the 2017 annual consolidated financial statements for other related information.

The fair value of the investment property was not significantly different from those disclosed in the Note 6(j) of the annual consolidated financial statements for the year ended December 31, 2017

(m) Short-term loans

	June 30, 2018	December 31, 2017	June 30, 2017
Secured bank loans	$ 35,452	344,806	258,782
Unsecured bank loans	20,000	-	-
	$ 55,452	344,806	258,782
Unused facilities	$ 6,964,005	5,037,194	3,036,051
Interest rate	1.3%~2.5%	2.5%~4.785%	1.8%~4.35%

(i) Issues and Repayments of Short-term loans

For the six months ended June 30, 2018 and 2017, the issues amounted to $26,971 and $120,463 and due in August, 2018 and November, 2017, respectively; the repayment amounted to $317,783 and $55,361.

(ii) Assets pledged for bank loans

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

(n) Provisions

	June 30, 2018	December 31, 2017	June 30, 2017
Provisions	$ 462,874	335,595	317,295

Provisions of the Group were estimated base on the contracts of the construction's historic data and expected most of the provisions occur during the warranty period.

There were no significant fluctuation of provisions for the six months ended June 30, 2018 and 2017. Please refer to Note 6(k) of the 2017 annual consolidated financial statements for other related information.

(o) Advance sales receipts

Projects	December 31, 2017	June 30, 2017
W3-XXC071X	$ 349,982	-
W3-XXCX6XX	339,719	-
N3XX16C20X	240,560	240,560
N3-XXCXX0X	94,889	-
WS-XXC001X	93,977	-
W3-XXC06XX	86,387	-
W3-XXC053X	-	209,132
N3-XXXC195	-	193,176
W3-XXC143X	-	137,706
WS-XXC001X	-	92,048
Other (Net less than 5%)	500,736	521,515
	$ 1,706,250	1,394,137

(p) Employee benefits

(i) 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, 2017 and 2016 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	
	2018	**2017**	**2018**	**2017**
Operating cost	$ 44	33	88	68
Operating expense	121	87	241	173
	$ 165	120	329	241

(ii) 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	
	2018	**2017**	**2018**	**2017**
Operating cost	$ 4,054	3,932	8,171	7,884
Operating expense	1,653	1,496	3,188	3,146
	$ 5,707	5,428	11,359	11,030

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

(q) Taxes

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, an increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. The Group has recognized the effect of the change in the tax rate affecting deferred tax $32,949 in the interim period in which the change has occurred.

The Group income tax expense (benefit):

	For the three months ended June 30		For the six months ended June 30	
	2018	**2017**	**2018**	**2017**
Current income tax expense :				
Current period	$ 214,931	50,406	268,204	108,987
Deferred tax expense(benefit):				
Origination and reversal of	26,762	38,338	66,645	48,993

temporary difference				
Fluctuation of tax rate	-	-	34,087	-
Income tax expense	$ 241,693	88,744	368,936	157,980

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	
	2018	**2017**	**2018**	**2017**
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences－foreign operations	$ (623)	(3,888)	(5,333)	6,339
Fluctuation of tax rate	-	-	1,138	-
	$ (623)	(3,888)	(4,195)	6,339

The income tax return of the Company has been examined by the tax authorities through year 2016.

(r) 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, 2018 and 2017. The related information, please refer to Note 6(o) of the Group financial statements for the year ended December 31, 2017.

(i) Ordinary shares

On May 10, 2018, the Company’s board of directors approved to write off restricted stock to employees 4,000 shares. The record date of capital reduction was June 1, 2018. The company had finished the capital reduction registration.

A resolution was passed during the general meeting of shareholders held on 30 May 2018 for the new shares issuance through capitalization of earnings, amounting to $70,729. The Company had filed a report to the Financial Supervisory Commission, with 8 June 2018 as the effective date. The record date of new shares issuance through capitalization of earnings resolved by the Company’s board of directors was July 3, 2018.

(ii) Capital surplus

The Company wrote off 4,000 shares of restricted stock, with 1 June 2018 as the effective date, and decreasing capital surplus amounted to $285.

(iii) 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 and 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.

(1) Legal reserve

In accordance with the Company Act, 10 percent of net income should be set aside after offsetting accumulated deficits, if any, as legal reserve, until it is equal to issued common stock. If the Company experienced profit for the year, the meeting of shareholders shall decide on the distribution of the legal reserve either by new shares or by cash of up to 25 percent of the paid-in capital.

(2) Special reserve

In Accordance with Ruling No.1010012865 issued by the FSC on April 6, 2012, the difference between the total net reduction of other shareholders' equity and the carrying amount of special earnings reserve as stated above shall be reclassified as a special earnings reserve during earnings distribution. Other prior accumulated debit balance of stockholders equity was recognized as additional special reserve from prior undistributed earnings, and distributions were prohibited. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

(3) Earnings distribution

On May 30, 2018, and May 26, 2017, the meeting of stockholders of Acter approved the distribution plan of retained earnings. Information about dividends per share, employees' bonuses and directors' remuneration for 2017 and 2016 are as follows:

	2017	2016
Dividends per share (In New Taiwan Dollars):		
Cash	$ 13.00	8.00
Stock	1.50	-
	$ 14.50	8.00

(4) Other equity interest (net of tax)

	Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Investment in available-for-sale financial assets	Other equity-unrealized bonus	Total
Balance, January1, 2018	$ (52,599)	-	(3,962)	(10,088)	(66,649)
Effects of retrospective application	-	(4,700)	3,962	-	(738)
Balance, January 1, 2018 after adjustments	(52,599)	(4,700)	-	(10,088)	(67,387)
Foreign currency translation differences (net of tax)	15,383	-	-	-	15,383
Unrealized gains(losses) on financial assets measured at fair value through other comprehensive income	-	(175)	-	-	(175)
Employee's unrealized bonus	-	-	-	5,177	5,117
Balance, June 30, 2018	$ (37,216)	(4,875)	-	(4,971)	(47,062)
Balance, January1, 2017	$ (38,155)	-	(5,898)	(34,798)	(78,851)
Foreign currency translation differences (net of tax)	(30,952)	-	-	-	(30,952)
Unrealized gains(losses) on available-for-sale financial assets	-	-	2,934	-	2,934
Employee's unrealized bonus	-	-	-	14,025	14,025
Balance, June 30, 2017	$ (69,107)	-	(2,964)	(20,773)	(92,844)

(s) 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, 2018 and 2017. For the related information, please refer to Note 6(p) of the consolidated financial statements for the year ended December 31, 2017.

As at 30 June 2018 the Group had 2 share-based payment arrangements as follows:

	Equity-settled Restricted stock to employee	**Equity-settled Restricted stock to employee**
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.

(1) 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.

(2) 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%

	2018		**2017**	
(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	-	703	-	1,011
Granted	-	-	-	-
Forfeited	-	(4)	-	(84)
Exercised	-	(389)	-	(224)
Expired	-	-	-	-
Balance, June 30 of the period		**310**		**703**

(t) Earnings per share ("EPS")

	For the three months ended June 30		For the six months ended June 30	
	2018	**2017**	**2018**	**2017**
Profit attributable to common shareholders	$ 429,851	244,133	628,464	450,721
Weighted average number of common shares (In thousand shares)	53,651	53,373	53,587	53,336
Basic Earnings per share (In New Taiwan Dollars)	$ 8.01	4.57	11.73	8.45
Profit attributable to common shareholders	$ 429,851	244,133	628,464	450,721
Weighted average number of common shares (In thousand shares)	53,651	53,373	53,587	53,336
Add: effect on potential common stock－employee bonuses (In thousand shares)	142	93	303	229
restricted stocks for employees	1,006	876	1,006	853
Diluted weighted average number of common shares (In thousand shares)	54,799	54,342	54,896	54,418
Diluted Earnings per share (In New Taiwan Dollars)	$ 7.84	4.49	11.45	8.28

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30	For the six months ended June 30
Primary geographical markets	**2018**	**2018**
Taiwan	$ 1,917,925	3,138,943
China	2,529,776	4,226,582
Other	164,541	275,654
	$ 4,612,242	**7,641,179**
Major products/services lines		

Cleanroom electromechanical	$	2,342,158	3,489,486
Water gasification supply		1,576,756	2,850,001
Consumer industry electromechanical		264,294	689,188
Biomedical		252,429	419,926
High-tech equipment and materials sales and services		176,605	192,578
	$	**4,612,242**	**7,641,179**

For details on revenue for the six months ended June 30, 2017, please refer to Note 6(g) and (v).

(ii) Contract balances

		June 30, 2018	January 1, 2018
Accounts receivable	$	4,277,579	2,625,114
Less: allowance for impairment		(192,678)	(215,449)
	$	**4,084,901**	**2,409,665**
Contract assets-construction and equipment	$	1,426,539	1,691,348
Less: allowance for impairment		(45,479)	(43,049)
	$	**1,381,060**	**1,648,299**
Contract liabilities-construction and equipment	$	1,309,804	1,047,794
Contract liabilities- Advance received		6,484	13,998
	$	**1,316,288**	**1,061,792**

For details on accounts receivable and allowance for impairment, please refer to Note 6(e).

For details on construction contracts as of June 30, 2017, please refer to Note 6(g).

The major change in the balance of contract assets and contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received.

(v) Revenue

		For the three months ended June 30	For the six months ended June 30
		2017	2017
Construction contract revenue	$	2,662,737	4,689,969
Sale of goods		297,242	974,940
Other		7,312	45,030
	$	**2,967,291**	**5,709,939**

For details on revenue for the six months ended June 30, 2018, please refer to Note 6(u).

(w) Remuneration to employees and directors

According to the Company's articles of incorporation, 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, after any accumulated deficit is offset against the current period profit, if any.

For the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017, the Company estimated its employee remuneration amounted to $27,373, $15,073, $41,233 and $27,506, and directors' and supervisors' remuneration amounting to $16,424, $9,043, $24,740 and $16,503 respectively. These amounts were calculated using the company's net income before tax, multiplied by the proposed percentage which is stated under the company's article. These remunerations were expensed under operating costs or expenses for each period. If there is an adjustment between actual distribution and estimation of the aforementioned employee bonuses and remuneration to directors, the adjustment will reflect to the profit and loss on next year.

For the year ended December 31, 2017 and 2016, the Company estimated its employee remuneration amounted to $61,369 and $20,608, and directors' and supervisors' remuneration amounting to $30,685 and $10,304, respectively. There is no different between estimation and paid. The information is available on the Market Observation Post System website.

(x) Non-operating income and expenses

(i) Other revenue

	For the three months ended June 30		For the six months ended June 30	
	2018	**2017**	**2018**	**2017**
Interest income	$ 12,370	4,693	21,599	7,171
Rental income	854	624	1,524	1,250
Others	7,758	(490)	10,161	(308)
	$ 20,982	**4,827**	**33,284**	**8,113**

(ii) Other income and losses

	For the three months ended June 30		For the six months ended June 30	
	2018	**2017**	**2018**	**2017**
Exchange gain(loss) on foreign currency	$ 90,795	(6,569)	41,669	(53,150)
Gain on disposal of investment	-	44	-	384
Net loss on financial assets at fair value through profit or loss	(126)	-	(2,046)	-
Others	194	(221)	303	(282)
	$ 90,863	**(6,746)**	**39,926**	**(53,048)**

(y) Reclassification adjustments of components of other comprehensive income

	For the three months ended June 30,		For the six months ended June 30	
	2018	**2017**	**2018**	**2017**
Available-for-sale financial assets				
Net change in fair value	$ -	361	-	2,934
Equity instruments at fair value through other comprehensive income	-	-	-	-
Net change in fair value reclassified to profit or loss	(30)	-	(175)	-
Net change in fair value recognized in other comprehensive income	$ (30)	361	(175)	2,934

(z) 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(u) of the Group's financial statements for the year ended December 31, 2017.

(i) Credit risk

(1) Exposure to credit risk

The carrying amount of financial assets represents the Group's maximum credit exposure.

(2) Concentration of credit risk

As of June 30, 2018, December 31 and June 30, 2017, concentration of credit risk came from the Group's major client are not more than 11%, 12% and 7% of the Group's receivables, respectively, while that came from the Group's other four major clients are not more than 19%, 27% and 24% of the Group's receivables, respectively.

(3) Receivables and debt securities

For credit risk exposure of note and trade receivables, please refer to Note 6(e).

Other financial assets at amortized cost include other receivables. For the details on loss allowance on December 31 and June 30, 2017, please refer to Note 6(f).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses.

Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4(c).

The loss allowance provision as of June 30, 2018 was determined as follows:

	Other receivables
Balance on January 1 per IAS 39	$ 13,759
Adjustment on initial application of IFRS 9	-
Balance on January 1 per IFRS 9	13,759
Impairment loss recognized	99
Balance on June 30	$ 13,858

(ii) 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, 2018						
Non-derivative financial liabilities						
Secured bank loans	$ 35,452	35,634	35,634	-	-	-
Unsecured bank loans	20,000	20,003	20,003	-	-	-
Notes payable	227,303	227,303	227,303	-	-	-
Dividend payable	741,285	741,285	741,285	-	-	-
Accounts payable (including related parties) and other accrued expenses	3,743,090	3,743,090	3,547,347	119,963	75,768	12
	$ 4,767,130	4,767,315	4,571,572	119,963	75,768	12
December 31, 2017						
Non-derivative financial liabilities						
Secured bank loans	$ 344,806	346,115	346,115	-	-	-
Notes payable	220,246	220,246	220,246	-	-	-
Accounts payable (including related parties) and other accrued expenses	2,711,187	2,711,187	2,375,042	206,039	130,101	5
	$ 3,276,239	3,277,548	2,941,403	206,039	130,101	5
June 30, 2017						
Non-derivative financial liabilities						
Unsecured bank loans	$ 258,782	259,793	259,793	-	-	-
Notes payable	275,599	275,599	275,599	-	-	-
Dividend payable	425,785	425,785	425,785	-	-	-
Accounts payable (including related parties) and other accrued expenses	2,587,693	2,587,693	2,231,786	197,761	158,141	5
	$3,547,879	3,548,870	3,192,963	197,761	158,141	5

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

(iii) Market risk

(1) Currency risk

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

	June 30, 2018			December 31, 2017			June 30, 2017		
	Foreign Currency	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**	**Foreign Currency**	**Exchange Rate**	**NTD**
Financial assets									
Monetary items									
USD	$ 72,033	30.586	2,203,208	65,405	29.848	1,952,208	62,641	30.436	1,906,532
CNY	482,857	4.6168	2,229,253	333,972	4.5835	1,530,760	222,373	4.4894	998,320
SGD	3,223	22.3459	72,031	2,054	22.3238	45,843	1,749	22.1039	38,660
JPY	137,753	0.2772	38,185	1,894	0.2649	502	14,235	0.2716	3,866
Financial liabilities									
Monetary items									
USD	13,810	30.586	422,403	13,547	29.848	404,342	9,624	30.436	292,916
CNY	329,421	4.6168	1,520,872	295,117	4.5835	1,352,669	228,682	4.4894	1,026,646
SGD	244	22.3459	5,452	252	22.3238	5,636	81	22.1039	1,790
JPY	117,802	0.2772	32,655	48,275	0.2649	12,788	82,707	0.2716	22,463

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, financial assets at fair value through other comprehensive income (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, 2018 and 2017 would have increased or decreased the before-tax net income by $25,613 and $16,036, respectively. The analysis is performed on the same basis for both periods.

Due to the Group have 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, 2018 and 2017, respectively, including unrealized and realized, were$41,669 and $(53,150).

(2) Interest rate analysis

The interest risk exposure from financial assets and liabilities has been disclosed in this 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/decreases by 1%, the Group's net income will decrease/increase by $555 and $2,588 for the six months ended June 30, 2018 and 2017, respectively, assuming all other variable factors remain constant. This is mainly due to the Group's borrowing in variable rate.

(3) 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:

	For the six months ended June 30			
	2018		2017	
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%	$ 93	8,080	5,750	-
Go down 3%	$ (93)	(8,080)	(5,750)	-

(iv) Fair value of financial instruments

(1) The kinds of financial instruments and fair value

The measurement basis of the financial assets and liabilities at fair value through profit or loss and the financial assets at fair value through other comprehensive income (available-for-sale) is repetitive the carrying amount and fair value of the Group's financial assets, 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 , 2018				
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	$ 336,646	336,646	-	-	336,646
Financial assets at fair value through other comprehensive income					
TPEx-Listed	3,875	3,875	-	-	3,875

Financial assets at amortized cost					
Cash and cash equivalents	4,552,967	-	-	-	-
Notes receivable	123,105	-	-	-	-
Accounts receivable	4,084,901	-	-	-	-
Other receivable	25,786	-	-	-	-
Other financial assets	220,054	-	-	-	-
Total	$ 9,347,334	340,521	-	-	340,521
Financial liabilities at amortized cost					
Short-term borrowings	$ 55,452	-	-	-	-
Notes payable	227,303	-	-	-	-
Accounts payable	3,658,211	-	-	-	-
Dividend payable	741,285	-	-	-	-
Accounts payable-related party	263	-	-	-	-
Other accrued expenses	84,616	-	-	-	-
Total	$ 4,767,130	-	-	-	-

	December 31, 2017				
		Fair Value			
	Book value	**Level 1**	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets-current	198,460	198,460	-	-	198,460
Available-for-sale financial assets-noncurrent	4,050	4,050	-	-	4,050
Financial asset at cost (recognized as other non-current assets)	45	-	-	-	-
Loans and receivables					
Cash and cash equivalents	3,926,890	-	-	-	-
Notes receivable	156,038	-	-	-	-
Accounts receivable	2,409,665	-	-	-	-
Other receivables	110,562	-	-	-	-
Other current financial assets	222,630	-	-	-	-
Total	$ 7,028,340	202,510	-	-	202,510
Financial liabilities at amortized cost					
Short-term loans	344,806	-	-	-	-
Notes payable	220,246	-	-	-	-
Accounts payable	2,627,433	-	-	-	-
Accounts payable-related party	381	-	-	-	-
Other accrued expenses	83,373	-	-	-	-
Total	$ 3,276,239	-	-	-	-

	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 asset at cost (recognized as other non-current assets)	45	-	-	-	-
Loans and receivables					
Cash and cash equivalents	2,644,422	-	-	-	-
Notes receivable	192,989	-	-	-	-

Accounts receivable	2,796,536	-	-	-	-
Other receivable	31,286	-	-	-	-
Total	$ 5,856,937	191,659	-	-	191,659
Financial liabilities at amortized cost					
Short-term borrowings	$ 258,782	-	-	-	-
Notes payable	275,599	-	-	-	-
Accounts payable	2,539,842	-	-	-	-
Dividend payable	425,785	-	-	-	-
Accounts payable-related party	761	-	-	-	-
Other accrued expenses	47,090	-	-	-	-
Total	$ 3,547,859	-	-	-	-

(2) Fair value valuation technique of 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 non-active 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: beneficiary securities－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 the six months ended June 30, 2018 and 2017.

(aa) Financial risk management

There are no significant changes on the Group financial risk management objectives and policies disclosure, please refer to Note 6(v) of the Group financial statements for the year ended December 31, 2017.

(bb) Capital management

Disclosure of the Company's capital management objectives, policies and procedures consists with the consolidated financial statements of 2017; there are no significant changes to summary quantitative data for capital management disclosed of the consolidated financial statements of 2017. Please refer to Note 6(w) of the Group financial statements for the year ended December 31, 2017.

(cc) Investing and financing activities not affecting current cash flow

The Group's investing and financing activities which did not affect the current cash flow in the six months ended June 30, 2018 and 2017, were as follows:

			Non-cash changes		
	January 1, 2018	**Cash flows**	**Foreign exchange movement**	**Fair value changes**	**June 30, 2018**
Short-term borrowings	$ 344,806	(290,812)	1,458	-	55,452
Guarantee deposit received	314	-	-	-	314
Total liabilities from financing activities	$ 345,120	(290,812)	1,458	-	55,766

(7) Related party transactions:

(a) 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 Ent Co.,Ltd	The key management personnel of the parent company's directors

(b) Other related party transactions

(i) Construction cost, and related assets and liabilities:

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				
	2018	2017	2018	2017	June 30, 2018	December 31, 2017	June 30, 2017
Entity under the key management's control	$ 230	708	462	1,012	263	381	761

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

(c) Key management personnel compensation

	For the three months ended June 30		For the six months ended June 30	
	2018	**2017**	**2018**	**2017**
Short-term employee benefits	$ 25,983	16,381	51,836	35,077
Post-employment benefits	63	81	144	147
Share based payments	786	1,954	1,960	4,319
	$ 26,832	18,416	53,940	39,543

For details of the related share based payments, please refer to Note 6(s).

(8) Pledged assets:

The Group's pledged assets were as follows:

Asset	Purpose of pledge	June 30, 2018	December 31, 2017	June 30, 2017
Other financial assets－current:				
Savings deposit / time deposit	Construction contract fulfillment and warranty guarantee	$ 64,627	62,530	166,654
Other non-current assets:				
Demand deposits	warranty guarantee	1,565	-	-
		$ 66,192	62,530	166,654

(9) Significant commitments and contingencies:

Significant commitments and contingencies for the Group as of June 30, 2018, and December 31, June 30, 2017 are as follows:

(a) Fulfillment and warranty guarantee (excluding related parties) for engaging in construction contracts amounted to $1,417,878, $1,229,305 and $533,544, respectively.

(b) Bank pledges for engaging in construction contracts amounted to $897,248, $681,859 and $727,637, respectively.

(c) Contract fulfillment guarantee and warranty guarantee (excluding related parties) for other companies in the same industry amounted to $394,221, $445,866 and $557,574, respectively.

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

(e) 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, 2018, the compensation remained $8,376 payable, and has been recognized as other current liabilities and accrued expenses.

(f) 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 Tech was responsible for installing the process pipelines and purchasing process equipment according with the design layout or purchase order provided by Jing He. Hereafter, Jing He had 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 wait for the valuation report. Besides, the district court has appointed Taiwan Construction Research Institute to valuing the gas factory expansion construction. Taiwan Construction Research Institute requested Nova Tech and Jing He for supplement documents. Up to the issuance date of the 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. Nova Tech estimated the maximum loss for this lawsuit. The maximum impact to financial statements is a loss of 70 million. Jing He paid 10,500 for partial of construction payment and interest to Nova Tech on February 5, 2018.

(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					
	2018			2017		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salary	179,505	128,814	308,319	146,556	76,322	222,878
Labor, health and social insurance	16,719	11,142	27,861	13,662	10,410	24,072
Pension	4,098	1,774	5,872	3,965	1,583	5,548
Other	4,114	3,888	8,002	4,169	4,882	9,051
Depreciation	1,138	5,161	6,299	710	4,123	4,833
Amortization	108	1,740	1,848	-	1,330	1,330

	For the six months ended June 30					
	2018			2017		
By item	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit						
Salary	342,258	220,547	562,805	282,828	168,217	451,045
Labor, health and social insurance	33,088	19,475	52,563	27,996	17,911	45,907
Pension	8,259	3,429	11,688	7,952	3,319	11,271
Other	9,512	8,942	18,454	8,058	8,428	16,486
Depreciation	2,107	10,215	12,322	1,314	8,257	9,571
Amortization	163	3,479	3,642	-	2,550	2,550

Note: Depreciation for investment property for the six months ended June 30, 2018 and 2017 both were $1,244, and were recorded in non-operating expenses.

(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 2018	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	$ 1,917,925	2,529,776	164,541	-	4,612,242
Intersegment revenues	137,551	27,064	-	(164,615)	-
Total revenue	$ 2,055,476	2,556,840	164,541	(164,615)	4,612,242
Reportable segment profit or loss					$ 523,180

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	223,918	-	2,967,291
Intersegment revenues	16,494	149,964	-	(166,458)	-
Total revenue	$ 1,948,187	961,644	223,918	(166,458)	2,967,291
Reportable segment profit or loss					$ 272,206

For the six months ended June 30 2018	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Revenue:					
Revenue from external customers	$ 3,138,943	4,226,582	275,654	-	7,641,179
Intersegment revenues	553,569	66,274	-	(619,843)	-
Total revenue	$ 3,692,512	4,292,856	275,654	(619,843)	7,641,179
Reportable segment profit or loss					$ 758,705

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)	-
Total revenue	$ 3,570,843	2,070,859	267,960	(199,723)	5,709,939
Reportable segment profit or loss					$ 516,919

	Taiwan	Mainland China	Other Asian	Adjustments and eliminations	Total
Reportable segment asset					
June 30, 2018	$ 11,337,693	5,620,131	1,948,505	(6,439,513)	12,466,816
December 31, 2017	$ 9,438,989	5,350,917	1,715,752	(4,951,887)	11,553,771
June 30, 2017	$ 8,672,916	3,999,675	1,698,538	(4,357,703)	10,004,426
Reportable segment liability					
June 30, 2018	$ 4,904,420	3,539,508	411,562	(1,197,551)	7,657,939
December 31, 2017	$ 3,182,608	3,786,798	246,242	(326,398)	6,889,250
June 30, 2017	$ 4,144,682	2,601,988	283,989	(472,594)	6,558,065