Taisun Int'l (Holding) Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2018 and 2017 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" for the year ended December 31, 2018 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standards 10 "Consolidated and Separate Financial Statements". Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

TAISUN INT'L (HOLDING) CORPORATION

By

TAI, CHAO-RONG
Chairman

March 8, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Stockholders
Taisun Int'l (Holding) Corporation

Opinion

We have audited the accompanying consolidated financial statements of Taisun Int'l (Holding) Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2018 are stated as follows:

<u>Key Audit Matter</u>

Since the recognition of the export credit sales of the Group, which is most interrelated to operating performance, has a significant impact on the consolidated financial statements, and therefore the export credit sales is viewed as a key audit matter.

By performing control tests, we got understanding on the process of export credit sales recognition and the design and implementation of the related internal controls. Additionally, we also performed the following audit procedures:

1. Analyzed the changes in major clients between the current and prior years.

2. Analyzed the changes in the main products' gross margins between the current and prior years.

3. Sampled the export credit sales of 2018 and checked the relevant vouchers to evaluate the authenticity of sale recognition.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Yu-Shiou Su and Shuang-Hsiung Kung.

Yu-Shiou Su　　　　Shuang-Hsiung Kung

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2019

<u>*Notice to Readers*</u>

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars or U.S. Dollars)

	2018			2017		
ASSETS	**NTD**	**USD**	**%**	**NTD**	**USD**	**%**
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	$ 373,429	$ 12,158	18	$ 428,917	$ 14,413	25
Financial assets at fair value through other comprehensive income - current (Note 6)	15,656	510	1	-	-	-
Available-for-sale financial assets - current (Note 9)	-	-	-	8,648	291	-
Financial assets at amortized cost - current (Note 8)	562,574	18,316	28	-	-	-
Notes receivable	400	13	-	23	1	-
Trade receivables (Note 11)	55,404	1,804	3	28,674	964	2
Other receivables	21,597	703	1	18,432	619	1
Inventories (Note 12)	289,115	9,413	14	235,604	7,917	14
Prepayment for leases (Note 15)	1,621	53	-	1,591	53	-
Other financial assets - current (Note 10)	-	-	-	481,728	16,187	28
Other current assets (Note 16)	50,312	1,637	2	23,809	800	1
Total current assets	1,370,108	44,607	67	1,227,426	41,245	71
NON-CURRENT ASSETS						
Financial assets at amortized cost - non-current (Note 8)	40,147	1,307	2	-	-	-
Property, plant and equipment (Note 14)	364,389	11,863	18	294,001	9,880	17
Other intangible assets	963	31	-	1,427	47	-
Deferred tax assets (Note 23)	4,623	151	-	5,166	174	-
Prepayments for equipment	137,341	4,471	7	76,490	2,570	4
Other financial assets - non-current (Note 10)	-	-	-	29,248	983	2
Long-term prepayments for leases (Note 15)	94,815	3,087	4	94,062	3,161	6
Other non-current assets (Note 16)	35,630	1,160	2	2,018	68	-
Total non-current assets	677,908	22,070	33	502,412	16,883	29
TOTAL	$ 2,048,016	$ 66,677	100	$ 1,729,838	$ 58,128	100
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term loans (Note 17)	$ 228,171	$ 7,429	11	$ 111,922	$ 3,761	7
Trade payables	99,971	3,255	5	102,062	3,430	6
Other payables (Note 18)	65,151	2,121	3	43,107	1,448	3
Current tax liabilities (Note 23)	10,062	328	1	4,113	138	-
Provisions - current	-	-	-	4,085	137	-
Other current liabilities	5,017	162	-	1,256	43	-
Total current liabilities	408,372	13,295	20	266,545	8,957	16
NON-CURRENT LIABILITIES						
Deferred income tax liabilities (Note 23)	223	7	-	290	10	-
Guarantee deposits received	2,798	91	-	2,754	93	-
Total non-current liabilities	3,021	98	-	3,044	103	-
Total liabilities	411,393	13,393	20	269,589	9,060	16
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Ordinary shares	392,700	12,667	19	357,000	11,493	21
Capital surplus	653,216	21,364	32	653,216	21,364	38
Retained earnings						
Legal reserve	54,177	1,794	3	28,792	959	1
Special reserve	112,024	3,684	5	1,346	45	-
Unappropriated earnings	515,697	16,190	25	531,919	16,638	31
Other equity	(91,191)	(2,415)	(4)	(112,024)	(1,431)	(7)
Total equity	1,636,623	53,284	80	1,460,249	49,068	84
TOTAL	$ 2,048,016	$ 66,677	100	$ 1,729,838	$ 58,128	100

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated balance sheets have been subsequently translated to New Taiwan dollars at an exchange rate of NT$30.715:US$1 and NT$29.76:US$1 as of December 31, 2018 and 2017, respectively. Since the par value of shares is NT$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate shares.

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

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars or U.S. Dollars, Except Earnings Per Share)

	2018			2017		
	NTD	USD	%	NTD	USD	%
SALES (Note 21)	$ 1,744,175	$ 57,852	100	$ 1,500,010	$ 49,291	100
COST OF GOODS SOLD (Note 22)	1,222,866	40,561	70	1,029,294	33,823	68
GROSS PROFIT	521,309	17,291	30	470,716	15,468	32
OPERATING EXPENSES (Note 22)						
Selling and marketing expenses	139,296	4,620	8	142,912	4,696	10
General and administrative expenses	83,387	2,766	5	67,860	2,230	4
Research and development expenses	14,111	468	1	12,109	398	1
Total operating expenses	236,794	7,854	14	222,881	7,324	15
PROFIT FROM OPERATIONS	284,515	9,437	16	247,835	8,144	17
NON-OPERATING INCOME AND EXPENSES						
Other income (Note 22)	48,520	1,609	3	31,865	1,047	2
Other gains and losses (Note 22)	5,403	179	-	13,463	442	1
Finance costs (Note 22)	(2,596)	(86)	-	(646)	(21)	-
Total non-operating income and expenses	51,327	1,702	3	44,682	1,468	3
PROFIT BEFORE INCOME TAX	335,842	11,139	19	292,517	9,612	20
INCOME TAX EXPENSE (Note 23)	37,151	1,232	2	38,664	1,270	3
NET PROFIT FOR THE YEAR	298,691	9,907	17	253,853	8,342	17
OTHER COMPREHENSIVE INCOME (LOSS)						
Items that will not be reclassified subsequently to profit or loss:						
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(2,273)	(74)	-	-	-	-
Exchange differences on translation to the presentation currency	50,522	-	3	(113,629)	-	(7)
Items that maybe reclassified subsequently to profit or loss:						
Exchange differences on translation of foreign operations	(27,416)	(910)	(2)	1,887	62	-
Unrealized gain on available-for-sale financial assets	-	-	-	1,064	35	-
Other comprehensive income (loss) for the year, net of income tax	20,833	(984)	1	(110,678)	97	(7)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 319,524	$ 8,923	18	$ 143,175	$ 8,439	10
NET PROFIT ATTRIBUTABLE TO:						
Owners of the Company	$ 298,691	$ 9,907	17	$ 253,853	$ 8,342	17
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:						
Owners of the Company	$ 319,254	$ 8,923	18	$ 143,175	$ 8,439	10

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TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars or U.S. Dollars, Except Earnings Per Share)

	2018			2017		
	NTD	USD	%	NTD	USD	%
EARNINGS PER SHARE (Note 20)						
From continuing and discounted operations						
Basic	$ 7.61	$ 0.25		$ 6.50	$ 0.21	
Diluted	$ 7.59	$ 0.25		$ 6.49	$ 0.21	

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated statements of comprehensive income have been subsequently translated to New Taiwan dollars at an average exchange rate of NT$30.149:US$1 and NT$30.432:US$1 for the years ended December 31, 2018 and 2017, respectively. Since the par value of shares is NT$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate shares.

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

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	(Note 16)			Retained Earnings (Note 16)			Other			
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Total Equity
BALANCE AT JANUARY 1, 2017	30,883	$ 308,830	$ 178,233	$ -	$ -	$ 522,404	$ (1,346)	$ -	$ -	$ 1,008,121
Appropriation of 2016 earnings										
Legal reserve	-	-	-	28,792	-	(28,792)	-	-	-	-
Special reserve	-	-	-	-	1,346	(1,346)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(214,200)	-	-	-	(214,200)
Net profit for the year ended December 31, 2017	-	-	-	-	-	253,853	-	-	-	253,853
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	(111,742)	-	1,064	(110,678)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	253,853	(111,742)	-	1,064	143,175
Issuance of ordinary shares for cash (date of issuance: January 13, 2017)	4,817	48,170	474,983	-	-	-	-	-	-	523,153
BALANCE AT DECEMBER 31, 2017	35,700	357,000	653,216	28,792	1,346	531,919	(113,088)	-	1,064	1,460,249
Effect of retrospective application and retrospective restatement	-	-	-	-	-	-	-	1,064	(1,064)	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	35,700	357,000	653,216	28,792	1,346	531,919	(113,088)	1,064	-	1,460,249
Appropriation of 2017 earnings										
Legal reserve	-	-	-	25,385	-	(25,385)	-	-	-	-
Special reserve	-	-	-	-	110,678	(110,678)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(142,800)	-	-	-	(142,800)
Share dividends distributed by the Company	3,570	35,700	-	-	-	(35,700)	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	-	298,691	-	-	-	298,691
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	23,106	(2,273)	-	20,833
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	298,691	23,106	(2,273)	-	319,524
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(350)	-	-	-	(350)
BALANCE AT DECEMBER 31, 2018	39,270	$ 392,700	$ 653,216	$ 54,177	$ 112,024	$ 515,697	$ (89,982)	$ (1,209)	$ -	$ 1,636,623

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated statements of changes in equity have been subsequently translated to New Taiwan dollars at an average exchange rate of NT$30.149:US$1 and NT$30.432:US$1 for the years ended December 31, 2018 and 2017, respectively. Since the par value of shares is NT$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate shares.

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

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of U.S. Dollars)

	(Note 16)			Retained Earnings (Note 16)			Other			
	Shares (In Thousands)	Share Capital	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized Gain (Loss) on Available-for- sale Financial Assets	Total Equity
BALANCE AT JANUARY 1, 2017	30,883	$ 9,987	$ 6,368	$ -	$ -	$ 16,433	$ (1,528)	$ -	$ -	$ 31,260
Appropriation of 2016 earnings										
Legal reserve	-	-	-	959	-	(959)	-	-	-	-
Special reserve	-	-	-	-	45	(45)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(7,133)	-	-	-	(7,133)
Net profit for the year ended December 31, 2017	-	-	-	-	-	8,342	-	-	-	8,342
Other comprehensive income for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	62	-	35	97
Total comprehensive income for the year ended December 31, 2017	-	-	-	-	-	8,342	62	-	35	8,439
Issuance of ordinary shares for cash (date of issuance: January 13, 2017)	4,817	1,506	14,996	-	-	-	-	-	-	16,502
BALANCE AT DECEMBER 31, 2017	35,700	11,493	21,364	959	45	16,638	(1,466)	-	35	49,068
Effect of retrospective application and retrospective restatement	-	-	-	-	-	-	-	35	(35)	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	35,700	11,493	21,364	959	45	16,638	(1,466)	35	-	49,068
Appropriation of 2017 earnings										
Legal reserve	-	-	-	835	-	(835)	-	-	-	-
Special reserve	-	-	-	-	3,639	(3,639)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(4,696)	-	-	-	(4,696)
Share dividends distributed by the Company	3,570	1,174	-	-	-	(1,174)	-	-	-	-
Net profit for the year ended December 31, 2018	-	-	-	-	-	9,907	-	-	-	9,907
Other comprehensive loss for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	(910)	(74)	-	(984)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	9,907	(910)	(74)	-	8,923
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	(11)	-	-	-	(11)
BALANCE AT DECEMBER 31, 2018	39,270	$ 12,667	$ 21,364	$ 1,794	$ 3,684	$ 16,190	$ (2,376)	$ (39)	$ -	$ 53,284

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

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars or U.S. Dollars)

	2018		2017	
	NTD	USD	NTD	USD
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	$ 335,842	$ 11,139	$ 292,517	$ 9,612
Adjustments for:				
Depreciation expenses	58,458	1,940	48,750	1,602
Amortization expenses	515	17	514	17
Amortization of prepayments for leases	1,599	53	1,626	53
Finance costs	2,596	86	646	21
Interest income	(48,042)	(1,593)	(31,865)	(1,047)
Dividend income	(478)	(16)	-	-
Write-downs of inventories	-	-	974	32
Changes in operating assets and liabilities				
Notes receivable	(362)	(12)	(23)	-
Trade receivables	(25,325)	(840)	(1,674)	(55)
Other receivables	874	29	(61)	(2)
Inventories	(45,103)	(1,496)	(47,017)	(1,545)
Prepayments	(25,295)	(839)	(11,321)	(372)
Other current assets	60	2	(122)	(4)
Trade payables	(5,276)	(175)	18,655	613
Other payables	20,109	667	11,625	382
Provisions	-	-	61	2
Other current liabilities	(511)	(17)	(4,260)	(140)
Cash generated from operations	269,661	8,945	279,025	9,169
Interest paid	(2,428)	(81)	(578)	(19)
Income tax paid	(30,820)	(1,022)	(41,007)	(1,347)
Net cash generated from operating activities	236,413	7,842	237,440	7,803
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of available-for-sale financial assets	-	-	(7,791)	(256)
Purchases of financial assets at fair values through other comprehensive income	(19,412)	(632)	-	-
Proceeds from financial assets at fair values through other comprehensive income	10,075	328	-	-
Purchases of financial assets at amortized cost	(73,955)	(2,453)	-	-
Payments for property, plant and equipment	(55,067)	(1,827)	(66,132)	(2,174)
Increase in other financial assets	-	-	(371,514)	(12,208)

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TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars or U.S. Dollars)

	2018		2017	
	NTD	**USD**	**NTD**	**USD**
Increase in other non-current assets	$ (32,923)	$ (1,092)	$ (1,582)	$ (52)
Increase in prepayments for equipment	(127,229)	(4,220)	(51,278)	(1,685)
Interest received	44,618	1,480	14,181	466
Dividends received	478	16	-	-
Net cash used in investing activities	(253,415)	(8,400)	(484,116)	(15,909)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	110,587	3,668	114,455	3,761
Proceeds from guarantee deposits received	(60)	(2)	1,096	36
Dividends paid to owners of the Company	(142,800)	(4,696)	(214,200)	(7,133)
Proceeds from issue of ordinary shares	-	-	523,153	16,502
Net cash (used in) generated from financing activities	(32,273)	(1,030)	424,504	13,166
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	(6,213)	(667)	(49,223)	41
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(55,488)	(2,255)	128,605	5,101
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	428,917	14,413	300,312	9,312
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 373,429	$ 12,158	$ 428,917	$ 14,413

Note: These consolidated financial statements were originally presented in U.S. dollars. For the purpose of comparison, the consolidated statements of cash flows have been subsequently translated to New Taiwan dollars at an average exchange rate of NT$30.149:US$1 and NT$30.432:US$1 for the years ended December 31, 2018 and 2017, respectively. Since the par value of shares is NT$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate shares.

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

1. GENERAL INFORMATION

Taisun Int'l (Holding) Corporation (the "Company") was incorporated in the Cayman Islands in February 2014 for the purpose of organizational restructuring for initial public offering and application for listing on the Taiwan Stock Exchange ("TWSE"). Based on the equity exchange agreement, the Company completed the organizational restructuring on December 31, 2014 and became the holding company of all of the consolidated entities.

The Company and the subsidiaries (collectively, the "Group") mainly manufacture and sell baby diapers, baby pants, adult diapers, sanitary napkins and wet wipes.

The Company's shares have been listed on the TWSE since January 2017.

The functional currency of the Company is the U.S. dollar. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars and U.S. dollars, since the Company's shares are listed on the TWSE.

The exchange rate of NT$30.715:US$1 and NT$29.76:US$1 was used for balances as of December 31, 2018 and 2017, respectively. Since the par value of shares is NT$10, the historical exchange rate of the issue date in the Company's Articles of Incorporation is used to calculate shares.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 8, 2019.

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

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

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

   1) IFRS 9 "Financial Instruments" and related amendment

      IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as of January 1, 2018.

(In Thousands of New Taiwan Dollars)

Financial Assets	Measurement Category IAS 39	Measurement Category IFRS 9	Carrying Amount IAS 39	Carrying Amount IFRS 9	Remark
Equity securities	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	$ 8,648	$ 8,648	a)
Time deposits with original maturity of more than 3 months	Other financial assets	Amortized cost	510,976	510,976	b)

(In Thousands of U.S. Dollars)

Financial Assets	Measurement Category IAS 39	Measurement Category IFRS 9	Carrying Amount IAS 39	Carrying Amount IFRS 9	Remark
Equity securities	Available-for-sale	Fair value through other comprehensive income (i.e. FVTOCI) - equity instruments	$ 291	$ 291	a)
Time deposits with original maturity of more than 3 months	Other financial assets	Amortized cost	17,170	17,170	b)

(In Thousands of New Taiwan Dollars)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTOCI							
Equity instruments	$ -	$ 8,648	$ -	$ 8,648	$ -	$ -	a)
Add: Reclassification from available-for-sale (IAS 39)	8,648	(8,648)	-	-	-	-	a)
	8,648	-	-	8,648	-	-	
Amortized cost							
Amortized cost	-	510,976	-	510,976	-	-	b)
Add: Reclassification from other financial assets (IAS 39)	510,976	(510,976)	-	-	-	-	b)
	510,976	-	-	510,976	-	-	

(In Thousands of U.S. Dollars)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifications	Remeasurements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
FVTOCI							
Equity instruments	$ -	$ 291	$ -	$ 291	$ -	$ -	a)
Add: Reclassification from available-for-sale (IAS 39)	291	(291)	-	-	-	-	a)
	291	-	-	291	-	-	
Amortized cost							
Amortized cost	-	17,170	-	17,170	-	-	b)
Add: Reclassification from other financial assets (IAS 39)	17,170	(17,170)	-	-	-	-	b)
	17,170	-	-	17,170	-	-	

a) The Group elected to designate all its investments in equity securities previously classified as available-for-sale under IAS 39 as at FVTOCI under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gain (loss) on available-for-sale financial assets of NT$1,064 thousand (US$35 thousand) was reclassified to other equity - unrealized gain (loss) on financial assets at FVTOCI.

b) Debt investments previously classified as other financial assets and measured at amortized cost under IAS 39 were classified as at amortized cost with an assessment of expected credit losses under IFRS 9, because on January 1, 2018, the contractual cash flows were solely payments of principal and interest on the principal outstanding and these investments were held within a business model whose objective is to collect contractual cash flows.

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

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers and supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and a number of revenue-related interpretations. Refer to Note 4 for related accounting policies.

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC) and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed by the FSC for application starting from 2019

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
IFRS 16 "Leases"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 3)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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

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

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 "Leases"

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

Definition of a lease

Upon initial application of IFRS 16, the Group will elect to apply IFRS 16 only to contracts entered into (or changed) on or after January 1, 2019 in order to determine whether those contracts are, or contain, a lease. Contracts identified as containing a lease under IAS 17 and IFRIC 4 will not be reassessed and will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

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

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

The Group as lessor

Except for sublease transactions, the Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Anticipated impact on assets, liabilities and equity

(In Thousands of New Taiwan Dollars)

	Carrying Amount as of December 31, 2018	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2019**
Right-of-use assets - buildings	$ -	$ 3,687	$ 3,687
Lease liabilities - current	-	3,231	3,231
Lease liabilities - non-current	-	456	456

(In Thousands of U.S. Dollars)

	Carrying Amount as of December 31, 2018	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2019**
Right-of-use assets - buildings	$ -	$ 120	$ 120
Lease liabilities - current	-	105	105
Lease liabilities - non-current	-	15	15

2) IFRIC 23 "Uncertainty Over Income Tax Treatments"

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

3) Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"

The amendments clarified that IFRS 9 shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the entity's net investment in an associate or joint venture.

For long-term interests that, in substance, form part of the Group's net investment in an associate or joint venture and are governed by IFRS 9, the Group shall, based on the facts and circumstances that exist on January 1, 2019, perform an assessment of the classification under IFRS 9 applied retrospectively.

4) Amendments to IFRS 9 "Prepayment Features with Negative Compensation"

IFRS 9 stipulated that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explain that reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

Upon initial application of the above amendments, the Group will recognize the cumulative effect of retrospective application in retained earnings on January 1, 2019.

5) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 "Borrowing Costs", were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.

6) Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group will apply the above amendments prospectively.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Group continues assessing other possible impacts that the application of the aforementioned amendments and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers will have on the Group's financial position and financial performance and will disclose these other impacts when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

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

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e. the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e. the Group's share of the gain or loss is eliminated.

2) Amendments to IFRS 3 "Definition of a Business"

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Basis of consolidation

- Principles for preparing consolidated financial statements

  The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries, including structured entities).

  Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

  When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

  All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

  Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

  See Note 13 and Table 4 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

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

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the group entities (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Inventories

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

g. Property, plant and equipment

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

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

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

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

h. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

i. Impairment of tangible and intangible assets other than goodwill and assets related to contract costs

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

j. Financial instruments

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

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

<u>Financial assets</u>

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

1) Measurement category

2018

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

a) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent the initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, are measured at amortized cost, which equals the gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

i. Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and

ii. Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

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

a) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at FVTPL.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets (relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments) are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when such investments are disposed of or are determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

b) Loans and receivables

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Group always recognizes lifetime expected credit losses (i.e. ECL) for trade receivables, lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECLs represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

2017

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

Financial assets at amortized cost, such as trade receivables are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience with collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with defaults on receivables, and other situations.

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

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

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of such an investment can be objectively related to an event occurring after the recognition of the impairment loss.

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

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

3) Derecognition of financial assets

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

Before 2018, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

k. Revenue recognition

2018

The Group identifies the contract with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from sale of goods comes from sales of baby diapers. Sales of baby diapers are recognized as revenue when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivable is recognized concurrently.

2017

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

1) Revenue from the sale of goods

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

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

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

c) The amount of revenue can be measured reliably;

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

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

2) Interest income

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

l. Leasing

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

1) The Group as lessee

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

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

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

2) Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. The minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases, in which case, the entire lease is classified as an operating lease.

m. Borrowing costs

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

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

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

3) Termination benefits

A liability for a termination benefit is recognized at the earlier of when the Group can no longer withdraw the offer of the termination benefit or when the Group recognizes any related restructuring costs.

o. Taxation

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

1) Current tax

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	2017
New Taiwan dollars		
Cash on hand	$ 817	$ 85
Checking accounts and demand deposits	20,572	59,482
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	352,040	369,350
	$ 373,429	$ 428,917
U.S. dollars		
Cash on hand	$ 27	$ 3
Checking accounts and demand deposits	669	1,999
Cash equivalents (investments with original maturities of less than 3 months)		
Time deposits	11,462	12,411
	$ 12,158	$ 14,413

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

	December 31	
	2018	2017
Demand deposits	0.1%-0.8%	0.1%-0.8%
Time deposits	1.4%-5.5%	0.95%-5.50%

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

	December 31, 2018
New Taiwan dollars	
Current	
Investments in equity instruments at FVTOCI	$ 15,656
Current	
Domestic investments	
Listed shares and emerging market shares	
Ordinary shares - Satitar Co., Ltd.	$ 2,513
Ordinary shares - King's Town Bank	4,327
Ordinary shares - China Steel Corporation	4,850
	$ 11,690
Foreign investments	
Listed shares and emerging market shares	
Ordinary shares - Bao Minh Insurance Corporation	$ 822
Ordinary shares - PetroVietnam Technical Services Corporation	114
Ordinary shares - Viet Nam Engine And Agricultural Machinery Corporation	1,017
Ordinary shares - Tu Liem Urban Development Joint-Stock Company	2,013
	$ 3,966
U.S. dollars	
Current	
Investments in equity instruments at FVTOCI	$ 510
Current	
Domestic investments	
Listed shares and emerging market shares	
Ordinary shares - Satitar Co., Ltd.	$ 82
Ordinary shares - King's Town Bank Co., Ltd.	140
Ordinary shares - China Steel Corporation	158
	$ 380
Foreign investments	
Listed shares and emerging market shares	
Ordinary shares - Bao Minh Insurance Corporation	$ 27
Ordinary shares - PetroVietnam Technical Services Corporation	4
Ordinary shares - Viet Nam Engine And Agricultural Machinery Corporation	33
Ordinary shares - Tu Liem Urban Development Joint-Stock Company	66
	$ 130

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Note 3 and Note 9 for information relating to their reclassification and comparative information for 2017.

The Group acquired ordinary shares NT$19,412 thousand (US$632 thousand) for medium to long-term strategic purposes; at the end of the reporting period the management designated these investments as at FVTOCI.

In 2018, the Group sold its part shares in order to manage credit concentration risk. The sold shares had a fair value of NT$10,075 thousand (US$328 thousand) and the Group transferred a loss of NT$350 thousand (US$11 thousand) from other equity to retained earnings.

Dividends of $478 thousand (US$16 thousand) were recognized during the year. Those related to investments held at the end of the reporting period were $11,804 thousand (US$384 thousand).

8. FINANCIAL ASSETS AT AMORTIZED COST - 2018

	December 31, 2018
New Taiwan dollars	
Current	
Time deposits with original maturity of more than 3 months	$ 562,574
Non-current	
Time deposits with original maturity of more than 1 year	$ 40,147
U.S. dollars	
Current	
Time deposits with original maturity of more than 3 months	$ 18,316
Non-current	
Time deposits with original maturity of more than 1 year	$ 1,307

The interest rates for time deposits with original maturity of more than 3 months were from 2.3% to 7.3% as at the end of the reporting period. The time deposits were classified as other financial assets with no active market under IAS 39. Refer to Note 3 and Note 10 for information relating to their reclassification and comparative information for 2017.

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017
New Taiwan dollars	
Current	
Domestic investments	
Listed shares and emerging market shares	$ 8,648
U.S. dollars	
Current	
Domestic investments	
Listed shares and emerging market shares	$ 291

10. OTHER FINANCIAL ASSETS - 2017

	December 31, 2017
New Taiwan dollars	
Current	
Time deposits with original maturities of more than 3 months	$ 481,728
Non-current	
Time deposits with original maturities of more than 1 year	$ 29,248
U.S. dollars	
Current	
Time deposits with original maturities of more than 3 months	$ 16,187
Non-current	
Time deposits with original maturities of more than 1 year	$ 983

The market interest rates of the time deposits with original maturities of more than 3 months were 0.65%-7.10% per annum as of December 31, 2017.

11. TRADE RECEIVABLES

	December 31	
	2018	2017
New Taiwan dollars		
At amortized cost		
Gross carrying amount	$ 56,172	$ 29,448
Less: Allowance for impairment loss	(768)	(774)
	$ 55,404	$ 28,674

(Continued)

	December 31	
	2018	2017
U.S. dollars		
At amortized cost		
Gross carrying amount	$ 1,829	$ 990
Less: Allowance for impairment loss	(25)	(26)
	$ 1,804	$ 964

(Concluded)

In 2018

The average credit period of sales of goods was 30 days. No interest was charged on trade receivables. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2018

(In Thousands of New Taiwan Dollars)

	Posting Date Less Than 90 Days	Posting Date 91 to 180 Days	Posting Date 181 to 360 Days	Posting Date Over 360 Days	Total
Gross carrying amount	$ 53,724	$ 1,682	$ 44	$ 722	$ 56,172
Loss allowance (Lifetime ECL)	-	(24)	(22)	(722)	(768)
Amortized cost	$ 53,724	$ 1,658	$ 22	$ -	$ 55,404

(In Thousands of U.S. Dollars)

	Posting Date Less Than 90 Days	Posting Date 91 to 180 Days	Posting Date 181 to 360 Days	Posting Date Over 360 Days	Total
Gross carrying amount	$ 1,749	$ 55	$ 1	$ 24	$ 1,829
Loss allowance (Lifetime ECL)	-	-	(1)	(24)	(25)
Amortized cost	$ 1,749	$ 55	$ -	$ -	$ 1,804

The Group expected credit loss rate, 180 days of 1%; 180 days to 360 days of 50%; 1 years of 100%.

The movements of the loss allowance of trade receivables were as follows:

	2018
New Taiwan dollars	
Balance at January 1, 2018 per IAS 39	$ 774
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	774
Add: Amounts recovered/Impairment loss	-
Foreign exchange gains and losses	(6)
Balance at December 31, 2018	$ 768
U.S. dollars	
Balance at January 1, 2018 per IAS 39	$ 26
Adjustment on initial application of IFRS 9	-
Balance at January 1, 2018 per IFRS 9	26
Add: Amounts recovered/Impairment loss	-
Foreign exchange gains and losses	(1)
Balance at December 31, 2018	$ 25

In 2017

The Group applied the same credit policy in 2018 and 2017.

The Group recognized an allowance for impairment loss of 100% against all receivables over 365 days because historical experience was that receivables that are past due beyond 365 days are not recoverable. Allowance for impairment loss was recognized against trade receivables between 1 day and 365 days based on the estimated irrecoverable amounts determined by reference to past default experience of the counterparties and an analysis of their current financial positions.

The aging of receivables was as follows:

	December 31, 2017
New Taiwan dollars	
Up to 90 days	$ 28,609
91-180 days	75
181-360 days	5
Over 360 days	759
	$ 29,448
U.S. dollars	
Up to 90 days	$ 961
91-180 days	3
181-360 days	-
Over 360 days	26
	$ 990

The above aging schedule was based on the number of posting date from the end of the credit term.

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

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
New Taiwan dollars			
Balance at January 1, 2017	$ -	$ 838	$ 838
Less: Impairment losses reversed	-	-	-
Foreign exchange translation gains and losses	-	(64)	(64)
Balance at December 31, 2017	$ -	$ 774	$ 774
U.S. dollars			
Balance at January 1, 2017	$ -	$ 26	$ 26
Less: Impairment losses reversed	-	-	-
Foreign exchange translation gains and losses	-	-	-
Balance at December 31, 2017	$ -	$ 26	$ 26

12. INVENTORIES

	December 31	
	2018	2017
New Taiwan dollars		
Merchandise	$ 2,847	$ 2,056
Finished goods	105,671	72,122
Raw materials	144,751	117,916
Inventory in transit	35,846	43,510
	$ 289,115	$ 235,604
U.S. dollars		
Merchandise	$ 93	$ 69
Finished goods	3,440	2,424
Raw materials	4,713	3,962
Inventory in transit	1,167	1,462
	$ 9,413	$ 7,917

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2018 and 2017 included NT$1,222,866 thousand (US$40,561 thousand) and NT$1,029,294 thousand (US$33,823 thousand), respectively, which included NT$974 thousand (US$32 thousand) in 2017.

13. SUBSIDIARIES

Subsidiary Included in Consolidated Financial Statements

The detailed information on the Company's subsidiaries at the end of the reporting period was as follows:

			Percentage of Ownership December 31		
Investor	Investee	Business Nature	2018	2017	Note
Taisun Int'l (Holding) Corporation	Taisun Vietnam Co., Ltd. (VN)	Manufacture and sale of baby diapers, baby pants, adult diapers, sanitary napkins and wet wipes	100	100	a
	Taipoly (Far East) Corporation (Mauritius)	Trading	100	100	b
	Winsun (Cambodia) Co., Ltd. (Cambodia)	Manufacture and sale of baby diapers, baby pants, adult diapers, sanitary napkins and wet wipes	100	100	c
Winsun (Cambodia) Co., Ltd. (Cambodia)	Winsun Trade Co., Ltd. (VN)	Trading	100	-	d

a. Taisun Vietnam Co., Ltd. (VN) was incorporated in 2001 in Vietnam.

b. Taipoly (Far East) Corporation (Mauritius) was incorporated in 2006 in Mauritius.

c. Winsun (Cambodia) Co., Ltd. (Cambodia) was incorporated in 2005 in Cambodia.

d. Winsun Trade Co., Ltd. was incorporated in December 2017 in Vietnam.

14. PROPERTY, PLANT AND EQUIPMENT

New Taiwan dollars	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Finance Leases	Property in Construction	Total
Cost								
Balance at January 1, 2018	$ 66,909	$ 449,197	$ 24,088	$ 3,030	$ 11,440	$ 167	$ 58,382	$ 613,213
Additions	9,296	8,488	2,121	2,068	85	-	33,009	55,067
Reclassifications	60,973	-	-	12,240	77	-	(73,290)	-
Transfer from prepaid equipment	615	50,697	2,098	16,498	-	-	-	69,908
Effect of foreign currency exchange differences	1,865	4,532	266	624	93	-	933	8,313
Balance at December 31, 2018	$ 139,658	$ 512,914	$ 28,573	$ 34,460	$ 11,695	$ 167	$ 19,034	$ 746,501
Accumulated depreciation and impairment								
Balance at January 1, 2018	$ 22,532	$ 271,596	$ 15,183	$ 1,799	$ 8,044	$ 58	$ -	$ 319,212
Depreciation expense	6,384	43,534	3,760	3,617	1,074	89	-	58,458
Effect of foreign currency exchange differences	254	3,882	160	78	75	(7)	-	4,442
Balance at December 31, 2018	$ 29,170	$ 319,012	$ 19,103	$ 5,494	$ 9,193	$ 140	$ -	$ 382,112
Carrying amounts at December 31, 2018	$ 110,488	$ 193,902	$ 9,470	$ 28,966	$ 2,502	$ 27	$ 19,034	$ 364,389
U.S. dollars								
Cost								
Balance at January 1, 2018	$ 2,248	$ 15,093	$ 809	$ 103	$ 385	$ 6	$ 1,962	$ 20,606
Additions	308	282	70	69	3	-	1,095	1,827
Reclassifications	2,022	-	-	406	3	-	(2,431)	-
Transfer from prepaid equipment	20	1,682	70	547	-	-	-	2,319
Effect of foreign currency exchange differences	(51)	(355)	(19)	(6)	(10)	(1)	(6)	(448)
Balance at December 31, 2018	$ 4,547	$ 16,702	$ 930	$ 1,119	$ 381	$ 5	$ 620	$ 24,304
Accumulated depreciation and impairment								
Balance at January 1, 2018	$ 756	$ 9,127	$ 510	$ 60	$ 271	$ 2	$ -	$ 10,726
Depreciation expense	212	1,444	125	120	36	3	-	1,940
Effect of foreign currency exchange differences	(19)	(184)	(13)	(2)	(7)	-	-	(225)
Balance at December 31, 2018	$ 949	$ 10,387	$ 622	$ 178	$ 300	$ 5	$ -	$ 12,441
Carrying amounts at December 31, 2018	$ 3,598	$ 6,315	$ 308	$ 941	$ 81	$ -	$ 620	$ 11,863

New Taiwan dollars	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Finance Leases	Property in Construction	Total
Cost								
Balance at January 1, 2017	$ 68,692	$ 483,492	$ 26,026	$ 3,064	$ 9,159	$ -	$ -	$ 590,433
Additions	-	392	-	215	140	171	65,214	66,132
Reclassifications	3,461	1,649	-	-	2,897	-	(5,513)	2,494
Effect of foreign currency exchange differences	(5,244)	(36,336)	(1,938)	(249)	(756)	(4)	(1,319)	(45,846)
Balance at December 31, 2017	$ 66,909	$ 449,197	$ 24,088	$ 3,030	$ 11,440	$ 167	$ 58,382	$ 613,213
Accumulated depreciation and impairment								
Balance at January 1, 2017	$ 19,221	$ 252,647	$ 12,771	$ 1,387	$ 7,514	$ -	$ -	$ 293,540
Depreciation expense	4,840	38,766	3,443	528	1,112	61	-	48,750
Effect of foreign currency exchange differences	(1,529)	(19,817)	(1,031)	(116)	(582)	(3)	-	(23,078)
Balance at December 31, 2017	$ 22,532	$ 271,596	$ 15,183	$ 1,799	$ 8,044	$ 58	$ -	$ 319,212
Carrying amounts at December 31, 2017	$ 44,377	$ 177,601	$ 8,905	$ 1,231	$ 3,396	$ 109	$ 58,382	$ 294,001
U.S. dollars								
Cost								
Balance at January 1, 2017	$ 2,130	$ 14,992	$ 807	$ 95	$ 284	$ -	$ -	$ 18,308
Additions	-	13	-	7	5	6	2,143	2,174
Reclassifications	114	54	-	-	95	-	(181)	82
Effect of foreign currency exchange differences	4	34	2	1	1	-	-	42
Balance at December 31, 2017	$ 2,248	$ 15,093	$ 809	$ 103	$ 385	$ 6	$ 1,962	$ 20,606

(Continued)

	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Finance Leases	Property in Construction	Total
Accumulated depreciation and impairment								
Balance at January 1, 2017	$ 596	$ 7,834	$ 396	$ 43	$ 233	$ -	$ -	$ 9,102
Depreciation expense	159	1,274	113	17	37	2	-	1,602
Effect of foreign currency exchange differences	1	19	1	-	1	-	-	22
Balance at December 31, 2017	$ 756	$ 9,127	$ 510	$ 60	$ 271	$ 2	$ -	$ 10,726
Carrying amounts at December 31, 2017	$ 1,492	$ 5,966	$ 299	$ 43	$ 114	$ 4	$ 1,962	$ 9,880

(Concluded)

For the years ended December 31, 2018 and 2017, the Group did not recognized any impairment loss.

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

Buildings	
Industrial building	20-50 years
Engineering systems	14-15 years
Other	5-7 years
Machinery and equipment	2-10 years
Transportation equipment	3-8 years
Office equipment	2-6 years
Other equipment	3-10 years

15. PREPAYMENTS FOR LEASES

	December 31	
	2018	2017
New Taiwan dollars		
Current assets	$ 1,621	$ 1,591
Non-current assets	94,815	94,062
	$ 96,436	$ 95,653
U.S. dollars		
Current assets	$ 53	$ 53
Non-current assets	3,087	3,161
	$ 3,140	$ 3,214

The Group obtained land use rights certificates in Cambodia in 2016. The useful lives of the rights are 50 years, and they will be renewed for another 50 years starting from the contract date until the expiration date.

As of December 31, 2018 and 2017, the prepayments for leases are for the land use rights in Vietnam and Cambodia.

16. OTHER ASSETS

	December 31	
	2018	2017
New Taiwan dollars		
Current		
Prepayments	$ 4,688	$ 7,202
Business tax carry forward	34,333	11,279
Others	11,291	5,328
	$ 50,312	$ 23,809
Non-current		
Refundable deposits	$ 2,123	$ 2,018
Prepayment for buildings and land	33,507	-
	$ 35,630	$ 2,018
U.S. dollars		
Current		
Prepayments	$ 153	$ 242
Business tax carry forward	1,118	379
Others	366	179
	$ 1,637	$ 800
Non-current		
Refundable deposits	$ 69	$ 68
Prepayment for buildings and land	1,091	-
	$ 1,160	$ 68

The Group signed an agreement to acquire ownership of lands and buildings in Vietnam with non-related parties in September 2018. Because the transferring procedures for the ownership of lands and buildings had not completed on December 31, 2018, it was recorded as prepayment for buildings and land.

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2018	2017
New Taiwan dollars		
Unsecured borrowings		
Line of credit borrowings	$ 228,171	$ 111,922

(Continued)

	December 31	
	2018	2017
U.S. dollars		
Unsecured borrowings		
Line of credit borrowings	$ 7,429	$ 3,761

(Concluded)

The range of weighted average effective interest rates on bank loans was 1.41%-4.50% and 1.45%-3.57% per annum as of December 31, 2018 and December 31, 2017.

18. OTHER LIABILITIES

	December 31	
	2018	2017
New Taiwan dollars		
Other payables		
Payables for salaries or bonuses	$ 14,140	$ 10,284
Payables for bonuses for employees and directors	9,149	7,768
Payables for services	5,941	6,842
Payables for retention from construction	5,727	4,784
Payables for purchases of equipment	17,336	-
Others	12,858	13,429
	$ 65,151	$ 43,107
U.S. dollars		
Other payables		
Payables for salaries or bonuses	$ 460	$ 346
Payables for bonuses for employees and directors	298	261
Payables for services	193	230
Payables for retention from construction	186	161
Payables for purchases of equipment	564	-
Others	420	450
	$ 2,121	$ 1,448

19. RETIREMENT BENEFIT PLANS

Defined Contribution Plans

Taisun Int'l (Holding) Corporation Taiwan Branch of the Group adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, Taisun Int'l (Holding) Corporation Taiwan Branch makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiary, Taisun Vietnam Co., Ltd. (VN), in Vietnam are members of a state-managed retirement benefit plan operated by the government of Vietnam. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. The other related expenses are included in employee benefits expense.

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2018	**2017**
Numbers of shares authorized (in thousands)	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	39,270	35,700
Shares issued (in New Taiwan dollars)	$ 392,700	$ 357,000
Shares issued (in U.S. dollars)	$ 12,667	$ 11,493

The appropriation of earnings for 2017 was approved in the shareholder's meetings on June 29, 2018. The distribution of share dividends were NT$35,700 thousand (US$1,174 thousand), with a par value of NT$10, which increased the share capital issued and fully paid to NT$392,700 thousand (US$12,667 thousand). On December 31, 2018, above transaction was approved by the FSC, and the related corporate registration was updated at September 11, 2018.

b. Capital surplus

Capital surplus which is generated from the issuance of ordinary shares may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be distributed at less than 2% as directors' salaries and over 2% as employees' compensation. If the Company has accumulated deficits, the profit shall be set aside as a reserve. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors, refer to employee benefits expense in Note 22-f.

Because the Company is still in the growth stage, the Company's board of directors shall propose a distribution plan for dividends of shareholders based on the consideration of each fiscal year's profit, overall development, financial planning, capital needs, industry forecasts and the Company's prospects. When the Company issues shares in the Republic of China and the Company's board of directors proposes a plan for the distribution of dividends, the profit shall first be utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings which are more than 20% of the net profit shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends to shareholders according to their shareholding percentage. The distribution of dividends to shareholders is made by the issuance of share dividends and the payment of cash dividends. In principle, cash dividends are limited to 50% of the total dividends distributed.

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

The appropriations of earnings for 2017 and 2016 were approved in the shareholders' meetings on June 29, 2018 and June 7, 2017, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings For the Year Ended December 31		Dividends Per Share For the Year Ended December 31	
	2017	**2016**	**2017**	**2016**
Cash dividends	$ 142,800	$ 214,200	$ 4	$ 6
Share dividend	35,700	-	1	-
Legal reserve	25,385	28,792	-	-
Special reserve	110,678	1,346	-	-

The appropriation of earnings for 2018 had been proposed by the Company's board of directors on March 8, 2019. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 29,869	$ -
Cash dividends	208,131	5.3
Share dividends	-	-

The appropriation of earnings for 2018 are subject to the resolution of the shareholders' meeting to be held on June 28, 2019.

d. Special reserve

	For the Year Ended December 31	
	2018	**2017**
New Taiwan dollars		
Beginning at January 1	$ 1,346	$ -
Appropriation in respect of:		
Debit to other equity items	110,678	1,346
Balance at December 31	$ 112,024	$ 1,346
U.S. dollars		
Beginning at January 1	$ 45	$ -
Appropriation in respect of:		
Debit to other equity items	3,639	45
Balance at December 31	$ 3,684	$ 45

21. REVENUE

	For the Year Ended December 31	
	2018	2017
New Taiwan dollars		
Revenue from contracts with customers		
Revenue from sale of goods	$ 1,744,175	$ 1,500,010
U.S. dollars		
Revenue from contracts with customers		
Revenue from sale of goods	$ 57,852	$ 49,291

a. Contract information

Revenue from sale of goods

The Group mainly sell baby diapers, baby pants, adult diapers, sanitary napkins and wet wipes to the retailer, the dealer, the self-operated stores and the online sales. As sales discounts are provided when the sales to certain retailers reach the pre-agreed amount, revenue is reduced by the estimated sales discounts which are forecasted based on past experience. The rest of the goods are sold at a fixed price per the contract.

b. Contract balances

	December 31, 2018
New Taiwan dollars	
Trade receivables (Note 11)	$ 55,404
Contract liabilities - current	
Sale of goods	$ 409
U.S. dollars	
Trade receivables (Note 11)	$ 1,804
Contract liabilities - current	
Sale of goods	$ 13

The Group makes the collection in advance and account for other current liabilities based on the contracts.

Before the application of IFRS 15, the Group recognized and accounted for advances when collected the payment.

22. NET PROFIT AND OTHER COMPREHENSIVE INCOME (LOSS) FROM CONTINUING OPERATIONS

Net profit from continuing operations was attributable to:

a. Other income

	For the Year Ended December 31	
	2018	2017
New Taiwan dollars		
Interest income		
Bank deposits	$ 48,042	$ 31,865
Dividends		
Investments in equity instruments at FVTOCI	478	-
	$ 48,520	$ 31,865
U.S. dollars		
Interest income		
Bank deposits	$ 1,593	$ 1,047
Dividends		
Investments in equity instruments at FVTOCI	16	-
	$ 1,609	$ 1,047

b. Other gains and losses

	For the Year Ended December 31	
	2018	2017
New Taiwan dollars		
Net foreign exchange gains	$ 3,537	$ 9,856
Other	1,866	3,607
	$ 5,403	$ 13,463
U.S. dollars		
Net foreign exchange gains	$ 117	$ 324
Other	62	118
	$ 179	$ 442

c. Finance costs

	For the Year Ended December 31	
	2018	2017
New Taiwan dollars		
Interest on bank loans	$ 2,596	$ 646
U.S. dollars		
Interest on bank loans	$ 86	$ 21

d. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
New Taiwan dollars		
Property, plant and equipment	$ 58,458	$ 48,750
Intangible assets	515	514
Prepayments for leases	1,599	1,626
	$ 60,572	$ 50,890
U.S. dollars		
Property, plant and equipment	$ 1,940	$ 1,602
Intangible assets	17	17
Prepayments for leases	53	53
	$ 2,010	$ 1,672
New Taiwan dollars		
An analysis of depreciation by function		
Operating costs	$ 55,833	$ 47,961
Operating expenses	2,625	789
	$ 58,458	$ 48,750
U.S. dollars		
An analysis of depreciation by function		
Operating costs	$ 1,853	$ 1,576
Operating expenses	87	26
	$ 1,940	$ 1,602
New Taiwan dollars		
An analysis of amortization by function		
Operating costs	$ 2,114	$ 2,140

(Continued)

	For the Year Ended December 31	
	2018	2017
U.S. dollars		
An analysis of amortization by function		
Operating costs	$ 70	$ 70

(Concluded)

e. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
New Taiwan dollars		
Other employee benefits		
Others (including post-employment benefits, see Note 19)	$ 176,612	$ 167,802
U.S. dollars		
Other employee benefits		
Others (including post-employment benefits, see Note 19)	$ 5,858	$ 5,514
New Taiwan dollars		
An analysis of employee benefits expense by function		
Operating costs	$ 73,955	$ 68,898
Operating expenses	102,657	98,904
	$ 176,612	$ 167,802
U.S. dollars		
An analysis of employee benefits expense by function		
Operating costs	$ 2,453	$ 2,264
Operating expenses	3,405	3,250
	$ 5,858	$ 5,514

f. Employees' compensation and remuneration of directors for 2018 and 2017

According to the Articles of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors at rates of no less than 2% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2018 and 2017 were as follows:

Accrual rate

	For the Year Ended December 31	
	2018	2017
Employees' compensation	2.3%	2.4%
Remuneration of directors	0.3%	0.3%

Amount

	For the Year Ended December 31			
	2018		2017	
	Cash	Shares	Cash	Shares
New Taiwan dollars				
Employees' compensation	$ 7,948	$ -	$ 6,968	$ -
Remuneration of directors	1,200	-	800	-
U.S. dollars				
Employees' compensation	259	-	234	-
Remuneration of directors	39	-	27	-

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

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2017 and 2016.

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

23. INCOME TAXES RELATING TO CONTINUING

a. The major components of tax expense (benefit) were as follows:

	For the Year Ended December 31	
	2018	2017
New Taiwan dollars		
Current tax		
In respect of the current period	$ 37,665	$ 39,846
Deferred tax		
In respect of the current period	(514)	(1,182)
Income tax expense recognized in profit or loss	$ 37,151	$ 38,664
U.S. dollars		
Current tax		
In respect of the current period	$ 1,248	$ 1,308
Deferred tax		
In respect of the current period	(16)	(38)
Income tax expense recognized in profit or loss	$ 1,232	$ 1,270

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

	For the Year Ended December 31	
	2018	2017
New Taiwan dollars		
Profit before tax from continuing operations	$ 335,842	$ 292,517
Income tax expense at the 20% statutory rate	$ 67,168	$ 58,503
Tax effect of adjustments:		
Tax credits	(19,087)	(24,162)
Income tax expense calculated at the statutory rate	3,425	3,607
Effect of different tax rates of group entities operating in other jurisdictions	(1,977)	1,230
Adjustment for prior years' tax	(12,378)	(514)
Income tax expense recognized in profit or loss	$ 37,151	$ 38,664
U.S. dollars		
Profit before tax from continuing operations	$ 11,139	$ 9,612
Income tax expense at the 20% statutory rate	$ 2,228	$ 1,922
Tax effect of adjustments:		
Tax credits	(633)	(794)
Income tax expense calculated at the statutory rate	114	119
Effect of different tax rates of group entities operating in other jurisdictions	(66)	40
Adjustment for prior years' tax	(411)	(17)
Income tax expense recognized in profit or loss	$ 1,232	$ 1,270

Tax rates used by group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	December 31	
	2018	2017
New Taiwan dollars		
Current tax liabilities		
Income tax payable	$ 10,062	$ 4,113
U.S. dollars		
Current tax liabilities		
Income tax payable	$ 328	$ 138

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

	Opening Balance	Recognize in Profit or Loss	Exchange Differences	Closing Balance
New Taiwan dollars				
Deferred tax assets				
Expenses payable	$ 3,032	$ (624)	$ 25	$ 2,433
Payables for annual leave	111	81	-	192
Allowance for write-downs of inventories	1,223	(41)	10	1,192
Unrealized termination benefits	635	-	5	640
Allowance for impaired receivables	165	-	1	166
	$ 5,166	$ (584)	$ 41	$ 4,623
Deferred tax liabilities				
Foreign exchange gains or losses	$ 290	$ (70)	$ 3	$ 223
U.S. dollars				
Deferred tax assets				
Expenses payable	$ 102	$ (20)	$ (3)	$ 79
Payables for annual leave	4	3	(1)	6
Allowance for write-downs of inventories	41	(1)	(1)	39
Unrealized termination benefits	21	-	-	21
Allowance for impaired receivables	6	-	-	6
	$ 174	$ (18)	$ (5)	$ 151
Deferred tax liabilities				
Foreign exchange gains or losses	$ 10	$ (2)	$ (1)	$ 7

For the year ended December 31, 2017

	Opening Balance	Recognize in Profit or Loss	Exchange Differences	Closing Balance
New Taiwan dollars				
Deferred tax assets				
Expenses payable	$ 2,516	$ 725	$ (209)	$ 3,032
Payables for annual leave	65	65	(19)	111
Allowance for write-downs of inventories	1,129	196	(102)	1,223
Unrealized termination benefits	612	70	(47)	635
Allowance for impaired receivables	161	-	4	165
	$ 4,483	$ 1,056	$ (373)	$ 5,166
Deferred tax liabilities				
Foreign exchange gains or losses	$ 452	$ (126)	$ (36)	$ 290
U.S. dollars				
Deferred tax assets				
Expenses payable	$ 78	$ 24	$ -	$ 102
Payables for annual leave	2	2	-	4
Allowance for write-downs of inventories	35	6	-	41
Unrealized termination benefits	19	2	-	21
Allowance for impaired receivables	5	-	1	6
	$ 139	$ 34	$ 1	$ 174
Deferred tax liabilities				
Foreign exchange gains or losses	$ 14	$ (4)	$ -	$ 10

d. Income tax assessments

The Company and subsidiaries disagreed with the tax authorities' assessment of its tax return and applied for a re-examination.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2018	2017
Basic earnings per share	$ 7.61	$ 6.50
Diluted earnings per share	$ 7.59	$ 6.49

Unit: US$ Per Share

	For the Year Ended December 31	
	2018	2017
Basic earnings per share	$ 0.25	$ 0.21
Diluted earnings per share	$ 0.25	$ 0.21

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on August 5, 2018. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2017 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 7.15	$ 6.50
Diluted earnings per share	$ 7.14	$ 6.49

Unit: US$ Per Share

	Before Retrospective Adjustment	After Retrospective Adjustment
Basic earnings per share	$ 0.23	$ 0.21
Diluted earnings per share	$ 0.23	$ 0.21

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

Net Profit for the Year

New Taiwan dollars

	For the Year Ended December 31	
	2018	2017
Profit for the year attributable to owners of the Company	$ 298,691	$ 253,853
Earnings used in the computation of diluted earnings per share	$ 298,691	$ 253,853

U.S. dollars

	For the Year Ended December 31	
	2018	2017
Profit for the year attributable to owners of the Company	$ 9,907	$ 8,342
Earnings used in the computation of diluted earnings per share	$ 9,907	$ 8,342

	For the Year Ended December 31	
	2018	2017
Weighted average number of ordinary shares used in the computation of basic earnings per share	39,270	39,052
Effect of potentially dilutive ordinary shares		
Employees' compensation	74	76
Weighted average number of ordinary shares used in the computation of diluted earnings per share	39,344	39,128

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

25. OPERATING LEASE ARRANGEMENTS

The Group as Lessee

Operating leases relate to leases of office space with lease terms of 2 years.

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

	December 31	
	2018	2017
New Taiwan dollars		
Not more than 1 year	$ 2,519	$ 2,589
More than 1 year and not more than 5 years	399	2,887
	$ 2,918	$ 5,476
U.S. dollars		
Not more than 1 year	$ 82	$ 87
More than 1 year and not more than 5 years	13	97
	$ 95	$ 184

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

27. FINANCIAL INSTRUMENTS

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

- Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
New Taiwan dollars				
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares and emerging market shares	$ 11,690	$ -	$ -	$ 11,690
Foreign listed shares and emerging market shares	3,966	-	-	3,966
	$ 15,656	$ -	$ -	$ 15,656
U.S. dollars				
Financial assets at FVTOCI				
Equity instruments				
Domestic listed shares and emerging market shares	$ 380	$ -	$ -	$ 380
Foreign listed shares and emerging market shares	130	-	-	130
	$ 510	$ -	$ -	$ 510

December 31, 2017

	Level 1	Level 2	Level 3	Total
New Taiwan dollars				
Available-for-sale financial assets				
Domestic listed shares and emerging market shares	$ 8,648	$ -	$ -	$ 8,648
U.S. dollars				
Available-for-sale financial assets				
Domestic listed shares and emerging market shares	$ 291	$ -	$ -	$ 291

There were no transfers between Levels 1 and 2 in the current and prior periods.

b. Categories of financial instruments

	December 31	
	2018	2017
New Taiwan dollars		
Financial assets		
Loans and receivables (1)	$ -	$ 987,022
Available-for-sale financial assets (2)	-	8,648
Financial assets at amortized cost (3)	1,053,551	-
Financial assets at FVTOCI Equity instruments	15,656	-
Financial liabilities		
Financial liabilities measured at amortized cost (4)	393,293	257,091
U.S. dollars		
Financial assets		
Loans and receivables (1)	-	33,167
Available-for-sale financial assets (2)	-	291
Financial assets at amortized cost (3)	34,301	-
Financial assets at FVTOCI Equity instruments	510	-
Financial liabilities		
Financial liabilities measured at amortized cost (4)	12,805	8,639

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents and trade and other receivables.

2) The balances include the carrying amount of available-for-sale financial assets measured at cost.

3) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents and notes receivable and trade receivables.

4) The balances include financial liabilities measured at amortized cost, which comprise short-term loans, short-term bills payable and trade and other payables.

c. Financial risk management objectives and policies

The Group's propose of financial risk management is to manage the foreign currency risk, interest rate risk, credit risk and liquidity risk that related to its management and operating activities. To reduce the relevant financial risk, the Group not only judges and assesses the uncertainty of the market, it also uses conservative principles as the highest guidelines and will not utilize derivative financial instruments or other instruments which possess higher risk. Based on the above principles, the Group reduces the potential risk of market variations affecting its financial performance.

1) Market risk

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign-currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 29.

Sensitivity analysis

The Group was mainly exposed to the VND and RMB.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar/U.S. dollar (i.e. the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and which represents management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign-currency denominated monetary items and foreign exchange forward contracts designated as cash flow hedges and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the VND/RMB strengthening 5% against the relevant currency. For a 5% weakening of the VND/RMB against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	VND Impact		**RMB Impact**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2018	**2017**	**2018**	**2017**
New Taiwan dollars				
Profit or loss	$ (6,389)	$ (6,060)	$ 250	$ 6,120
U.S. dollars				
Profit or loss	(208)	(204)	8	206

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

ii. This was mainly attributable to the exposure outstanding on RMB payables which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrowed funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring that the most cost-effective hedging strategies are applied.

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

	December 31	
	2018	**2017**
New Taiwan dollars		
Fair value interest rate risk		
Financial assets	$ 954,761	$ 880,326
Financial liabilities	-	-
Cash flow interest rate risk		
Financial assets	19,723	59,171
Financial liabilities	228,171	111,922
U.S. dollars		
Fair value interest rate risk		
Financial assets	31,085	$ 29,581
Financial liabilities	-	-
Cash flow interest rate risk		
Financial assets	641	1,988
Financial liabilities	7,429	3,761

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming that the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. A 0.25% increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2018 and 2017 would have decreased/increased by NT$521 thousand (US$17 thousand) and NT$132 thousand (US$4 thousand), respectively, which would be mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and continuously monitored such transactions to ensure that the aggregate value of concluded transactions is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually by the risk management committee.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2018 and 2017, the Group had available unutilized short-term bank loan facilities which are set out in the following section (b).

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

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

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2018

	On Demand or Less than 1 Month	**1-3 Months**	**3 Months to 1 Year**	**1-5 Years**	**5+ Years**
New Taiwan dollars					
Non-derivative financial liabilities					
Trade payables	$ 99,971	$ -	$ -	$ -	$ -
Variable interest rate liabilities	327	138,521	89,323	-	-
	$ 100,298	$ 138,521	$ 89,323	$ -	$ -
U.S. dollars					
Non-derivative financial liabilities					
Trade payables	$ 3,255	$ -	$ -	$ -	$ -
Variable interest rate liabilities	11	4,510	2,908	-	-
	$ 3,266	$ 4,510	$ 2,908	$ -	$ -

December 31, 2017

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
New Taiwan dollars					
Non-derivative financial liabilities					
Trade payables	$ 94,134	$ 5,208	$ 2,720	$ -	$ -
Variable interest rate liabilities	99	89,531	22,292	-	-
	$ 94,233	$ 94,739	$ 25,012	$ -	$ -
U.S. dollars					
Non-derivative financial liabilities					
Trade payables	$ 3,164	$ 175	$ 91	$ -	$ -
Variable interest rate liabilities	3	3,009	749	-	-
	$ 3,167	$ 3,184	$ 840	$ -	$ -

b) Financing facilities

	December 31	
	2018	2017
New Taiwan dollars		
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 228,171	$ 111,922
Amount unused	387,889	246,686
	$ 616,060	$ 358,608
U.S. dollars		
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	$ 7,429	$ 3,761
Amount unused	12,629	8,289
	$ 20,058	$ 12,050

28. RELATED-PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

a. Related party name and relationship

Name	Relationship
Tai, Chao-Rong	Key management personnel (chairman of the Company)

b. Endorsements and guarantees provided by related parties

	December 31	
	2018	2017
New Taiwan dollars		
Key management personnel		
Amount endorsed	$ 616,060	$ 358,608
Amount utilized (accounted for borrowings)	$ 228,171	$ 111,922
U.S. dollars		
Key management personnel		
Amount endorsed	$ 20,058	$ 12,050
Amount utilized (accounted for borrowings)	$ 7,429	$ 3,761

c. Compensation of key management personnel

	For the Year Ended December 31	
	2018	2017
New Taiwan dollars		
Short-term benefits	$ 34,955	$ 28,820
U.S. dollars		
Short-term benefits	$ 1,138	$ 968

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

29. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
New Taiwan dollars			
Financial assets			
Monetary items			
VND	$ 1,342	23,198 (USD:VND)	$ 41,211
RMB	1,117	0.1457 (RMB:USD)	4,998
Financial liabilities			
Monetary items			
VND	5,502	23,198 (USD:VND)	168,990
U.S. dollars			
Financial assets			
Monetary items			
VND	1,342	23,198 (USD:VND)	1,342
RMB	1,117	0.1457 (RMB:USD)	163
Financial liabilities			
Monetary items			
VND	5,502	23,198 (USD:VND)	5,502

December 31, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
New Taiwan dollars			
Financial assets			
Monetary items			
USD	$ 1,104	22,655 (USD:VND)	$ 32,849
RMB	26,874	0.1530 (RMB:USD)	122,398

(Continued)

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
<u>Financial liabilities</u>			
Monetary items			
USD	$ 5,177	22,655 (USD:VND)	$ 154,056
<u>U.S. dollars</u>			
<u>Financial assets</u>			
Monetary items			
USD	1,104	22,655 (USD:VND)	1,104
RMB	26,874	0.1530 (RMB:USD)	4,113
<u>Financial liabilities</u>			
Monetary items			
USD	5,177	22,655 (USD:VND)	5,177

(Concluded)

For the years ended December 31, 2018 and 2017, unrealized net foreign exchange gains were NT$3,537 thousand (US$117 thousand) and NT$9,856 thousand (US$324 thousand), respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the group entities.

30. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)

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

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

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

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

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

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 3)

11) Information on investees (Table 4)

b. Information on investments in mainland China

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

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

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

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

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

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

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

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

31. SEGMENT INFORMATION

a. Segment revenue and results

The chief operating decision maker views the segment directly selling baby and adult diapers and feminine products in Asia and Africa as one individual operating segment. Though the Group considers the following elements in decision-making, management views the segment mentioned above as a single operating segment when preparing the consolidated financial statements:

1) Whether operating units have similar long-term gross margins.

2) Whether the nature of products and production processes are similar.

3) Whether the delivery of products to customers is the same.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments.

	Taisun Vietnam Co., Ltd. (VN)		Taipoly (Fare East) Corporation (Mauritius)		Other Subsidiaries		Internal Transfer Pricing		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
New Taiwan dollars										
Revenue	$ 1,575,389	$ 1,476,748	$ 58,911	$ 50,353	$ 151,416	$ 3,381	$ (41,541)	$ (30,472)	$ 1,744,175	$ 1,500,010
Expenditures	(1,294,259)	(1,205,543)	(62,994)	(54,264)	(145,224)	(24,130)	42,817	31,762	(1,459,660)	(1,252,175)
Operating profit	281,130	271,205	(4,083)	(3,911)	6,192	(20,749)	1,276	1,290	284,515	247,835
Interest revenue	41,192	21,865	665	562	6,185	9,438	-	-	48,042	31,865
Financial costs	(1,432)	(353)	-	-	(1,163)	(294)	(1)	1	(2,596)	(646)
Other gains or losses	4,635	5,947	(464)	(4,140)	306,168	266,996	(304,458)	(255,340)	5,881	13,463
Profit before tax	$ 325,525	$ 298,664	$ (3,882)	$ (7,489)	$ 317,382	$ 255,391	$ (303,183)	$ (254,049)	$ 335,842	$ 292,517
Recognizable assets										
Notes receivable	$ -	$ -	$ -	$ -	$ 400	$ 23	$ -	$ -	$ 400	$ 23
Trade receivables	50,184	28,601	5,745	3,286	5,123	144	(5,648)	(3,357)	55,404	28,674
Inventories	220,350	233,951	-	-	533	1,653	68,232	-	289,115	235,604
Property, plant and equipment	212,825	240,562	-	-	155,464	58,478	(3,900)	(5,039)	364,389	294,001
	$ 483,359	$ 503,114	$ 5,745	$ 3,286	$ 161,520	$ 60,298	$ 58,684	$ (8,396)	709,308	558,302
General assets									1,338,708	1,171,536
Total assets									$ 2,048,016	$ 1,729,838
Recognizable liabilities										
Short-term loans	$ 123,171	$ 51,922	$ -	$ -	$ 105,000	$ 60,000	$ -	$ -	$ 228,171	$ 111,922
Accounts payable	84,553	102,065	3,452	2,953	1,100	401	10,866	(3,357)	99,971	102,062
	$ 207,724	$ 153,987	$ 3,452	$ 2,953	$ 106,100	$ 60,401	$ 10,866	$ (3,357)	328,142	213,984
General liabilities									83,251	55,605
Total liabilities									$ 411,393	$ 269,589
Depreciation and amortization	$ 50,402	$ 51,348	$ -	$ -	$ 11,396	$ 829	$ (1,226)	$ (1,287)	$ 60,572	$ 50,890
Capital expenditures (increase in fixed assets)	$ 93,678	$ 7,709	$ -	$ -	$ 87,340	$ 104,858	$ 1,278	$ 4,843	$ 182,296	$ 117,410
U.S. dollars										
Revenue	$ 52,253	$ 48,526	$ 1,954	$ 1,655	$ 5,023	$ 111	$ (1,378)	$ (1,001)	$ 57,852	$ 49,291
Expenditures	(42,929)	(39,614)	(2,089)	(1,783)	(4,817)	(793)	1,420	1,043	(48,415)	(41,147)
Operating profit	9,324	8,912	(135)	(128)	206	(682)	42	42	9,437	8,144
Interest revenue	1,366	719	22	18	205	310	-	-	1,593	1,047
Financial costs	(48)	(12)	-	-	(39)	(10)	1	1	(86)	(21)
Other gains or losses	154	195	(15)	(136)	10,155	8,773	(10,099)	(8,390)	195	442
Profit before tax	$ 10,796	$ 9,814	$ (128)	$ (246)	$ 10,527	$ 8,391	$ (10,056)	$ (8,347)	$ 11,139	$ 9,612
Recognizable assets										
Notes receivable	$ -	$ -	$ -	$ -	$ 13	$ 1	$ -	$ -	$ 13	$ 1
Trade receivables	1,634	961	187	110	167	5	(184)	(112)	1,804	964
Inventories	7,174	7,861	-	-	17	56	2,222	-	9,413	7,917
Property, plant and equipment	6,929	8,083	-	-	5,062	1,965	(128)	(168)	11,863	9,880
	$ 15,737	$ 16,905	$ 187	$ 110	$ 5,259	$ 2,027	$ 1,910	$ (280)	23,093	18,762
General assets									43,584	39,366
Total assets									$ 66,677	$ 58,128
Recognizable liabilities										
Short-term loans	$ 4,010	$ 1,745	$ -	$ -	$ 3,419	$ 2,016	$ -	$ -	$ 7,429	$ 3,761
Accounts payable	2,753	3,430	112	99	36	13	354	(112)	3,255	3,430
	$ 6,763	$ 5,175	$ 112	$ 99	$ 3,455	$ 2,029	$ 354	$ (112)	10,684	7,191
General liabilities									2,709	1,869
Total liabilities									$ 13,393	$ 9,060
Depreciation and amortization	$ 1,672	$ 1,687	$ -	$ -	$ 378	$ 27	$ (40)	$ (42)	$ 2,010	$ 1,672
Capital expenditures (increase in fixed assets)	$ 3,107	$ 253	$ -	$ -	$ 2,897	$ 3,523	$ 43	$ 83	$ 6,047	$ 3,859

The Group measures the financial information by overall operating condition and the key management personnel formulate decisions based on that information. Thus, the segment information is disclosed from the consolidated perspective.

Segment revenue reported above represents revenue generated from external customers.

Segment profit represented the profit before tax earned by each segment without the allocation of central administration costs and directors' salaries, the share of profit of associates, the gains recognized on the disposal of interests in former associates, rental revenue, interest income, the gains or losses on disposals of property, plant and equipment, the gains or losses on disposals of financial instruments, foreign exchange gains or losses, valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Geographical information

The Group operates in four principal geographical areas - Vietnam, Asia (seen as not including Vietnam), Africa, and the United States (USA) and others.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of such assets are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2018	2017	2018	2017
New Taiwan dollars				
Vietnam	$ 817,758	$ 767,718	$ 389,924	$ 294,684
Asia	756,615	572,740	283,361	202,562
Africa	126,383	103,402	-	-
USA and others	43,419	56,150	-	-
	$ 1,744,175	$ 1,500,010	$ 673,285	$ 497,246
U.S. dollars				
Vietnam	$ 27,124	$ 25,227	$ 12,695	$ 9,902
Asia	25,096	18,821	9,224	6,807
Africa	4,192	3,398	-	-
USA and others	1,440	1,845	-	-
	$ 57,852	$ 49,291	$ 21,919	$ 16,709

Non-current assets exclude deferred tax assets.

c. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2018	2017
New Taiwan dollars		
Customer A	$ 524,532	$ 391,356
U.S. dollars		
Customer A	$ 17,398	$ 12,860

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Taisun Int'l (Holding) Corporation	Winsun (Cambodia) Co., Ltd. (Cambodia)	Other receivables	Yes	$ 153,575 (US$ 5,000)	$ 153,575 (US$ 5,000)	$ 46,073 (US$ 1,500)	2	The need for short-term financing	$ -	Operating capital	$ -	$ -	$ -	$ 327,325 (US$ 10,657)	$ 654,649 (US$ 21,314)	1

Note 1: The total amount for lending to a company for funding for a short-term period shall not exceed twenty percent 20% of the net worth of the Company, and the aggregate amount for lending purpose shall not exceed forty percent 40% of the net worth of the Company.

TABLE 2

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018			
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value
Tausan Int'l (Holding) Corporation	Stock-listed company (domestic)						
	Sanitar Co., Ltd.	None	Financial assets at fair value through other comprehensive income - current	68	$ 2,513 (US$ 82)	-	$ 2,513 (US$ 82)
	King's Town Bank	None	Financial assets at fair value through other comprehensive income - current	150	4,327 (US$ 140)	-	4,327 (US$ 140)
	China Steel Corporation	None	Financial assets at fair value through other comprehensive income - current	200	4,850 (US$ 158)	-	4,850 (US$ 158)
Taisun Vietnam Co., Ltd. (VN)	Stock-listed company (foreign)						
	Bao Minh Insurance Corporation	None	Financial assets at fair value through other comprehensive income - current	30	822 (US$ 27)	-	822 (US$ 27)
	Petro Vietnam Technical Services Corporation	None	Financial assets at fair value through other comprehensive income - current	5	114 (US$ 4)	-	114 (US$ 4)
	Viet Nam Engine And Agricultural Machinery Corporation	None	Financial assets at fair value through other comprehensive income - current	20	1,017 (US$ 33)	-	1,017 (US$ 33)
	Tu Liem Urban Development Joint-Stock Company	None	Financial assets at fair value through other comprehensive income - current	80	2,013 (US$ 66)	-	2,013 (US$ 66)

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars or U.S. Dollars)

No.	Company Name	Counterparty	Natural of Relationship (Note)	Intercompany Transactions			
				Financial Statement Account	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
1	Taisun Vietnam Co., Ltd. (VN)	Taipoly (Far East) Corporation (Mauritius)	3	Sales	$ 25,097 (US$ 832)	No significant difference from those with third parties	1
				Trade receivables	3,446 (US$ 112)	No significant difference from those with third parties	-
		Taisun Int'l (Holding) Corporation	2	Sales	10,088 (US$ 335)	No significant difference from those with third parties	1
			2	Trade receivables	2,202 (US$ 72)	No significant difference from those with third parties	-
2	Tausan Int'l (Holding) Corporation	Winsun (Cambodia) Co., Ltd. (Cambodia)	1	Other receivables	46,073 (US$ 1,500)	Financing provided and the term of each loan for funding is one year.	2

Note: The following numerals indicate the respective nature of relationship between the two parties in the transaction:

1. Transactions from parent company to subsidiary.
2. Transactions from subsidiary to parent company.
3. Transactions between subsidiaries.

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

INFORMATION OF INVESTEES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars or U.S. Dollars)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2018			Net Income (Losses) of the Investee	Equity in the Earnings (Losses)	Note
				December 31, 2018	December 31, 2017	Number of Shares (In Thousands)	Percentage Ownership (%)	Carrying Amount			
The Company	Taisun Vietnam Co., Ltd. (VN)	Vietnam	Manufacture and sale of baby diapers, adult diapers, feminine products and wipes	$ 246,585 (US$ 7,791)	$ 246,585 (US$ 7,791)	-	100	$ 1,157,822 (US$ 37,696)	$ 288,468 (US$ 9,568)	$ 288,468 (US$ 9,568)	
	Taipoly (Far East) Corporation (Mauritius)	Mauritius	Trading	5,450 (US$ 180)	5,450 (US$ 180)	-	100	41,305 (US$ 1,345)	(3,882) (US$ (129))	(2,606) (US$ (86))	Difference from side stream transactions of US$43 thousand
	Winsun (Cambodia) Co., Ltd. (Cambodia)	Cambodia	Manufacture and sale of baby diapers, adult diapers, feminine products and wipes	365,343 (US$ 11,690)	324,359 (US$ 10,300)	-	100	377,632 (US$ 12,295)	18,590 (US$ 617)	18,590 (US$ 617)	
Winsun (Cambodia) Co., Ltd. (Cambodia)	WINSUN Trade Co., Ltd. (VN)	Vietnam	Trading	14,773 (US$ 500)	- (US$ -)	-	100	15,351 (US$ 500)	332 (US$ 11)	332 (US$ 11)	