ADVANCED INTERNATIONAL MULTITECH CO., LTD

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

JUNE 30, 2017 AND 2016

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Assets	Notes	JUNE 30, 2017 AMOUNT	%	DECEMBER 31, 2016 AMOUNT	%	JUNE 30, 2016 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 1,443,920	25	$ 730,522	12	$ 961,305	19
1150	Notes receivable, net	6(3)	5,383	-	10,257	-	6,561	-
1170	Accounts receivable, net	6(4)	1,422,358	25	2,285,122	37	1,058,049	21
1200	Other receivable		16,782	-	18,411	-	20,960	1
1220	Current income tax assets		461	-	348	-	669	-
130X	Inventories	6(5)	1,021,994	18	1,299,616	21	908,098	18
1410	Prepayments	6(6)	85,020	2	96,443	1	71,553	2
1470	Other current assets		15,083	-	9,449	-	15,635	-
11XX	Total current assets		4,011,001	70	4,450,168	71	3,042,830	61
	Non-current assets							
1543	Financial assets carried at cost - non-current	6(2)	55	-	55	-	55	-
1600	Property, plant and equipment	6(7)and8	1,529,666	27	1,627,930	26	1,760,124	36
1780	Intangible assets	6(8)	7,928	-	9,668	-	14,866	-
1840	Deferred income tax assets		66,728	1	54,826	1	57,007	1
1900	Other non-current assets	6(9) and8	106,781	2	100,055	2	90,226	2
15XX	Total non-current assets		1,711,158	30	1,792,534	29	1,922,278	39
1XXX	Total assets		$ 5,722,159	100	$ 6,242,702	100	$ 4,965,108	100

(Continued)

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Liabilities and Equity	Notes	JUNE 30, 2017 AMOUNT	%	DECEMBER 31, 2016 AMOUNT	%	JUNE 30, 2016 AMOUNT	%
	Current liabilities							
2100	Short-term loans	6(10)and8	$ 40,515	1	$ 40,336	-	$ 38,778	1
2150	Notes payable		1,375	-	1,642	-	548	-
2170	Accounts payable		781,870	13	1,280,517	20	547,469	11
2200	Other payables	6(10)	969,282	17	922,160	15	702,540	14
2230	Current income tax liabilities		69,565	1	113,766	2	79,333	2
2399	Other current liabilities		48,147	1	40,886	1	24,568	-
21XX	**Total current liabilities**		1,910,754	33	2,399,307	38	1,393,236	28
	Non-current liabilities							
2570	Deferred income tax liabilities		85,250	2	55,072	1	41,901	1
2640	Net defined benefit liabilities－non-current		63,278	1	63,285	1	59,142	1
2670	Other non-current liabilities		515	-	577	-	571	-
25XX	**Non-current liabilities**		149,043	3	118,934	2	101,614	2
2XXX	**Total liabilities**		2,059,797	36	2,518,241	40	1,494,850	30
	Equity							
	Equity attributable to owners of parent							
	Share capital	6(14)						
3110	Share capital - common stock		1,333,757	23	1,333,757	21	1,333,757	27
	Capital reserve	6(15)						
3200	Capital surplus		733,780	13	733,780	12	733,060	15
	Retained earnings	6(16)(22)						
3310	Legal reserve		698,847	12	664,300	11	664,300	13
3320	Special reserve		21,412	-	-	-	-	-
3350	Undistributed earnings		615,814	11	650,101	10	362,223	7
	Other equity interest							
3400	Other equity interest		(74,694)	(1)	(21,412)	-	33,062	1
31XX	**Equity attributable to owners of the parent**		3,328,916	58	3,360,526	54	3,126,402	63
36XX	**Non-controlling interest**		333,446	6	363,935	6	343,856	7
3XXX	**Total equity**		3,662,362	64	3,724,461	60	3,470,258	70
	Commitments and Contingent Liabilities	9						
3X2X	**Total liabilities and equity**		$ 5,722,159	100	$ 6,242,702	100	$ 4,965,108	100

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED JUNE 30, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS,
EXCEPT FOR EARNING PER SHARE AMOUNTS)

	Items	Notes	April 1- June 30, 2017		April 1- June 30, 2016		January 1- June 30, 2017		January 1- June 30, 2016	
			AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**		$ 2,345,735	100	$ 1,882,440	100	$ 5,015,504	100	$ 4,277,477	100
5000	**Operating costs**	6(5)(8)(20)(21)	(2,008,402)	(86)	(1,733,162)	(92)	(4,264,038)	(85)	(3,774,436)	(88)
5900	**Net operating margin**		337,333	14	149,278	8	751,466	15	503,041	12
	Operating expenses	6(8)(20)(21)								
6100	Selling expenses		(54,332)	(2)	(40,442)	(2)	(103,964)	(2)	(94,833)	(2)
6200	General and administrative expenses		(93,036)	(4)	(89,678)	(5)	(190,861)	(4)	(188,342)	(4)
6300	Research and development expenses		(85,641)	(4)	(72,594)	(4)	(168,072)	(3)	(153,139)	(4)
6000	**Total operating expenses**		(233,009)	(10)	(202,714)	(11)	(462,897)	(9)	(436,314)	(10)
6500	**Net other revenue and expense**	6(17)	12,611	1	14,033	1	31,935	-	25,679	-
6900	**Operating profit (loss)**		116,935	5	(39,403)	(2)	320,504	6	92,406	2
	Non-operating income and expenses									
7010	Other income	6(18)	1,157	-	1,003	-	2,155	-	3,875	-
7020	Other gains and losses	6(19)	1,569	-	34,973	2	(102,575)	(2)	8,802	-
7050	Finance costs		(56)	-	(1,235)	-	(51)	-	(1,530)	-
7000	**Total non-operating income and expenses**		2,670	-	34,741	2	(100,471)	(2)	11,147	-
7900	**Profit before income tax**		119,605	5	(4,662)	-	220,033	4	103,553	2
7950	Income tax expense	6(22)	(30,202)	(1)	2,926	-	(28,496)	-	(21,668)	-
8200	**Profit for the year (loss)**		$ 89,403	4	($ 1,736)	-	$ 191,537	4	$ 81,885	2
8361	Financial statements translation differences of foreign operations		$ 18,543	1	($ 21,036)	(1)	($ 53,282)	(1)	($ 32,552)	(1)
8300	**Other comprehensive (loss) income for the year**		$ 18,543	1	($ 21,036)	(1)	($ 53,282)	(1)	($ 32,552)	(1)
8500	**Total comprehensive income for the year**		$ 107,946	5	($ 22,772)	(1)	$ 138,255	3	$ 49,333	1
	Profit attributable to:									
8610	Owners of the parent		$ 86,179	4	($ 18,578)	(1)	$ 195,060	4	$ 53,200	1
8620	Non-controlling interest		3,224	-	16,842	1	(3,523)	-	28,685	1
	Total		$ 89,403	4	($ 1,736)	-	$ 191,537	4	$ 81,885	2
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 104,722	5	($ 39,614)	(2)	$ 141,778	3	$ 20,648	-
8720	Non-controlling interest		3,224	-	16,842	1	(3,523)	-	28,685	1
	Total		$ 107,946	5	($ 22,772)	(1)	$ 138,255	3	$ 49,333	1
	Earnings per share (in dollars)	6(23)								
9750	**Basic earnings per share**		$ 0.65		($ 0.14)		$ 1.46		$ 0.40	
9850	**Diluted earnings per share**		$ 0.65		($ 0.14)		$ 1.45		$ 0.40	

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED JUNE 30, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
			Capital Reserve				Retained Earnings						
	Notes	Share capital - common stock	Capital reserve	Movement of the subsidiaries	Unearned employee benefits	Others	Legal reserve	Special reserve	Undistributed earnings	Financial Statements translation differences of foreign operations	Total	Non-controlling interest	Total Equity
January 1- June 30, 2016													
Balance at January 1, 2016		$ 1,333,757	$670,464	$ 16,480	$ 32,248	$ 11,903	$663,675	$ -	$403,011	$ 65,614	$ 3,197,152	$ 342,137	$ 3,539,289
Profit for the year		-	-	-	-	-	-	-	53,200	-	53,200	28,685	81,885
Other comprehensive (loss)		-	-	-	-	-	-	-	-	(32,552)	(32,552)	-	(32,552)
Appropriations of 2015 earnings:													
Legal reserve		-	-	-	-	-	625	-	(625)	-	-	-	-
Cash dividends	6(16)	-	-	-	-	-	-	-	(93,363)	-	(93,363)	-	(93,363)
Unearned employee Benefits retired		-	-	-	(1,657)	1,657	-	-	-	-	-	-	-
share-based payment transaction	6(13)	-	-	-	1,965	-	-	-	-	-	1,965	-	1,965
Non-controlling interest		-	-	-	-	-	-	-	-	-	-	(26,966)	(26,966)
Balance at June 30, 2016		$ 1,333,757	$670,464	$ 16,480	$ 32,556	$ 13,560	$664,300	$ -	$362,223	$ 33,062	$ 3,126,402	$ 343,856	$ 3,470,258
January 1- June 30, 2017													
Balance at January 1, 2017		$ 1,333,757	$670,464	$ 16,480	$ 28,404	$ 18,432	$664,300	$ -	$650,101	($ 21,412)	$ 3,360,526	$ 363,935	$ 3,724,461
Profit for the year		-	-	-	-	-	-	-	195,060	-	195,060	(3,523)	191,537
Other comprehensive (loss)		-	-	-	-	-	-	-	-	(53,282)	(53,282)	-	(53,282)
Appropriations of 2016 earnings:													
Legal reserve		-	-	-	-	-	34,547	-	(34,547)	-	-	-	-
Special reserve		-	-	-	-	-	-	21,412	(21,412)	-	-	-	-
Cash dividends	6(16)	-	-	-	-	-	-	-	(173,388)	-	(173,388)	-	(173,388)
Unearned employee Benefits retired		-	-	-	(555)	555	-	-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-	-	-	-	-	(26,966)	(26,966)
Balance at June 30, 2017		$ 1,333,757	$670,464	$ 16,480	$ 27,849	$ 18,987	$698,847	$ 21,412	$615,814	($ 74,694)	$ 3,328,916	$ 333,446	$ 3,662,362

ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THE FIRST QUARTER ENDED JUNE 30, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS)

	Notes	January 1- June30 , 2017	January 1- June30 , 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit(Loss) before tax		$ 220,033	$ 103,553
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(7)(20)	166,656	192,707
Amortization	6(20)	8,998	13,802
Amortization of long-term prepaid rent	6(9)(20)	849	933
Provision for doubtful accounts and sales discount	6(4)	10,302	15,604
Interest income	6(18)	(1,636)	(1,602)
Interest expense		69	1,501
Cost of stock-based payment transaction	6(13)	-	1,965
Loss on disposal of property, plant and equipment, net	6(19)	3,490	5,482
Expense transferred from property, plant and equipment		328	1,359
Expense transferred from other non-current assets		286	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		4,874	(980)
Accounts receivable		809,891	1,006,146
Other receivables		1,098	(11,338)
Inventories		250,934	216,451
Prepayments		7,035	46,579
Other liquid assets		(5,683)	2,051
Changes in operating liabilities			
Notes payable		(267)	(2,905)
Accounts payable		(462,160)	(445,384)
Other payables		(145,647)	(196,951)
Other liquid liabilities		7,389	(20,669)
Accrued pension liabilities		(7)	(16)
Other operating liabilities		-	(1)
Cash inflow generated from operations		876,832	928,287
Income taxes (paid)		(45,678)	(41,379)
Net cash flows from operating activities		831,154	886,908

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ADVANCED INTERNATIONAL MULTITECH CO., LTD AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THE FIRST QUARTER ENDED JUNE 30, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEWTAIWAN DOLLARS)

	Notes	January 1- June30 , 2017	January 1- June30 , 2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial assets carried at cost reduced capital returns		$ -	$ 128
Acquisition of property, plant and equipment		(56,100)	(119,933)
Increase in prepayment for equipment		(34,344)	(20,609)
Proceeds from disposal of property, plant and equipment		2,088	17,752
Increase in refundable deposits		(1,984)	(2,100)
Decrease in refundable deposits		2,301	1,846
Acquisition of intangible assets	6(8)	(2,077)	(1,483)
Increase in other non-current assets		(8,108)	(6,825)
Interest received		1,543	1,671
Net cash flows used in investing activities		(96,681)	(129,553)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		902,476	2,377,342
Decrease in short-term loans		(902,297)	(2,606,926)
Repayment of long-term debt		-	(46,135)
Increase in guarantee deposits		-	414
Decrease in guarantee deposits		(46)	-
Interest paid		(69)	(1,561)
Net cash flows used in financing activities		64	(276,866)
Effect of exchange rate changes on cash and cash equivalents		(21,139)	(4,475)
Net Increase in cash and cash equivalents		713,398	476,014
Cash and cash equivalents at beginning of year		730,522	485,291
Cash and cash equivalents at end of year		$ 1,443,920	$ 961,305

ADVANED INTERNATIONAL MULTITECH CO., LTD.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FIRST QUARTER ENDED JUNE 30, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPTAS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

Advanced International Multitech Co., Ltd. (the "Company"),was founded in 1987.The company specializes in the manufacturing of golf club heads, golf balls, shafts, composite materials, carbon fiber components, and accessories for bicycles, such as forks, frames, and aviation products. The composite materials, as mentioned above, include Prepreg Carbon Fiber and they are applied in Aircraft Interior, Electronic Device Carbon Cover, Carbon Panels, Carbon Tubes, Robot Arms & Frames, Light-weighted Elevator Cage Components, and other Industrial Carbon Fiber Components.

2. THE DATE OF AUTHORIZATION FOR ISSURANCE OF THE CONSOLIDATED FINANCIAL STATEMENT AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on AUGUST 3, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial ReportingStandards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments January 1, 2016 to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
FRS 14,'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016

Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, ‘Levies’	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

Except for the followings, the above standards and interpretations have no significant impact to the Group’s financial condition and operating result based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments 2018 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9 ‘Financial instruments’with IFRS 4‘Insurance contracts’ (amendments to IFRS 4)	January 1, 2018
IFRS 9, ‘Financial instruments’	January 1, 2018
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018
Clarifications to IFRS 15, ‘Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
Disclosure initiative (amendments to IAS 7) 0	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, ‘Foreign currency transactions and advance consideration’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, ‘First-time adoption of international financial reporting standards’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12,	

‘Disclosure of interests in other entities’	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, ‘Investments in associates and joint ventures’	January 1, 2018

Except for the followings, the above standards and interpretations have no significant impact to the Group’s financial condition and operating result based on the Group’s assessment.

A. IFRS 9, ‘Financial instruments’

(a) Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is not held for trading.

(b) The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses (‘ECL’) or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance).

B. IFRS 15 "Revenue from contracts with customers"

IFRS 15 "revenue from contracts with customers" replaces IAS 11 "Construction Contracts", IAS 18 "Revenue" and relevant interpretations. According to IFRS 15, revenue is recognised when a customer obtains control of promised goods or services. A customer obtains control of goods or services when a customer has the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Step1: Identify contracts with customer

Step 2: Identify separate performance obligations in the contract(s)

Step 3: Determine the transaction price

Step 4: Allocate the transaction price.

Step 5: Recognise revenue when the performance obligation is satisfied.

Further, IFRS 15 includes a set of comprehensive disclosure requirements that requires an entity to disclose sufficient information to enable users of financial statements to amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

C. Amendments to IAS 7, ‘Disclosure initiative’

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

D. IFRIC 22, ‘Foreign currency transactions and advance consideration’

The Interpretation states that the date of the transaction for a foreign currency-denominated contract should be the date of initial recognition of the non-monetary asset or non-monetary liability arising from the receipt or payment of the advance consideration.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the 2017 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 16, ‘Leases’	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019

Except for the followings, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

IFRS 16, ‘Leases’

IFRS 16, ‘Leases’, replaces IAS 17, ‘Leases’ and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. The remaining policies are the same as Note.4 of consolidated financial statement in 2016. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1)Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Accounting Standards 34,“Interim financial reporting” endorsed by the FSC.

(2)Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

（a）Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3)Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The principle for preparation of consolidated financial statements are based on the report in 2016.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main Business Activities	Ownership (%) June 30, 2017	Ownership (%) December 31, 2016
Advanced International Multitech Co., Ltd	Advanced International Multitech (BVI) Co., Ltd.	Equity investment	100	100
"	Advanced Group International (BVI) Co., Ltd.	Equity investment	100	100
"	FOO-GUO International Limited	Equity investment	100	100
"	Advanced International Multitech (VN) Corporation Ltd.	Sale of golf club heads, golf balls, shafts	100	100
"	Launch Technologies Co., LTD	Manufacture of golf ball	55.93	55.93
Advanced Group International (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (DONGGUAN) CO., LTD.	Manufacture and sale of Prepreg Carbon Fiber	100	100
Advanced International Multitech (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (SHATIAN, DONGGUAN) CO., LTD	Manufacture and sale of Prepreg Carbon Fiber	100	100
FOO-GUO International LIMITED	FOOGUO SPORTS (DONGGUAN) CO., LTD	Manufacture and sale of sports goods	100	100

Investor	Subsidiary	Main Business Activities	Ownership (%) June 30,2016
Advanced International Multitech Co., Ltd	Advanced International Multitech (BVI) Co., Ltd.	Equity investment	100
"	Advanced Group International (BVI) Co., Ltd.	Equity investment	100
"	FOO-GUO International Limited	Equity investment	100
"	Advanced International Multitech (VN) Corporation Ltd.	Sale of golf club heads, golf balls, shafts	100
"	Launch Technologies Co., LTD	Manufacture of golf ball	55.93
"	FGI Deportes S DE RL DE CV	Manufacture and sale of sports goods	100

Investor	Subsidiary	Main Business Activities	Ownership (%) June 30,2016
Advanced Group International (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (DONGGUAN) CO., LTD.	Manufacture and sale of Prepreg Carbon Fiber	100
Advanced International Multitech (BVI) Co.,Ltd.	ADVANCED SPORTING GOODS (SHATIAN, DONGGUAN) CO., LTD	Manufacture and sale of Prepreg Carbon Fiber	100
FOO-GUO International LIMITED	FOOGUO SPORTS (DONGGUAN) CO., LTD	Manufacture and sale of sports goods	100

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

As of June 30, 2017, December 31, 2016 and June 30, 2016, the non-controlling interest amounted to $333,446, 363,935 and 343,856, respectively. The information on non-controlling interest and respective subsidiaries is as follows:

Name of subsidiary	Principal place of business	Non-controlling interest			
		June 30, 2017		December 31, 2016	
		Amount	Ownership (%)	Amount	Ownership (%)
Launch Technologies Co., LTD	Taiwan	$333,446	44.07	363,935	44.07

Name of subsidiary	Principal place of business	Non-controlling interest	
		June 30, 2016	
		Amount	Ownership (%)
Launch Technologies Co., LTD	Taiwan	$343,856	44.07

Summarized financial information of the subsidiary:

Balance sheets

	Launch Technologies Co., LTD		
	June 30, 2017	December 31, 2016	June 30, 2016
Current assets	$ 487,199	$ 502,973	$ 475,109
Non-current assets	521,865	522,366	526,354
Current liabilities	(252,225)	(198,993)	(221,223)
Non-current liabilities	(220)	(544)	–
Total net assets	$ 756,619	$ 825,802	$ 780,240

Statements of comprehensive income

	Launch Technologies Co., LTD	
	April 1- June 30 , 2017	April 1- June 30 , 2016
Revenue	$ 395,272	$ 344,884
Profit before income tax	11,272	49,784
Income tax expense	(3,957)	(11,728)
Profit(Loss) for the year	7,315	38,056
Other comprehensive (loss) income, net of tax	–	–
Total comprehensive income for the year	$ 7,315	$ 38,056

	Launch Technologies Co., LTD	
	January 1- June 30 , 2017	January 1- June 30 , 2016
Revenue	$ 763,809	$ 708,688
Profit (Loss) before income tax	(5,619)	79,458
Income tax expense	(2,376)	(14,707)
Profit(Loss) for the year	(7,995)	64,751
Other comprehensive (loss) income, net of tax	-	-
Total comprehensive (loss) income for the year	($ 7,995)	$ 64,751

Statements of cash flows

	Launch Technologies Co., LTD	
	January 1- June 30 , 2017	January 1- June 30 , 2016
Net cash provided by operating activities	$ 17,580	$ 164,003
Net cash used in investing activities	(31,241)	(38,539)
Net cash (used in) provided by financing activities	-	(2)
Increase (decrease) in cash and cash equivalents	(13,661)	125,462
Cash and cash equivalents, beginning of year	79,716	47,611
Cash and cash equivalents, end of year	$ 66,055	$ 173,073

(4) Employee benefits

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. And, the related information is disclosed accordingly.

(5) Income tax

The interim period income tax expense is recognised based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly.

5. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTION ON UNCERTAINTY

None.

6. DETAILS OF SIGNIFICANTACCOUNTS

(1) Cash and cash equivalents

	June 30, 2017	December 31, 2016	June 30, 2016
Cash on hand and revolving funds	$ 1,293	$ 1,294	$ 4,277
Checking accounts and demand deposits	622,614	524,891	764,442
Cash equivalents	820,013	204,337	192,586
Total	$ 1,443,920	$ 730,522	$ 961,305

A. The Group associates with a variety of financial institutions with high credit quality for the purpose of dispersing credit risk, so it expects that the probability of counterparty default is low.

B. The Group has no cash and cash equivalents pledged to others.

(2) Financial assets carried at cost

Items	June 30, 2017	December 31, 2016	June 30, 2016
Non-current items:			
Unlisted stocks	$ 55	$ 55	$ 55

A. According to the Group's intension, its investments in above equity instruments should be classified as "available-for-sale financial assets". However, as the above equity instruments are not traded in active market, and no sufficient industry information of companies similar to the above companies or no financial information of the above companies can be obtained, the fair value of the investment in above equity instruments cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets carried at cost'.

B. As of June 30, 2017、December 31, 2016 and June 30, 2016, no financial assets measured at cost held by the Group were pledged to others.

(3) Notes receivable

	June 30, 2017	December 31, 2016	June 30, 2016
Notes receivable	$ 5,383	$ 10,257	$ 6,561
Less: allowance for bad debts	–	–	–
	$ 5,383	$ 10,257	$ 6,561

(4) Accounts receivable

	June 30, 2017	December 31, 2016	June 30, 2016
Accounts receivable	$ 1,444,489	$ 2,297,791	$ 1,079,627
Less: allowance for sales returns and discounts	(845)	(1,685)	(715)
Less: allowance for bad debts	(21,286)	(10,984)	(20,863)
	$ 1,422,358	$ 2,285,122	$ 1,058,049

A. The Group's accounts receivable that were neither past due nor impaired were fully performing in line with the credit standards prescribed based on counterparties' industrial characteristics, scale of business and profitability.

B.The aging analysis of accounts receivable that were past due but not impaired is as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Up to 30 days	$ 171,454	$ 273,884	$ 101,373
31 to 90 days	62,746	85,945	67,527
91 to 180 days	10,210	31,328	7,672
Over 181 days	9,575	1,991	22,826
	$ 253,985	$ 393,148	$ 199,398

The above aging analysis was based on past due date.

C. Movement analysis of financial assets that were impaired is as follows:

(a) As of June 30, 2017、December 31, 2016 and June 30, 2016, the Group's accounts receivable that were impaired amounted to $0、$14,624 and $349, respectively.

(b) Movements on the Group provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ -	$ 10,984	$ 10,984
Provision for impairment	-	10,302	10,302
At June 30	$ -	$ 21,286	$ 21,286

	2016		
	Individual provision	Group provision	Total
At January 1	$ 349	$ 4,910	$ 5,259
Provision for impairment	-	15,604	15,604
At June 30	$ 349	$ 20,514	$ 20,863

D.The Group does not hold any collateral as security.

(5)Inventories

	June 30, 2017		
	Cost	Allowancefor valuation loss	Book value
Raw materials	$ 463,831	($ 28,330)	$ 435,501
Work in process	189,905	(974)	188,931
Finished goods	419,108	(41,387)	377,721
Inventory in transit	19,841	-	19,841
	$ 1,092,685	($ 70,691)	$ 1,021,994

	December 31, 2016		
	Cost	Allowancefor valuation loss	Book value
Raw materials	$ 487,205	($ 25,133)	$ 462,072
Work in process	311,063	(863)	310,200
Finished goods	519,688	(46,419)	473,269
Inventory in transit	54,075	-	54,075
	$ 1,372,031	($ 72,415)	$ 1,299,616

	June 30, 2016		
	Cost	Allowancefor valuation loss	Book value
Raw materials	$ 434,470	($ 26,736)	$ 407,734
Work in process	179,773	(630)	179,143
Finished goods	348,106	(48,123)	299,983
Inventory in transit	21,238	-	21,238
	$ 983,587	($ 75,489)	$ 908,098

The cost of inventories recognised as expense for the period:

	April 1- June 30, 2017	April 1- June 30, 2016
Cost of inventories sold	$ 2,012,962	$ 1,740,059
Gain on reversal of decline in market value	(7,591)	(7,015)
Loss from sale of scraps	4,236	679
Others	(1,205)	(561)
	$ 2,008,402	$ 1,733,162

	January 1- June 30, 2017	January 1- June 30, 2016
Cost of inventories sold	$ 4,262,869	$ 3,779,536
Gain on reversal of decline in market value	(121)	(4,738)
Loss from sale of scraps	4,236	1,152
Others	(2,946)	(1,514)
	$ 4,264,038	$ 3,774,436

(6) Prepayments

	June 30, 2017	December 31, 2016	June 30, 2016
Prepaid sales tax	$ 44,208	$ 47,841	$ 26,378
Prepaid expenses	23,562	21,745	34,291
Overpaid sales tax	15,174	20,137	8,868
Prepayment for purchases	2,076	6,720	2,016
	$ 85,020	$ 96,443	$ 71,553

(7) Property, plant and equipment

Cost	January 1- June 30, 2017					
Name of Assets	At January 1, 2017	Additions	Disposals	Reclassifications	Net exchange differences	At June 30, 2017
Land	$ 162,544	$ -	$ -	$ -	$ -	$ 162,544
Buildings	1,274,271	4,687	(7,636)	2,322	(27,346)	1,246,298
Machinery and equipment	1,568,703	33,278	(106,543)	30,760	(28,512)	1,497,686
Utility equipment	307,993	1,582	(20,723)	64	(5,693)	283,223
Transportation equipment	6,075	460	-	-	(59)	6,476
Office equipment	52,895	6,115	(720)	870	(1,290)	57,870
Others	413,223	22,251	(27,599)	2,266	(8,512)	401,629
Construction in progress	4,297	232	-	(2,960)	-	1,569
	$ 3,790,001	$ 68,605	($ 163,221)	$ 33,322	($ 71,412)	$ 3,657,295

Accumulated depreciation	January 1- June 30, 2017					
Name of Assets	At January 1, 2017	Depreciation Expenses	Disposals	Reclassifications	Net exchange differences	At June 30, 2017
Buildings	$ 548,230	$ 38,010	($ 7,576)	$ -	($ 11,679)	$ 566,985
Machinery and equipment	1,098,254	85,922	(101,162)	(37)	(21,268)	1,061,709
Utility equipment	182,199	10,851	(20,723)	-	(2,942)	169,385
Transportation equipment	3,545	535	-	-	(43)	4,037
Office equipment	37,355	3,587	(720)	-	(954)	39,268
Others	292,488	27,751	(27,462)	37	(6,569)	286,245
	$ 2,162,071	$ 166,656	($ 157,643)	$ -	($ 43,455)	$ 2,127,629
Total	$ 1,627,930					$ 1,529,666

Cost	January 1- June 30, 2016					
Name of Assets	At January 1, 2016	Additions	Disposals	Reclassifications	Net exchange differences	At June 30, 2016
Land	$ 162,544	$ -	$ -	$ -	$ -	$ 162,544
Buildings	1,345,370	3,769	(16,843)	2,451	(20,337)	1,314,410
Machinery and equipment	1,770,831	52,491	(174,866)	26,212	(22,609)	1,652,059
Utility equipment	324,247	233	(2,470)	-	(5,437)	316,573
Transportation equipment	6,131	435	(908)	-	(67)	5,591
Office equipment	46,365	5,420	(2,787)	3,524	(1,011)	51,511
Others	453,144	21,601	(61,077)	1,674	(6,786)	408,556
Construction in progress	1,234	8,655	-	(2,906)	(82)	6,901
	$ 4,109,866	$ 92,604	($ 258,951)	$ 30,955	($ 56,329)	$ 3,918,145

Accumulated depreciation	January 1- June 30, 2016					
Name of Assets	At January 1, 2016	Depreciation Expenses	Disposals	Reclassifications	Net exchange differences	At June 30, 2016
Buildings	$ 523,286	$ 45,378	($ 13,873)	$ -	($ 10,193)	$ 544,598
Machinery and equipment	1,196,943	99,196	(155,823)	-	(17,296)	1,123,020
Utility equipment	169,373	13,328	(2,471)	-	(2,875)	177,355
Transportation equipment	3,652	453	(909)	-	(44)	3,152
Office equipment	33,885	3,373	(2,785)	-	(755)	33,718
Others	310,306	30,979	(59,856)	-	(5,251)	276,178
	$ 2,237,445	$ 192,707	($ 235,717)	$ -	($ 36,414)	$ 2,158,021
合計	$ 1,872,421					$ 1,760,124

(8) Intangible assets

	Technical skill	Computer Software	Others	Total
At January 1, 2017				
Cost	$ 13,000	$ 29,705	$ 65,500	$ 108,205
Accumulated amortisation and impairment	(10,811)	(22,226)	(65,500)	(98,537)
	$ 2,189	$ 7,479	$ -	$ 9,668
2017				
At January 1	$ 2,189	$ 7,479	$ -	$ 9,668
Additions－acquired separately	-	2,077	-	2,077
Cost reduce	-	(15,125)	(65,500)	(80,625)
Amortisation	(1,313)	(2,504)	-	(3,817)
Reduce in accumulated amortization	-	15,125	65,500	80,625
At June 30	$ 876	$ 7,052	$ -	$ 7,928
At June 30, 2017				
Cost	$ 13,000	$ 16,657	$ -	$ 29,657
Accumulated amortisation and impairment	(12,124)	(9,605)	-	(21,729)
	$ 876	$ 7,052	$ -	$ 7,928

	Technical skill	Computer Software	Others	Total
At January 1, 2016				
Cost	$ 14,500	$ 37,321	$ 65,500	$ 117,321
Accumulated amortisation and impairment	(9,393)	(24,968)	(59,496)	(93,857)
	$ 5,107	$ 12,353	$ 6,004	$ 23,464
2016				
At January 1	$ 5,107	$ 12,353	$ 6,004	$ 23,464
Additions－acquired separately	-	1,483	-	1,483
Cost reduce	-	(9,796)	-	(9,796)
Amortisation	(1,563)	(5,243)	(3,275)	(10,081)
Reduce in accumulated amortization	-	9,796	-	9,796
At June 30	$ 3,544	$ 8,593	$ 2,729	$ 14,866
At June 30, 2017				
Cost	$ 14,500	$ 29,008	$ 65,500	$ 109,008
Accumulated amortisation and impairment	(10,956)	(20,415)	(62,771)	(94,142)
	$ 3,544	$ 8,593	$ 2,729	$ 14,866

The details of amortization are as follows:

	April 1- June 30, 2017	April 1- June 30, 2016
Operating costs	$ 180	$ 140
Selling expenses	–	2,523
Administrative expenses	844	854
Research and development expenses	884	1,381
	$ 1,908	$ 4,898

	January 1- June 30, 2017	January 1- June 30, 2016
Operating costs	$ 354	$ 281
Selling expenses	–	5,046
Administrative expenses	1,663	1,701
Research and development expenses	1,800	3,053
	$ 3,817	$ 10,081

(9) Long-term prepaid rent (list on other non-current assets)

	June 30, 2017	December 31, 2016	June 30, 2016
Land use right	$ 35,403	$ 38,269	$ 39,870

Long-term prepaid rent refers to the land use rights obtained in China. Upon signing of the lease, the amount has been paid in full. The Group recognized rental expense of $419、$462、$849 and $933 for the three –month and six-month periods ended June 30, 2017 and 2016, respectively.

(10)Short-term loans

Type of loans	June 30, 2017	Interest rate range
Unsecured loans	$ 40,515	–

Type of loans	December 31, 2016	Interest rate range
Unsecured loans	$ 40,336	–

Type of loans	June 30, 2016	Interest rate range
Loans from letter of credits	$ 12,483	1.65%
Unsecured loans	26,295	–
	$ 38,778	

Note: Details of short-term borrowings pledged as collateral are provided in Note 8.

(11) Other payables

	June 30, 2017	December 31, 2016	June 30, 2016
Awards and salaries payable	$ 226,132	$ 358,428	$ 196,304
Payable for processing charge	178,167	201,719	108,511
Dividends payable	173,388	-	93,363
Payables for employee's remuneration and directors' and supervisors' remuneration	65,792	43,606	30,714
Payables for equipment	31,808	19,303	29,792
Others	293,995	299,104	243,856
	$ 969,282	$ 922,160	$ 702,540

(12)Pensions

A. Defined benefit plans

(a)The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b)The pension costs under the defined contribution pension plans of the Group for the three-month and six-month periods ended June 30, 2017 and 2016 were $553、$551、$1,136 and $1,130, respectively.

(c)Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018are $2,288.

B. Defined contribution plans

(a)Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b)The subsidiaries in mainland China have defined contribution pension plans and contribute an amount monthly based on 13% of employees' monthly salaries and wages to an independent fund administered by a government agency. The plan is administered by the government of mainland China. Other than the monthly contributions, the Group does not have further pension liabilities.

(c)The subsidiaries in mainland Vietnam have defined contribution plans in accordance with the local regulations.

(d)The pension costs under the defined contribution pension plans of the Group for the three -month and six-month periods ended June 30, 2017 and 2016, respectively were $28,002、$25,448、$54,804 and $52,934, respectively.

(13)Share-based payment

A.As of June 30, 2017 and 2016, the share-based payment transactions of the Company are set forth below:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Employee stock options	October 11, 2012	4,720,000	5 years	Note

B.Details of the share-based payment arrangements are as follows:

	January 1- June 30, 2017		January 1- June 30, 2016	
	No. of stock options	Weighted-average exercise price (in dollars)	No. of stock options	Weighted-average exercise price (in dollars)
Options outstanding opening balance at January 1	2,520,000	$ 36.0	3,127,000	$ 37.3
Options forfeited	(62,000)	-	(183,000)	-
Options outstanding at June 30	2,458,000	34.5	2,944,000	36.0
Options exercisable at June 30	2,458,000	-	2,307,500	-

C.As of June 30, 2017、December 31, 2016and June 30, 2016, the range of exercise prices of stock options outstanding was $34.5、$36and $36 (in dollars), respectively; the weighted-average remaining contractual period was0.278years、0.778 years and 1.278 years, respectively.

D.For the stock options granted with the compensation cost accounted for using the fair value method, their fair value on the grant date is estimated using the Black-Scholes option-pricing model. The parameters used in the estimation of the fair value are as follows:

	Grant date	Stock price	Exercise price	Exercise price volatility	Expected duration	Expected dividend	Risk-free interest rate	Fair value per share
Employee stock options	2012/10/11	$42	$42	33.28%	3.875 years	-	0.90%	$11.33

E.Expenses incurred on share-based payment transactions are shown below:

	April 1- June 30, 2017	April 1- June 30, 2016
Equity-settled	$ -	$ 931

	January 1- June 30, 2017	January 1- June 30, 2016
Equity-settled	$ -	$ 1,965

F. As of June13, 2017and July13, 2016,the exercise price of employee stock options issued on October 11,2012 was adjusted from $36 (indollars) to $34.5 (in dollars)and$37.3 (indollars) to $36 (in dollars), following the terms of employee stock options.

(14)Capital

In accordance with the Company's Articles of Incorporation, the total authorized common stock is 14.63 billion shares (including 5 million shares for stock warrants conversion and 10 million shares for convertible bond.).As of June 30, 2016, the total issued and outstanding common stock was $1,333,757 with par value of $10 (in dollars) per share.

(15)Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16)Retained earnings

A. In accordance with the Company's Articles of Incorporation, current year's earnings must be distributed in the following order:
(a)Paying the income tax
(b)Covering accumulated deficit;
(c)Setting aside as legal reserve equal to 10% of current year's net income after tax and distribution pursuant to clause
(d)Setting aside a special reserve in accordance with applicable legal and regulatory requirement
(e)The remainder is distributable earnings of which 1% is appropriated as employees' bonus; qualified employees include employees of affiliates per criteria set by Board of Directors.

B. The remaining earnings along with the inappropriate earnings at the beginning of the period are considered as accumulated distributable earnings. In accordance with dividend policy, the shareholders. proposal of earnings appropriation is prepared by the Board of Directors and resolved by the shareholders.

C.Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. The appropriations of 2016 earnings had been approved by the shareholders which is $93,363($0.7 per share).The Shareholders' Meeting on May 26, 2017 had approved to distribute $1.3 per common stock holders, the amount of dividend is $173,388.

F. For the information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(21).

(17) Other income and expenses– net

	April 1- June 30, 2017	April 1- June 30, 2016
Mold income	$ 1,210	$ 3,504
Sample income	4,485	3,471
Other income	6,916	7,058
	$ 12,611	$ 14,033

	January 1- June 30, 2017	January 1- June 30, 2016
Mold income	$ 13,727	$ 10,322
Sample income	7,681	5,290
Other income	10,527	10,067
	$ 31,935	$ 25,679

(18)Other revenue

	April 1- June 30, 2017	April 1- June 30, 2016
Interest income	$ 1,042	$ 776
Others	115	227
	$ 1,157	$ 1,003

	January 1- June 30, 2017	January 1- June 30, 2016
Interest income	$ 1,636	$ 1,602
Others	519	2,273
	$ 2,155	$ 3,875

(19)Other gains and losses

	April 1- June 30, 2017	April 1- June 30, 2016
Gains (losses) on disposal of property, plant and equipment	($ 3,467)	$ 1,141
Net currency exchange gains (losses)	(2,800)	27,755
Other	7,836	6,077
	$ 1,569	$ 34,973

	January 1- June 30, 2017	January 1- June 30, 2016
Gains (losses) on disposal of property, plant and equipment	($ 3,490)	($ 5,482)
Net currency exchange gains (losses)	(105,924)	6,546
Other	6,839	7,738
	($ 102,575)	$ 8,802

(20)Expenses by nature

	April 1- June 30, 2017	April 1- June 30, 2016
Employee benefit expense	$ 571,712	$ 540,612
Depreciation expense	81,729	95,292
Amortisation expense	5,050	7,348
	$ 658,491	$ 643,252

	January 1- June 30, 2017	January 1- June 30, 2016
Employee benefit expense	$ 1,175,720	$ 1,153,109
Depreciation expense	166,656	192,707
Amortisation expense	9,847	14,735
	$ 1,352,223	$ 1,360,551

(21)Employee benefit expense

	April 1- June 30, 2017	April 1- June 30, 2016
Wages and salaries	$ 490,730	$ 444,062
Employee stock options	-	931
Labour and health insurance fees	31,805	31,495
Pension costs	28,555	25,999
Other personnel expenses	20,622	38,125
	$ 571,712	$ 540,612

	January 1- June 30, 2017	January 1- June 30, 2016
Wages and salaries	$ 1,011,267	$ 967,897
Employee stock options	-	1,965
Labour and health insurance fees	65,724	64,063
Pension costs	55,940	54,064
Other personnel expenses	42,789	65,120
	$ 1,175,720	$ 1,153,109

A.According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, after covering accumulated losses, shall be distributed as employees' compensation and directors and supervisors remuneration. The ratio shall not be lower than 1% for employees’ compensation and shall not be higher than 5% for directors and supervisors remuneration.

B.For the three-month and six-month periods ended June 30, 2017 and 2016, employees’ compensation (bonus) was accrued at $7,106、$4,729、$14,196 and $9,640, respectively; and the directors’ and supervisors’ remuneration was accrued at $2,500、$1,250、$5,000 and $2,500, respectively. The aforementioned amounts were recognized in salary expenses.

C. For the six months ended June 30, 2016 , he employees' compensation and directors' and supervisors' remuneration were estimated and accrued based based on a certain percentage of profit of current year distributable as of the end of reporting period.
Employees' compensation and directors' and supervisors' remuneration of 2016 as resolved by the meeting of board of directors were in agreement with those amounts recognised in the 2016 financial statements. Actual number of cash distributed as employees' compensation for 2016.Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meeting of board of directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(22)Income tax

A.Income tax expense

Components of income tax expense :

	April 1- June 30, 2017	April 1- June 30, 2016
Current tax:		
Current tax on profits for the period	($ 8,106)	($ 6,495)
Tax on undistributed surplus earnings	15,411	5,170
Adjustments in respect of prior years	699	228
Total current tax	8,004	(1,097)
Deferred tax:		
Origination and reversal of temporary differences	22,198	(1,829)
Income tax expense (gain)	$ 30,202	($ 2,926)

	January 1- June 30, 2017	January 1- June 30, 2016
Current tax:		
Current tax on profits for the period	$ 24,373	$ 15,684
Tax on undistributed surplus earnings	15,411	5,170
Adjustments in respect of prior years	(28,676)	228
Total current tax	11,108	21,082
Deferred tax:		
Origination and reversal of temporary differences	17,388	586
Income tax expense	$ 28,496	$ 21,668

B.The Company’s income tax returns through 2013 have been assessed and approved by the Tax Authority.

C.Unappropriated retained earnings:

	June 30,2017	December 31,2016	June 30,2016
Earnings generated in and after 1998	$ 615,814	$ 650,101	$ 362,223

D.As of June 30, 2017、December 31, 2016and June 30, 2016, the balance of the imputation tax credit account was $118,020、$116,135 and $$131,573,respectively. The creditable tax rate was 33.97% for 2015 the estimated creditable tax rate is 19.05% for 2016.

(23)Earnings per share

	April 1- June 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Earnings per Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 86,179	133,376	$ 0.65
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	86,179	133,376	
Assumed conversion of all dilutive potential ordinary shares Employees’ compensation	-	225	
shareholders of the parent plus assumed conversion of all dilutive potential ordinary	$ 86,179	133,601	$ 0.65

	April 1- June 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per Earnings per Share (in dollars)
Basic losses per share			
Profit attributable to ordinary shareholders of the parent	($ 18,578)	133,376	($ 0.14)
Diluted losses per share			
Loss attributable to ordinary shareholders of the parent	(18,578)	133,376	
Assumed conversion of all dilutive potential ordinary shares Employees’ compensation	-	-	
shareholders of the parent plus assumed conversion of all dilutive potential ordinary	($ 18,578)	133,376	($ 0.14)

	January 1- June 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands)	Losses per Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 195,060	133,376	$ 1.46
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	195,060	133,376	
Assumed conversion of all dilutive potential ordinary shares Employees'bouns	-	796	
shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 195,060	134,172	$ 1.45

	January 1- June 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (share in thousands	Losses per Earnings per Share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 53,200	133,376	$ 0.40
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	53,200	133,376	
Assumed conversion of all dilutive potential ordinary shares Employees'bouns	-	514	
shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 53,200	133,890	$ 0.40

(24)Operating lease

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Not later than one year	$ 9,067	$ 8,740	$ 9,359
Later than one year but not later than five years	18,032	17,594	21,756
	$ 27,099	$ 26,334	$ 31,115

(25)Supplemental cash flow information

A. Investing activities with partial cash payments

	January 1- June 30, 2017	January 1- June 30, 2016
Purchase of property, plant and equipment	$ 68,605	$ 92,604
Add: opening balance of payable on equipment	19,303	57,121
Less: ending balance of payable on equipment	(31,808)	(29,792)
Cash paid during the period	$ 56,100	$ 119,933

	January 1- June 30, 2017	January 1- June 30, 2016
Declared cash dividend	$ 173, 388	$ 93, 363
Less: ending dividend payable	(173, 388)	(93, 363)
Cash paid during the period	$ –	$ –

B. Financing activities with no cash flow effects

	January 1- June 30, 2017	January 1- June 30, 2016
Prepaid equipment to transfer the property, plant and equipment	$ 33, 650	$ 32, 314

7. RELATED PARTY TRANSACTIONS

Key management compensation

	April 1- June 30, 2017	April 1- June 30, 2016
Salaries and other short-term employee benefits	$ 4, 271	$ 5, 807
Share based payments	–	235
	$ 4, 271	$ 6, 042

	January 1- June 30, 2017	January 1- June 30, 2016
Salaries and other short-term employee benefits	$ 16, 487	$ 11, 815
Share based payments	–	487
	$ 16, 487	$ 12, 302

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value			
Pledged asset	June 30, 2017	December 31,2016	June 30, 2016	Purpose
Land	$ 125, 648	$ 125, 648	$ 125, 648	Short and long-term loans
Building-net value	306, 972	315, 947	326, 513	Short and long-term loans
Machinery-net value	–	–	28, 246	Short and long-term loans
Time deposits and cash (shown as"other non-current assets")	270	268	268	Customs deposits
	$ 432, 890	$ 441, 863	$ 486, 259	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	June 30, 2017	December 31,2016	June 30, 2016
Raw materials	$ 53, 782	$ 98, 148	$ 52, 543

B.Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	June 30, 2017	December 31,2016	June 30, 2016
Property, plant and equipment	$ 56,920	$ 21,640	$ 34,766

C.Operating lease commitments

Note 6(24).

10.SIGNIFICANT DISASTER LOSS

None.

11.SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12.OTHERS

(1)Capital management

There is no significant change in this period, please refer to Note12 of the Consolidated Financial Statements of 2016.

(2)Financial instruments

A. Fair value information of financial instruments

There is no significant change in this period, please refer to Note12 of the Consolidated Financial Statements of 2016.

B.Financial risk management policies

There is no significant change in this period, please refer to Note12 of the Consolidated Financial Statements of 2016.

C. Significant financial risks and degrees of financial risks

(a)Market risk

i. Foreign exchange risk

(i)The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	June 30, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 69,176	30.37	$ 2,100,875
USD：RMB	33,356	6.7807	1,013,022
Non-monetary items			
RMB ：NTD	247,398	4.486	1,109,827
Financial liabilities			
Monetary items			
USD：NTD	36,945	30.47	1,125,714
USD：RMB	7,010	6.7807	213,595

	December 31,2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 86,118	32.20	$ 2,773,000
USD：RMB	36,140	6.9495	1,163,708
Non-monetary items			
RMB ：NTD	232,755	4.617	1,074,630
Financial liabilities			
Monetary items			
USD：NTD	45,114	32.30	1,457,182
USD：RMB	12,028	6.9495	388,504
Non-monetary items			
RMB ：NTD	5,940	4.617	27,425

	June 30, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	$ 52,806	32.23	$ 1,701,937
USD：RMB	18,302	6.6433	589,873
RMB ：NTD	10,980	4.845	53,198
Non-monetary items			
RMB ：NTD	211,603	4.845	1,025,217
Financial liabilities			
Monetary items			
USD：NTD	20,345	32.33	657,754
USD：RMB	8,310	6.6433	268,662
Non-monetary items			
RMB ：NTD	31,918	4.845	154,643

(ii).The unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group for the three-month and six-month periods ended June 30, 2017 and 2016, amounted ($2,800)、$27,755、($105,924) and $6,546,respectively.

(iii).Analysis of foreign currency market risk arising from significant foreign exchange variation:

	January 1- June 30, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 21,009	$ -
USD：RMB	1%	10,130	-
Financial liabilities			
Monetary items			
USD：NTD	1%	11,257	$ -
USD：RMB	1%	2,136	-

	January 1- June 30, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD：NTD	1%	$ 17,019	$ －
USD：RMB	1%	5,899	－
RMB ：NTD	1%	532	－
Financial liabilities			
Monetary items			
USD：NTD	1%	6,578	$ －
USD：RMB	1%	2,687	－

ii. Price risk

None.

iii. Interest rate risk

(i)The Group’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During January 1-June 30, 2017 and 2016, the Group’s borrowings at variable rate were denominated in the NTD.

(ii)June 30, 2017 and 2016, if interest rates on NTD-denominated borrowings at that date had been0.25% higher/lower with all other variables held constant, post-tax profit for the January 1- June 30, 2017 and 2016,would have been $84 and $78 lower/higher,respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b)Credit risk

i.Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The Group assesses the credit quality of the customers by taking into account their financial position, past experience and other factors to conduct its internal risk management. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board of directors. The utilization of credit limits is regularly monitored. Major credit risk arises from cash and cash equivalents, derivative financial instruments and other financial instruments. The counterparties are banks with good credit quality and financial institutions with investment grade or above and government agencies, so there is no significant compliance concerns and credit risk.

ii.For the January 1- June 30, 2017 and 2016, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii.The credit quality information of financial assets that are neither past due nor impaired is provided in Note 6(4).

iv.The ageing analysis of financial assets that were past due but not impaired is provided in Note 6(4).

v. The individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets in Note 6.

(c)Liquidity risk

i. Cash flow forecasting is performed by each operating entity of the Group and aggregated by Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.As at June 30,2017、December 31,2016 and June 30,2016 the Group held money market position of $1,442,627、$729,228 and $957,028, respectively.

iii.The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groups based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: June 30, 2017	Less than 1 year	Between 1 to 2 years	Over 2 years
Short-term borrowings	$ 40,515	$ -	$ -
Notes payable	1,375	-	-
Accounts payable	781,870	-	-
Other payables	969,282	-	-

Non-derivative financial liabilities: December 31,2016	Less than 1 year	Between 1 to 2 years	Over 2 years
Short-term borrowings	$ 40,336	$ -	$ -
Notes payable	1,642	-	-
Accounts payable	1,280,517	-	-
Other payables	922,160	-	-

Non-derivative financial liabilities: June 30, 2016	Less than 1 year	Between 1 to 2 years	Over 2 years
Short-term borrowings	$ 38,791	$ -	$ -
Notes payable	548	-	-
Accounts payable	547,469	-	-
Other payables	702,540	-	-

Derivative financial liabilities:

June 30,2017 : None。

Derivative financial liabilities:

December 31,2016: None。

Derivative financial liabilities:

June 30,2016 : None。

iv.The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3)Fair value information

A. Details of the fair value of the Group's financial assets and financial liabilities not measured at fair value are provided in Note 12(2)A.

B. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1:Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Group's investment in listed stocks, beneficiary certificates and derivative instruments with quoted market prices is included in Level 1.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in derivative instruments is included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

C. There were no related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at June 30,2017、December 31,2016 and June 30,2016.

D.For the years ended June 30, 2017 and 2016, there was no transfer into or out from Level 3.

13.SUPPLEMENTARY DISCLOSURES

(1)Significant transactions information

A.Loans to others: Please refer to table 1.

B.Provision of endorsements and guarantees to others: Please refer to table 2.

C.Hold of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D.Acquisition or sale of the same security with the accumulated cost reaching NT $300 million or 20% of paid-in capital or more: None.

E.Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F.Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G.Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 4.

H.Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: Please refer to table 5.

I.Trading in derivative instruments undertaken during the reporting periods: None.

J.Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2)Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 7.

(3)Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 9.

14.SEGMENT INFORMATION

(1)General information

In accordance with IFRS No. 8, "Operating Segments", the Group has determined the operating segments and reportable operating segments. Operating segments which have met certain quantitative threshold are disclosed individually or aggregately as reportable operating segments; other segments which have not met the quantitative threshold are included in the 'all other segments'.

(2)Measurement of segment information

The Group's segment profit (loss) is measured with the operating profit (loss) before tax, which is used as a basis for the Group in assessing the performance of the operating segments.

(3)Reconciliation information for segment profit (loss)

The revenue from external parties reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.