Taisun Int'l (Holding) Corporation and Subsidiaries

Consolidated Financial Statements for the Six Months Ended June 30, 2018 and 2017 and Independent Auditors' Review Report

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Taisun Int'l (Holding) Corporation and its subsidiaries (the Group) as of June 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months ended June 30, 2018 and 2017 and for the six months ended June 30, 2018 and 2017, the consolidated statements of changes in equity and cash flows for the six months then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of June 30, 2018 and 2017, its consolidated financial performance for the three months ended June 30, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors' review report are Yi-Hui, Lin and Yu-Shiou, Su.

Yi-Hui Lin

Yu-Shiou Su

Deloitte & Touche
Taipei, Taiwan
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August 10, 2018

Notice to Readers

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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars or U.S. Dollars, Except Par Value)

	June 30, 2018 (Reviewed)			December 31, 2017 (Audited)			June 30, 2017 (Reviewed)		
ASSETS	NTD	USD	%	NTD	USD	%	NTD	USD	%
CURRENT ASSETS									
Cash and cash equivalents (Note 6)	$ 547,806	$ 17,984	29	$ 428,917	$ 14,413	25	$ 683,711	$ 22,476	40
Financial assets at fair value through other comprehensive income - current (Note 7)	12,402	407	1	-	-	-	-	-	-
Available-for-sale financial assets - current (Note 9)	-	-	-	8,648	291	-	-	-	-
Financial assets at amortized cost - current (Note 8)	393,874	12,931	21	-	-	-	-	-	-
Other financial assets - current (Note 10)	-	-	-	481,728	16,187	28	321,870	10,581	19
Notes receivable from unrelated parties	207	7	-	23	1	-	4	-	-
Trade receivables from unrelated parties (Note 11)	44,204	1,451	2	28,674	964	2	22,821	750	1
Other receivables from unrelated parties	12,008	394	1	18,432	619	1	7,579	249	-
Inventories (Note 12)	220,095	7,225	11	235,604	7,917	14	192,666	6,334	11
Prepayments	25,593	840	1	23,681	796	1	21,080	693	1
Prepayments for leases (Note 15)	1,618	53	-	1,591	53	-	1,625	53	-
Other current assets	283	10	-	128	4	-	75	2	-
Total current assets	1,258,090	41,302	66	1,227,426	41,245	71	1,251,431	41,138	72
NON-CURRENT ASSETS									
Financial assets at amortized cost - non-current (Note 8)	116,883	3,837	6	-	-	-	-	-	-
Other financial assets - non-current (Note 10)	-	-	-	29,248	983	2	25,734	846	2
Property, plant and equipment (Note 14)	337,332	11,074	18	294,001	9,880	17	291,978	9,598	17
Other intangible assets	1,206	40	-	1,427	47	-	1,705	56	-
Deferred tax assets (Note 22)	4,718	155	-	5,166	174	-	4,799	158	-
Prepayments for equipment	89,768	2,947	5	76,490	2,570	4	53,287	1,752	3
Long-term prepayments for leases (Note 15)	95,155	3,124	5	94,062	3,161	6	96,911	3,186	6
Other non-current assets	2,189	72	-	2,018	68	-	2,300	75	-
Total non-current assets	647,251	21,249	34	502,412	16,883	29	476,714	15,671	28
TOTAL	$ 1,905,341	$ 62,551	100	$ 1,729,838	$ 58,128	100	$ 1,728,145	$ 56,809	100
LIABILITIES AND EQUITY									
CURRENT LIABILITIES									
Short-term borrowings (Note 16)	$ 127,176	$ 4,175	6	$ 111,922	$ 3,761	7	$ -	$ -	-
Trade payables to unrelated parties	72,720	2,387	4	102,062	3,430	6	86,582	2,846	5
Other payables (Note 17)	185,842	6,101	10	43,107	1,448	3	255,046	8,385	15
Current tax liabilities (Note 22)	13,616	447	1	4,113	138	-	9,470	311	1
Provisions - current	-	-	-	4,085	137	-	3,809	125	-
Other current liabilities	21,096	693	1	1,256	43	-	18,071	594	1
Total current liabilities	420,450	13,803	22	266,545	8,957	16	372,978	12,261	22
NON-CURRENT LIABILITIES									
Deferred income tax liabilities (Note 22)	293	8	-	290	10	-	106	3	-
Guarantee deposits received	2,798	92	-	2,754	93	-	2,028	67	-
Total non-current liabilities	3,091	100	-	3,044	103	-	2,134	70	-
Total liabilities	423,541	13,903	22	269,589	9,060	16	375,112	12,331	22
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 19)									
Ordinary shares	357,000	11,493	19	357,000	11,493	21	357,000	11,493	20
Share dividend to be distributed	35,700	1,174	2	-	-	-	-	-	-
Capital surplus	653,216	21,364	34	653,216	21,364	38	653,216	21,364	38
Retained earnings									
Legal reserve	54,177	1,794	3	28,792	959	1	28,792	959	2
Special reserve	112,024	3,684	6	1,346	45	-	1,346	45	-
Unappropriated earnings	359,949	11,122	19	531,919	16,638	31	396,006	12,141	23
Total retained earnings	526,150	16,600	28	562,057	17,642	32	426,144	13,145	25
Other equity	(90,266)	(1,983)	(5)	(112,024)	(1,431)	(7)	(83,327)	(1,524)	(5)
Total equity	1,481,800	48,648	78	1,460,249	49,068	84	1,353,033	44,478	78
TOTAL	$ 1,905,341	$ 62,551	100	$ 1,729,838	$ 58,128	100	$ 1,728,145	$ 56,809	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$30.46:US$1, NT$29.76:US$1 and NT30.42:US$1 as of June 30, 2018, December 31, 2017 and June 30, 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
(In Thousands of New Taiwan Dollars or U.S. Dollars, Except Earnings Per Share)
(Reviewed, Not Audited)

	For the Three Months Ended June 30						For the Six Months Ended June 30					
	2018			2017			2018			2017		
	NTD	USD	%	NTD	USD	%	NTD	USD	%	NTD	USD	%
SALES	$ 385,860	$ 12,949	100	$ 352,123	$ 11,644	100	$ 805,432	$ 27,269	100	$ 726,137	$ 23,672	100
COST OF GOODS SOLD (Note 21)	264,491	8,876	69	247,721	8,187	70	549,844	18,615	68	500,801	16,326	69
GROSS PROFIT	121,369	4,073	31	104,402	3,457	30	255,588	8,654	32	225,336	7,346	31
OPERATING EXPENSES (Note 21)												
Selling and marketing expenses	31,510	1,058	8	36,386	1,199	11	63,444	2,148	8	64,921	2,117	9
General and administrative expenses	24,138	811	6	15,095	500	4	44,374	1,502	5	33,050	1,077	4
Research and development expenses	3,213	108	1	2,989	99	1	6,248	212	1	5,796	189	1
Total operating expenses	58,861	1,977	15	54,470	1,798	16	114,066	3,862	14	103,767	3,383	14
PROFIT FROM OPERATIONS	62,508	2,096	16	49,932	1,659	14	141,522	4,792	18	121,569	3,963	17
NON-OPERATING INCOME AND EXPENSES												
Interest income (Note 21)	11,373	382	3	6,788	223	2	22,339	756	3	11,671	380	2
Other gains and losses (Note 21)	1,771	59	-	2,027	68	1	5,763	195	-	2,775	91	-
Finance costs (Note 21)	(420)	(14)	-	-	-	-	(769)	(26)	-	-	-	-
Total non-operating income and expenses	12,724	427	3	8,815	291	3	27,333	925	3	14,446	471	2
PROFIT BEFORE INCOME TAX	75,232	2,523	19	58,747	1,950	17	168,855	5,717	21	136,015	4,434	19
INCOME TAX EXPENSE (Note 22)	13,083	439	3	8,392	278	3	26,466	896	4	18,075	589	3
NET PROFIT FOR THE PERIOD	62,149	2,084	16	50,355	1,672	14	142,389	4,821	17	117,940	3,845	16
OTHER COMPREHENSIVE 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	(1,519)	(51)	-	-	-	-	(1,597)	(54)	-	-	-	-
Exchange differences arising on translation to the presentation currency	70,705	-	18	2,214	-	1	38,059	-	5	(82,104)	-	(11)
Items that maybe reclassified subsequently to profit or loss:												
Exchange differences on translating the financial statements of foreign operations	(10,692)	(362)	(3)	341	11	-	(14,704)	(498)	(2)	123	4	-
Other comprehensive loss for the period, net of income tax	58,494	(413)	15	2,555	11	1	21,758	(552)	3	(81,981)	4	(11)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	$ 120,643	$ 1,671	31	$ 52,910	$ 1,683	15	$ 164,147	$ 4,269	20	$ 35,959	$ 3,849	5
NET PROFIT ATTRIBUTABLE TO:												
Owners of the Company	$ 62,149	$ 2,084	16	$ 50,355	$ 1,672	14	$ 142,389	$ 4,821	18	$ 117,940	$ 3,845	16
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:												
Owners of the Company	$ 120,643	$ 1,671	31	$ 52,910	$ 1,683	15	$ 164,147	$ 4,269	20	$ 35,959	$ 3,849	5
EARNINGS PER SHARE (Note 23)												
Basic	$1.58	$0.05		$1.28	$0.04		$3.63	$0.12		$3.04	$0.10	
Diluted	$1.58	$0.05		$1.28	$0.04		$3.62	$0.12		$3.03	$0.10	

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$29.537:US$1 and NT$30.675:US$1 for the six months ended June 30, 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
(In Thousands of New Taiwan Dollars)
(Reviewed, Not Audited)

	Shares (In Thousands) (Note 19)	Share Capital (Note 19)	Share Dividend to Be Distributed	Capital Surplus	Retained Earnings (Note 19) Legal Reserve	Retained Earnings (Note 19) Special Reserve	Retained Earnings (Note 19) Unappropriated Earnings	Other: Unrealized Gain (Loss) on Available-for-sale Financial Assets	Other: Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Other: Exchange Differences on Translating the Financial Statements of Foreign Operations	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 six months ended June 30, 2017	-	-	-	-	-	-	117,940	-	-	-	117,940
Other comprehensive loss for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	-	-	-	(81,981)	(81,981)
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	-	-	117,940	-	-	(81,981)	35,959
Issuance of ordinary shares for cash (date of issuance: 2017.1.13)	4,817	48,170	-	474,983	-	-	-	-	-	-	523,153
BALANCE AT JUNE 30, 2017	35,700	$ 357,000	$ -	$ 653,216	$ 28,792	$ 1,346	$ 396,006	$ -	$ -	$ (83,327)	$ 1,353,033
BALANCE AT JANUARY 1, 2018	35,700	$ 357,000	$ -	$ 653,216	$ 28,792	$ 1,346	$ 531,919	$ 1,064	$ -	$ (113,088)	$ 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	-	1,064	(113,088)	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 to be distributed	-	-	35,700	-	-	-	(35,700)	-	-	-	-
Net profit for the six months ended June 30, 2018	-	-	-	-	-	-	142,389	-	-	-	142,389
Other comprehensive income (loss) for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	-	-	-	(1,597)	23,355	21,758
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	-	-	142,389	-	(1,597)	23,355	164,147
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	204	-	-	-	204
BALANCE AT JUNE 30, 2018	35,700	$ 357,000	$ 35,700	$ 653,216	$ 54,177	$ 112,024	$ 359,949	$ -	$ (533)	$ (89,733)	$ 1,481,800

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$29.537:US$1 and NT$30.675:US$1 for the six months ended June 30, 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
(In Thousands of U.S. Dollars)
(Reviewed, Not Audited)

		(Note 19)			Retained Earnings (Note 19)			Other			
	Shares (In Thousands)	Share Capital	Share Dividend to Be Distributed	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Differences on Translating the Financial Statements of Foreign Operations	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 six months ended June 30, 2017	-	-	-	-	-	-	3,845	-	-	-	3,845
Other comprehensive loss for the six months ended June 30, 2017, net of income tax	-	-	-	-	-	-	-	-	-	4	4
Total comprehensive income for the six months ended June 30, 2018	-	-	-	-	-	-	3,845	-	-	4	3,849
Issuance of ordinary shares for cash (date of issuance: 2017.1.13)	4,817	1,506	-	14,996	-	-	-	-	-	-	16,502
BALANCE AT JUNE 30, 2017	35,700	$ 11,493	$ -	$ 21,364	$ 959	$ 45	$ 12,141	$ -	$ -	$ (1,524)	$ 44,478
BALANCE AT JANUARY 1, 2018	35,700	$ 11,493	$ -	$ 21,364	$ 959	$ 45	$ 16,638	$ 35	$ -	$ (1,466)	$ 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	-	35	(1,466)	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 to be distributed	-	-	1,174	-	-	-	(1,174)	-	-	-	-
Net profit for the six months ended June 30, 2018	-	-	-	-	-	-	4,821	-	-	-	4,821
Other comprehensive loss for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	-	-	-	(54)	(498)	(552)
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	-	-	4,821	-	(54)	(498)	4,269
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	7	-	-	-	7
BALANCE AT JUNE 30, 2018	35,700	$ 11,493	$ 1,174	$ 21,364	$ 1,794	$ 3,684	$ 11,122	$ -	$ (19)	$ (1,964)	$ 48,648

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

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars or U.S. Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30			
	2018		2017	
	NTD	USD	NTD	USD
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax	$ 168,855	$ 5,717	$ 136,015	$ 4,434
Adjustments for:				
Depreciation expenses	24,531	830	24,189	789
Amortization expenses	234	9	268	9
Amortization of prepayments for leases	789	27	862	27
Finance costs	769	26	-	-
Interest income	(22,339)	(756)	(11,671)	(380)
Changes in operating assets and liabilities				
Notes receivable	(177)	(6)	(4)	-
Trade receivables	(14,385)	(487)	4,908	160
Other receivables	325	11	(31)	(1)
Inventories	20,440	692	2,147	70
Prepayments	(1,300)	(44)	(8,252)	(269)
Other current assets	(177)	(6)	(61)	(2)
Trade payables	(30,807)	(1,043)	890	29
Other payables	(5,453)	(46)	10,341	187
Provisions	-	-	(307)	(10)
Other current liabilities	15,181	514	12,638	412
Cash generated from operations	156,486	5,438	171,932	5,455
Interest paid	(713)	(24)	-	-
Income tax paid	(16,837)	(570)	(14,855)	(484)
Net cash generated from operating activities	138,936	4,844	157,077	4,971
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of financial assets at fair value through other comprehensive income	(9,947)	(341)	-	-
Proceeds from sale of financial assets at fair value through other comprehensive income	5,450	178	-	-
Proceeds from sale of financial assets at amortized cost	11,873	402	-	-
Payments for property, plant and equipment	(63,635)	(2,155)	(36,083)	(1,176)
Increase in other financial assets	-	-	(198,314)	(6,465)
Increase in other non-current assets	(118)	(4)	(1,810)	(59)
Increase in prepayments for equipment	(11,135)	(377)	(24,080)	(785)
Interest received	28,629	970	5,153	168
Net cash used in investing activities	(38,883)	(1,327)	(255,134)	(8,317)

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TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars or U.S. Dollars)
(Reviewed, Not Audited)

	For the Six Months Ended June 30			
	2018		2017	
	NTD	USD	NTD	USD
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from short-term borrowings	$ 12,228	$ 414	$ -	$ -
Refunds of guarantee deposits received	(30)	(1)	-	-
Proceeds from guarantee deposits received	-	-	307	10
Proceeds from issue of ordinary shares	-	-	523,153	16,502
Net cash generated from financing activities	12,198	413	523,460	16,512
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	6,638	(359)	(42,004)	(2)
NET INCREASE IN CASH AND CASH EQUIVALENTS	118,889	3,571	383,399	13,164
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	428,917	14,413	300,312	9,312
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	$ 547,806	$ 17,984	$ 683,711	$ 22,476

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$29.537:US$1 and NT$30.675:US$1 for the six months ended June 30, 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$30.46:US$1, NT$29.76:US$1 and NT$30.42:US$1 was used for balances as of June 30, 2018, December 31, 2017 and June 30, 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 August 10, 2018.

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							a)
Equity instruments	$ -	$ 8,648	$ -	$ 8,648	$ -	$ -	
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	-	-	
	$ 519,624	$ -	$ -	$ 519,624	$ -	$ -	

(In Thousands of U.S. Dollars)

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi-cations	Remea-surements	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							a)
Equity instruments	$ -	$ 291	$ -	$ 291	$ -	$ -	
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	-	-	
	$ 17,461	$ -	$ -	$ 17,461	$ -	$ -	

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.

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete on January 1, 2018 and the application did not have the cumulative effect of the change in the retained earnings on January 1, 2018.

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

Upon initial application of IFRS 16, the Group will recognize right-of-use assets, or investment properties if the right-of-use assets meet the definition of investment properties, and 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 will present 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 will be classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, 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 of land located in Vietnam and Cambodia are recognized as prepayments for leases. The difference between the actual payments and the expenses, as adjusted for lease incentives, is recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are 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.

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.

Upon initial application of IFRIC 23, the Group will recognize the cumulative effect of retrospective application in retained earnings on January 1, 2019.

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.

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

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 or restate prior periods if, and only if, it is possible without the use of hindsight.

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.

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 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)
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

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

- 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.

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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

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. 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).

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.

See Note 13 and Table 3 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Other significant accounting policies

Except for the following, refer to the significant accounting policies in 2017 consolidated financial report:

1) 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.

a) Financial assets

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

Measurement category

2018

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

i. 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.

ii. 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.

i. 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.

ii. 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.

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.

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.

2) 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.

a) Revenue from the sale of goods

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

   i. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

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

   iii. The amount of revenue can be measured reliably;

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

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

b) 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.

3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2017.

6. CASH AND CASH EQUIVALENTS

	June 30, 2018	December 31, 2017	June 30, 2017
New Taiwan dollars			
Cash on hand	$ 682	$ 85	$ 154
Checking accounts and demand deposits	113,277	59,482	105,720
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	433,847	369,350	577,837
	$ 547,806	$ 428,917	$ 683,711
U.S. dollars			
Cash on hand	$ 22	$ 3	$ 5
Checking accounts and demand deposits	3,719	1,999	3,475
Cash equivalents (investments with original maturities of less than 3 months)			
Time deposits	14,243	12,411	18,996
	$ 17,984	$ 14,413	$ 22,476

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

	June 30, 2018	December 31, 2017	June 30, 2017
Demand deposits	0.10%-0.50%	0.10%-0.80%	0.001%-0.20%
Time deposits	1.05%-5.50%	0.95%-5.50%	0.70%-5.20%

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

	June 30, 2018
New Taiwan dollars	
Current	
Investments in equity instruments at FVTOCI	$ 12,402
Current	
Domestic investments	
Listed shares and emerging market shares	
Ordinary shares - Satitar Co., Ltd.	$ 2,757
Ordinary shares - King's Town Bank	4,905
Ordinary shares - China Steel Corporation	4,740
	$ 12,402

	June 30, 2018
U.S. dollars	
Current	
Investments in equity instruments at FVTOCI	$ 407
Current	
Domestic investments	
Listed shares and emerging market shares	
Ordinary shares - Satitar Co., Ltd.	$ 90
Ordinary shares - King's Town Bank Co., Ltd.	161
Ordinary shares - China Steel Corporation	156
	$ 407

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.

In January 2018, the Group acquired ordinary shares NT$9,947 thousand (US$341 thousand) for medium to long-term strategic purposes; the management designated these investments as at FVTOCI.

In June 2018, the Group sold its part shares in order to manage credit concentration risk. The sold shares had a fair value of NT$5,450 thousand (US$178 thousand) and the Group transferred a gain of NT$204 thousand (US$7 thousand) from other equity to retained earnings.

8. FINANCIAL ASSETS AT AMORTIZED COST - 2018

	June 30, 2018
New Taiwan dollars	
Current	
Time deposits with original maturity of more than 3 months	$ 393,874
Non-current	
Time deposits with original maturity of more than 1 year	$ 116,883

	June 30, 2018
U.S. dollars	
Current	
Time deposits with original maturity of more than 3 months	$ 12,931
Non-current	
Time deposits with original maturity of more than 1 year	$ 3,837

The interest rates for time deposits with original maturity of more than 3 months were from 2.00% to 7.20% 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	June 30, 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	June 30, 2017
New Taiwan dollars		
Current		
Time deposits with original maturities of more than 3 months	$ 481,728	$ 321,870
Non-current		
Time deposits with original maturities of more than 1 year	$ 29,248	$ 25,734
U.S. dollars		
Current		
Time deposits with original maturities of more than 3 months	$ 16,187	$ 10,581
Non-current		
Time deposits with original maturities of more than 1 year	$ 983	$ 846

The market interest rates of the time deposits with original maturities of more than 3 months were 0.65%-7.10% and 0.70%-7.10% per annum as of December 31, 2017 and June 30, 2017, respectively.

11. TRADE RECEIVABLES

	June 30, 2018	December 31, 2017	June 30, 2017
New Taiwan dollars			
At amortized cost			
Gross carrying amount	$ 44,996	$ 29,448	$ 23,604
Less: Allowance for impairment loss	(792)	(774)	(783)
	$ 44,204	$ 28,674	$ 22,821
U.S. dollars			
At amortized cost	$ 1,477	$ 990	$ 776
Gross carrying amount			
Less: Allowance for impairment loss	(26)	(26)	(26)
	$ 1,451	$ 964	$ 750

For the six months ended June 30, 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.

June 30, 2018

(In Thousands of New Taiwan Dollars)

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	Over 360 Days	Total
Gross carrying amount	$ 34,864	$ 9,256	$ 75	$ 22	$ 779	$ 44,996
Loss allowance (Lifetime ECL)	-	-	(1)	(12)	(779)	(792)
Amortized cost	$ 34,864	$ 9,256	$ 74	$ 10	$ -	$ 44,204

(In Thousands of U.S. Dollars)

	Not Past Due	Less than 90 Days	91 to 180 Days	181 to 360 Days	Over 360 Days	Total
Gross carrying amount	$ 1,144	$ 304	$ 2	$ 1	$ 26	$ 1,477
Loss allowance (Lifetime ECL)	-	-	-	-	(26)	(26)
Amortized cost	$ 1,144	$ 304	$ 2	$ 1	$ -	$ 1,451

The Group expected credit loss rate, not past due to past due 180 days of 1%; past due 180 days to 360 days of 50%; past due 1 years of 50-100%.

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

	For the Six Months Ended June 30, 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	18
Balance at June 30, 2018	$ 792
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	-
Balance at June 30, 2018	$ 26

For the six months ended June 30, 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	June 30, 2017
New Taiwan dollars		
Up to 90 days	$ 28,609	$ 22,574
91-180 days	75	157
181-360 days	5	873
Over 360 days	759	-
	$ 29,448	$ 23,604
U.S. dollars		
Up to 90 days	$ 961	$ 742
91-180 days	3	5
181-360 days	-	29
Over 360 days	26	-
	$ 990	$ 776

The above aging schedule was based on the number of past due days 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	-	(55)	(55)
Balance at June 30, 2017	$ -	$ 783	$ 783
U.S. dollars			
Balance at January 1, 2017	$ -	$ 26	$ 26
Less: Impairment losses reversed	-	-	-
Foreign exchange translation gains and losses	-	-	-
Balance at June 30, 2017	$ -	$ 26	$ 26

12. INVENTORIES

	June 30, 2018	December 31, 2017	June 30, 2017
New Taiwan dollars			
Merchandise	$ 3,144	$ 2,056	$ 1,172
Finished goods	71,894	72,122	43,938
Raw materials	104,182	117,916	98,645
Inventory in transit	40,875	43,510	48,911
	$ 220,095	$ 235,604	$ 192,666
U.S. dollars			
Merchandise	$ 103	$ 69	$ 39
Finished goods	2,360	2,424	1,444
Raw materials	3,420	3,962	3,243
Inventory in transit	1,342	1,462	1,608
	$ 7,225	$ 7,917	$ 6,334

The cost of inventories recognized as cost of goods sold for the three and the six months ended June 30, 2018 and 2017 included NT$264,491 thousand (US$8,876 thousand), NT$247,721 thousand (US$8,187 thousand), NT$549,844 thousand (US$18,615 thousand) and NT$500,801 thousand (US$16,326 thousand), respectively.

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:

Investor	Investee	Nature of Activities	Proportion of Ownership June 30, 2018	Proportion of Ownership December 31, 2017	Proportion of Ownership June 30, 2017	Remark
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%	100%	a
	Taipoly (Far East) Corporation (Mauritius)	Trading	100%	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%	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.

All companies included in consolidated financial statements have been reviewed.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other Equipment	Equipment under Finance Leases	Property in Construction	Total
New Taiwan dollars								
Cost								
Balance at January 1, 2018	$ 66,909	$ 449,173	$ 24,088	$ 3,054	$ 11,440	$ 167	$ 58,382	$ 613,213
Additions	-	45,010	-	439	-	-	18,186	63,635
Reclassification	57,344	253	-	-	-	-	(57,597)	-
Effect of foreign currency exchange differences	2,589	6,698	288	47	136	-	74	9,832
Balance at June 30, 2018	$ 126,842	$ 501,134	$ 24,376	$ 3,540	$ 11,576	$ 167	$ 19,045	$ 686,680
Accumulated depreciation and impairment								
Balance at January 1, 2018	$ 22,532	$ 271,596	$ 15,183	$ 1,799	$ 8,044	$ 58	$ -	$ 319,212
Depreciation expense	2,395	19,638	1,655	266	546	31	-	24,531
Effect of foreign currency exchange differences	319	4,924	215	28	108	11	-	5,605
Balance at June 30, 2018	$ 25,246	$ 296,158	$ 17,053	$ 2,093	$ 8,698	$ 100	$ -	$ 349,348
Carrying amounts at June 30, 2018	$ 101,596	$ 204,976	$ 7,323	$ 1,447	$ 2,878	$ 67	$ 19,045	$ 337,332
U.S. dollars								
Cost								
Balance at January 1, 2018	$ 2,248	$ 15,093	$ 809	$ 103	$ 385	$ 6	$ 1,962	$ 20,606
Additions	-	1,524	-	15	-	-	616	2,155
Reclassification	1,941	9	-	-	-	-	(1,950)	-
Effect of foreign currency exchange differences	(25)	(173)	(9)	(2)	(5)	(1)	(3)	(218)
Balance at June 30, 2018	$ 4,164	$ 16,453	$ 800	$ 116	$ 380	$ 5	$ 625	$ 22,543
Accumulated depreciation and impairment								
Balance at January 1, 2018	$ 756	$ 9,127	$ 510	$ 60	$ 271	$ 2	$ -	$ 10,726
Depreciation expense	81	665	56	9	18	1	-	830
Effect of foreign currency exchange differences	(9)	(69)	(6)	(1)	(2)	-	-	(87)
Balance at June 30, 2018	$ 828	$ 9,723	$ 560	$ 68	$ 287	$ 3	$ -	$ 11,469
Carrying amounts at June 30, 2018	$ 3,336	$ 6,730	$ 240	$ 48	$ 93	$ 2	$ 625	$ 11,074
New Taiwan dollars								
Cost								
Balance at January 1, 2017	$ 68,692	$ 483,492	$ 26,026	$ 3,064	$ 9,159	$ -	$ -	$ 590,433
Additions	-	1,014	-	212	64	169	34,624	36,083
Effect of foreign currency exchange differences	(3,880)	(27,226)	(1,448)	(189)	(521)	(1)	(289)	(33,554)
Balance at June 30, 2017	$ 64,812	$ 457,280	$ 24,578	$ 3,087	$ 8,702	$ 168	$ 34,335	$ 592,962
Accumulated depreciation and impairment								
Balance at January 1, 2017	$ 19,221	$ 252,647	$ 12,771	$ 1,387	$ 7,514	$ -	$ -	$ 293,540
Depreciation expense	2,198	19,510	1,739	275	467	-	-	24,189
Effect of foreign currency exchange differences	(1,086)	(14,437)	(735)	(82)	(422)	17	-	(16,745)
Balance at June 30, 2017	$ 20,333	$ 257,720	$ 13,775	$ 1,580	$ 7,559	$ 17	$ -	$ 300,984
Carrying amounts at June 30, 2017	$ 44,479	$ 199,560	$ 10,803	$ 1,507	$ 1,143	$ 151	$ 34,335	$ 291,978
U.S. dollars								
Cost								
Balance at January 1, 2017	$ 2,130	$ 14,992	$ 807	$ 95	$ 284	$ -	$ -	$ 18,308
Additions	-	33	-	7	2	5	1,129	1,176
Effect of foreign currency exchange differences	1	7	1	(1)	-	1	-	9
Balance at June 30, 2017	$ 2,131	$ 15,032	$ 808	$ 101	$ 286	$ 6	$ 1,129	$ 19,493
Accumulated depreciation and impairment								
Balance at January 1, 2017	$ 596	$ 7,834	$ 396	$ 43	$ 233	$ -	$ -	$ 9,102
Depreciation expense	72	636	57	9	15	-	-	789
Effect of foreign currency exchange differences	-	4	-	-	-	-	-	4
Balance at June 30, 2017	$ 668	$ 8,474	$ 453	$ 52	$ 248	$ -	$ -	$ 9,895
Carrying amounts at June 30, 2017	$ 1,463	$ 6,558	$ 355	$ 49	$ 38	$ 6	$ 1,129	$ 9,598

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

Buildings	5-50 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

	June 30, 2018	December 31, 2017	June 30, 2017
New Taiwan dollars			
Current assets	$ 1,618	$ 1,591	$ 1,625
Non-current assets	95,155	94,062	96,911
	$ 96,773	$ 95,653	$ 98,536
U.S. dollars			
Current assets	$ 53	$ 53	$ 53
Non-current assets	3,124	3,161	3,186
	$ 3,177	$ 3,214	$ 3,239

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 June 30, 2018, December 31, 2017 and June 30, 2017, the prepayments for leases are for the land use rights in Vietnam and Cambodia.

16. BORROWINGS

Short-term Borrowings

	June 30, 2018	December 31, 2017	June 30, 2017
New Taiwan dollars			
Unsecured borrowings			
Line of credit borrowings	$ 127,176	$ 111,922	$ -
U.S. dollars			
Unsecured borrowings			
Line of credit borrowings	$ 4,175	$ 3,761	$ -

The range of weighted average effective interest rates on bank loans was 1.45%-3.57% and 1.45%-2.36% per annum as of June 30, 2018 and December 31, 2017.

17. OTHER LIABILITIES

	June 30, 2018	December 31, 2017	June 30, 2017
New Taiwan dollars			
Other payables			
Payables for salaries or bonuses	$ 11,512	$ 10,284	$ 9,947
Payables for bonuses for employees and directors	4,599	7,768	3,407
Payables for services	6,221	6,842	3,498
Payables for retention from construction	5,679	4,784	-
Payables for dividends	142,800	-	214,200
Others	15,031	13,429	23,994
	$ 185,842	$ 43,107	$ 255,046
U.S. dollars			
Other payables			
Payables for salaries or bonuses	$ 378	$ 346	$ 327
Payables for bonuses for employees and directors	151	261	112
Payables for services	204	230	115
Payables for retention from construction	187	161	-
Payables for dividends	4,696	-	7,133
Others	485	450	698
	$ 6,101	$ 1,448	$ 8,385

18. 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.

19. EQUITY

a. Share capital

Ordinary shares

	June 30, 2018	December 31, 2017	June 30, 2017
Numbers of shares authorized (in thousands)	100,000	100,000	100,000
Shares authorized	$ 1,000,000	$ 1,000,000	$ 1,000,000
Number of shares issued and fully paid (in thousands)	35,700	35,700	35,700
Shares issued (in New Taiwan dollars)	$ 357,000	$ 357,000	$ 357,000
Shares issued (in U.S. dollars)	$ 11,493	$ 11,493	$ 11,493

Share dividend to be distributed

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 which should be classified under share dividend to be distributed and the subscription base date is August 5, 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 21-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 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 should be more than 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	-	-

d. Special reserve

	For the Six Months Ended June 30	
	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 June 30	$ 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 June 30	$ 3,684	$ 45

20. REVENUE

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
New Taiwan dollars				
Revenue from contracts with customers				
Revenue from sale of goods	$ 385,860	$ 352,123	$ 805,432	$ 726,137
U.S. dollars				
Revenue from contracts with customers				
Revenue from sale of goods	$ 12,949	$ 11,644	$ 27,269	$ 23,672

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

	June 30, 2018
New Taiwan dollars	
Trade receivables (Note 11)	$ 44,204
Contract liabilities - current Sale of goods	$ 6,394
U.S. dollars	
Trade receivables (Note 11)	$ 1,451
Contract liabilities - current Sale of goods	$ 210

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.

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

Net profit from continuing operations was attributable to:

a. Interest income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
New Taiwan dollars				
Bank deposits	$ 11,373	$ 6,788	$ 22,339	$ 11,671
U.S. dollars				
Bank deposits	$ 382	$ 223	$ 756	$ 380

b. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
New Taiwan dollars				
Net foreign exchange gains	$ 215	$ 2,245	$ 4,248	$ 2,576
Other expenses	1,556	(218)	1,515	199
	$ 1,771	$ 2,027	$ 5,763	$ 2,775
U.S. dollars				
Net foreign exchange gains	$ 7	$ 74	$ 144	$ 84
Other expenses	52	(6)	51	7
	$ 59	$ 68	$ 195	$ 91

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
New Taiwan dollars				
Interest on bank loans	$ 420	$ -	$ 769	$ -
U.S. dollars				
Interest on bank loans	$ 14	$ -	$ 26	$ -

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
New Taiwan dollars				
Property, plant and equipment	$ 12,709	$ 11,618	$ 24,531	$ 24,189
Intangible assets	118	132	234	268
Prepayments for leases	398	431	789	862
	$ 13,225	$ 12,181	$ 25,554	$ 25,319
U.S. dollars				
Property, plant and equipment	$ 426	$ 384	$ 830	$ 789
Intangible assets	5	5	9	9
Prepayments for leases	14	14	27	27
	$ 445	$ 403	$ 866	$ 825

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
New Taiwan dollars				
An analysis of depreciation by function				
Operating costs	$ 12,453	$ 11,265	$ 24,018	$ 23,473
Operating expenses	256	353	513	716
	$ 12,709	$ 11,618	$ 24,531	$ 24,189
U.S. dollars				
An analysis of depreciation by function				
Operating costs	$ 417	$ 372	$ 812	$ 765
Operating expenses	9	12	18	24
	$ 426	$ 384	$ 830	$ 789
New Taiwan dollars				
An analysis of amortization by function				
Operating expenses	$ 516	$ 563	$ 1,023	$ 1,130
U.S. dollars				
An analysis of amortization by function				
Operating expenses	$ 19	$ 19	$ 36	$ 36

(Concluded)

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
New Taiwan dollars				
Other employee benefits				
Others (including post-employment benefits, see Note 18)	$ 36,403	$ 37,904	$ 89,115	$ 84,326
U.S. dollars				
Other employee benefits				
Others (including post-employment benefits, see Note 18)	$ 1,218	$ 1,256	$ 3,017	$ 2,749

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
New Taiwan dollars				
An analysis of employee benefits expense by function				
Operating costs	$ 18,077	$ 12,334	$ 36,331	$ 35,123
Operating expenses	18,326	25,570	52,784	49,203
	$ 36,403	$ 37,904	$ 89,115	$ 84,326
U.S. dollars				
An analysis of employee benefits expense by function				
Operating costs	$ 607	$ 412	$ 1,230	$ 1,145
Operating expenses	611	844	1,787	1,604
	$ 1,218	$ 1,256	$ 3,017	$ 2,749

(Concluded)

f. Employees' compensation and remuneration of directors

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. For the six months ended June 30, 2018 and 2017, the employees' compensation and the remuneration of directors were as follows:

Accrual rate

	For the Six Months Ended June 30	
	2018	2017
Employees' compensation	2.0%	2.0%
Remuneration of directors	-	-

Amount

	For the Three Months Ended June 30			
	2018		2017	
	Cash	Shares	Cash	Shares
New Taiwan dollars				
Employees' compensation	$ 1,661	$ -	$ 1,082	$ -
Remuneration of directors	-	-	-	-
U.S. dollars				
Employees' compensation	51	-	35	-
Remuneration of directors	-	-	-	-

	For the Six Months Ended June 30			
	2018		2017	
	Cash	Shares	Cash	Shares
New Taiwan dollars				
Employees' compensation	$ 3,575	$ -	$ 2,401	$ -
Remuneration of directors	-	-	-	-
U.S. dollars				
Employees' compensation	117	-	79	-
Remuneration of directors	-	-	-	-

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.

The appropriations of employees' compensation and remuneration of directors for 2017 and 2016 having been resolved by the board of directors on March 13, 2018 and March 3, 2017, respectively, were as below:

	For the Year Ended December 31			
	2017		2016	
	Cash	Shares	Cash	Shares
New Taiwan dollars				
Employees' compensation	$ 6,968	$ -	$ 6,904	$ -
Remuneration of directors	800	-	1,000	-
U.S. dollars				
Employees' compensation	234	-	214	-
Remuneration of directors	27	-	31	-

There is no difference between the actual amounts of employees' compensation and remuneration of directors 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 resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
New Taiwan dollars				
Current tax				
In respect of the current period	$ 12,399	$ 8,214	$ 25,958	$ 18,737
Deferred tax				
In respect of the current period	684	178	508	(662)
Income tax expense recognized in profit or loss	$ 13,083	$ 8,392	$ 26,466	$ 18,075
U.S. dollars				
Current tax				
In respect of the current period	$ 417	$ 281	$ 879	$ 619
Deferred tax				
In respect of the current period	22	(3)	17	(30)
Income tax expense recognized in profit or loss	$ 439	$ 278	$ 896	$ 589

b. Income tax assessments

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

23. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Basic earnings per share	$ 1.58	$ 1.28	$ 3.63	$ 3.04
Diluted earnings per share	$ 1.58	$ 1.28	$ 3.62	$ 3.03

Unit: US$ Per Share

	Fr the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Basic earnings per share	$ 0.05	$ 0.04	$ 0.12	$ 0.10
Diluted earnings per share	$ 0.05	$ 0.04	$ 0.12	$ 0.10

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 three and the six months ended June 30, 2017 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2017	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2017
Basic earnings per share	$ 1.41	$ 3.34	$ 1.28	$ 3.04
Diluted earnings per share	$ 1.40	$ 3.33	$ 1.28	$ 3.03

Unit: US$ Per Share

	Before Retrospective Adjustment		After Retrospective Adjustment	
	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2017	For the Three Months Ended June 30, 2017	For the Six Months Ended June 30, 2017
Basic earnings per share	$ 0.05	$ 0.11	$ 0.04	$ 0.10
Diluted earnings per share	$ 0.05	$ 0.11	$ 0.04	$ 0.10

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
New Taiwan dollars				
Profit attributable to owners of the Company	$ 62,149	$ 50,355	$ 142,389	$ 117,940
Earnings used in the computation of diluted earnings per share	$ 62,149	$ 50,355	$ 142,389	$ 117,940
U.S. dollars				
Profit attributable to owners of the Company	$ 2,084	$ 1,672	$ 4,821	$ 3,845
Earnings used in the computation of diluted earnings per share	$ 2,084	$ 1,672	$ 4,821	$ 3,845

Weighted Average Number of Ordinary Shares Outstanding (In Thousand Shares):

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
Weighted average number of ordinary shares in the computation of basic earnings per share	39,270	39,270	39,270	38,831
Effect of potentially dilutive ordinary shares:				
Employees' compensation	26	17	47	35
Weighted average number of ordinary shares used in the computation of diluted earnings per share	39,296	39,287	39,317	38,866

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.

24. NON-CASH TRANSACTION

The cash dividends NT$142,800 thousand (US$4,696 thousand) and NT$214,200 thousand (US$7,133 thousand) approved in the shareholders' meetings were not yet distributed as of June 30, 2018 and 2017 (refer to Notes 17 and 19, respectively).

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:

	June 30, 2018	December 31, 2017	June 30, 2017
New Taiwan dollars			
Not more than 1 year	$ 3,625	$ 2,589	$ 2,647
More than 1 year and not more than 5 years	1,675	2,887	4,198
Later than 5 years	-	-	-
	$ 5,300	$ 5,476	$ 6,845

(Continued)

	June 30, 2018	December 31, 2017	June 30, 2017
U.S. dollars			
Not more than 1 year	$ 119	$ 87	$ 98
More than 1 year and not more than 5 years	55	97	138
Later than 5 years	-	-	-
	$ 174	$ 184	$ 236

(Concluded)

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

June 30, 2018

	Level 1	Level 2	Level 3	Total
New Taiwan dollars				
Financial assets at FVTOCI				
Equity instruments				
Listed shares and emerging market shares	$ 12,402	$ -	$ -	$ 12,402
U.S. dollars				
Financial assets at FVTOCI				
Equity instruments				
Listed shares and emerging market shares	$ 407	$ -	$ -	$ 407

December 31, 2017

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

	June 30, 2018	December 31, 2017	June 30, 2017
New Taiwan dollars			
Financial assets			
Loans and receivables (1)	$ -	$ 987,022	$ 1,061,719
Available-for-sale financial assets (2)	-	8,648	-
Financial assets at amortized cost (3)	1,114,982	-	-
Financial assets at FVTOCI			
Equity instruments	12,402	-	-
Financial liabilities			
Financial liabilities measured at amortized cost (4)	385,738	257,091	341,628
U.S. dollars			
Financial assets			
Loans and receivables (1)	-	33,167	34,902
Available-for-sale financial assets (2)	-	291	-
Financial assets at amortized cost (3)	36,604	-	-
Financial assets at FVTOCI			
Equity instruments	407	-	-
Financial liabilities			
Financial liabilities measured at amortized cost (4)	12,663	8,639	11,231

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 U.S. dollar 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 U.S. dollar/RMB strengthening 5% against the relevant currency. For a 5% weakening of the U.S. dollar/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.

	USD Impact		**RMB Impact**	
	For the Six Months Ended June 30		**For the Six Months Ended June 30**	
	2018	**2017**	**2018**	**2017**
New Taiwan dollars				
Profit or loss	$ (118)	$ 733	$ 2,083	$ (5,042)
U.S. dollars				
Profit or loss	(4)	24	68	(166)

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:

	June 30, 2018	December 31, 2017	June 30, 2017
New Taiwan dollars			
Fair value interest rate risk			
Financial assets	$ 944,604	$ 880,326	$ 925,441
Financial liabilities	-	-	-
Cash flow interest rate risk			
Financial assets	110,278	59,171	105,720
Financial liabilities	127,176	111,922	-
U.S. dollars			
Fair value interest rate risk			
Financial assets	31,011	29,581	30,423
Financial liabilities	-	-	-
Cash flow interest rate risk			
Financial assets	3,620	1,988	3,475
Financial liabilities	4,175	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 six months ended June 30, 2018 and 2017 would have increased by NT$21 thousand (US$1 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 June 30, 2018, December 31, 2017 and June 30, 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.

June 30, 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	$ 72,720	$ -	$ -	$ -	$ -
Variable interest rate liabilities	131	60,000	67,045	-	-
	$ 72,851	$ 60,000	$ 67,045	$ -	$ -
U.S. dollars					
Non-derivative financial liabilities					
Trade payables	$ 2,387	$ -	$ -	$ -	$ -
Variable interest rate liabilities	4	1,970	2,201	-	-
	$ 2,391	$ 1,970	$ 2,201	$ -	$ -

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	$ -	$ -

June 30, 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	$ 83,726	$ 73	$ 2,783	$ -	$ -
U.S. dollars					
Non-derivative financial liabilities					
Trade payables	$ 2,753	$ 2	$ 91	$ -	$ -

b) Financing facilities

	June 30, 2018	December 31, 2017	June 30, 2017
New Taiwan dollars			
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	$ 127,176	$ 111,922	$ -
Amount unused	237,936	246,686	146,016
	$ 365,112	$ 358,608	$ 146,016
U.S. dollars			
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	$ 4,175	$ 3,761	$ -
Amount unused	7,812	8,289	4,800
	$ 11,987	$ 12,050	$ 4,800

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

	For the Six Months Ended June 30	
	2018	2017
New Taiwan dollars		
Key management personnel		
Amount endorsed	$ 365,112	$ -
Amount utilized (accounted for borrowings)	$ 127,176	$ -
U.S. dollars		
Key management personnel		
Amount endorsed	$ 11,987	$ -
Amount utilized (accounted for borrowings)	$ 4,175	$ -

The Group use chairman of the Company unsecured loans with condition of credit limit on bank loans for the six months ended June 30, 2018.

c. Compensation of key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017
New Taiwan dollars				
Short-term benefits	$ 7,838	$ 7,300	$ 17,518	$ 13,292
U.S. dollars				
Short-term benefits	$ 242	$ 239	$ 575	$ 437

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

29. SIGNIFICANT 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:

June 30, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
New Taiwan dollars			
Financial assets			
Monetary items			
USD	$ 2,254	22,916 (USD:VND)	$ 68,672
RMB	9,051	0.1511 (RMB:USD)	41,665
Financial liabilities			
Monetary items			
USD	2,332	22,916 (USD:VND)	71,035
U.S. dollars			
Financial assets			
Monetary items			
USD	2,254	22,916 (USD:VND)	2,254
RMB	9,051	0.1511 (RMB:USD)	1,368
Financial liabilities			
Monetary items			
USD	2,332	22,916 (USD:VND)	2,332

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
Financial liabilities			
Monetary items			
USD	5,177	22,655 (USD:VND)	154,056

(Continued)

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

(Concluded)

June 30, 2017

	Foreign Currencies (In Thousands)	Exchange Rate	Carrying Amount
New Taiwan dollars			
Financial assets			
Monetary items			
USD	$ 1,920	22,695 (USD:VND)	$ 58,394
RMB	22,478	0.1476 (RMB:USD)	100,926
Financial liabilities			
Monetary items			
USD	2,402	22,695 (USD:VND)	73,056
U.S. dollars			
Financial assets			
Monetary items			
USD	1,920	22,695 (USD:VND)	1,920
RMB	22,478	0.1476 (RMB:USD)	3,318
Financial liabilities			
Monetary items			
USD	2,402	22,695 (USD:VND)	2,402

For the three and the six months ended June 30, 2018 and 2017, unrealized net foreign exchange gains were NT$215 thousand (US$7 thousand), NT$2,245 thousand (US$74 thousand), NT$4,248 thousand (US$144 thousand) and NT$2,576 thousand (US$84 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 (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 1)

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 2)

11) Information on investees (Table 3)

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) For the Six Months Ended June 30		Taipoly (Fare East) Corporation (Mauritius) For the Six Months Ended June 30		Other Subsidiaries For the Six Months Ended June 30		Internal Transfer Pricing For the Six Months Ended June 30		Total For the Six Months Ended June 30	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
New Taiwan dollars										
Revenue	$ 773,924	$ 724,497	$ 39,490	$ 16,262	$ 5,706	$ 3,621	$ (13,688)	$ (18,243)	$ 805,432	$ 726,137
Expenditures	(615,823)	(587,732)	(38,823)	(19,111)	(23,577)	(16,617)	14,313	18,892	(663,910)	(604,568)
Operating profit	158,101	136,765	667	(2,849)	(17,871)	(12,996)	625	649	141,522	121,569
Interest revenue	18,933	6,911	226	275	3,181	4,485	(1)	-	22,339	11,671
Financial costs	(334)	-	-	-	(435)	-	-	-	(769)	-
Other gains or losses	2,574	1,120	(65)	489	149,664	126,817	(146,410)	(125,652)	5,763	2,775
Profit before tax	$ 179,274	$ 144,796	$ 828	$ (2,085)	$ 134,539	$ 118,306	$ (145,786)	$ (125,003)	$ 168,855	$ 136,015
Recognizable assets										
Notes receivable	$ -	$ -	$ -	$ -	$ 207	$ 4	$ -	$ -	$ 207	$ 4
Trade receivables	36,778	18,565	7,351	7,033	2,467	6	(2,392)	(2,783)	44,204	22,821
Inventories	184,515	191,523	-	-	35,580	1,143	-	-	220,095	192,666
Property, plant and equipment	225,223	263,091	-	-	116,622	34,683	(4,513)	(5,796)	337,332	291,978
	$ 446,516	$ 473,179	$ 7,351	$ 7,033	$ 154,876	$ 35,836	$ (6,905)	$ (8,579)	601,838	507,469
General assets									1,303,503	1,220,676
Total assets									$ 1,905,341	$ 1,728,145
Recognizable liabilities										
Short-term loans	$ 67,176	$ -	$ -	$ -	$ 60,000	$ -	$ -	$ -	$ 127,176	$ -
Accounts payable	73,255	86,582	1,302	2,328	555	459	(2,392)	(2,787)	72,720	86,582
	$ 140,431	$ 86,582	$ 1,302	$ 2,328	$ 60,555	$ 459	$ (2,392)	$ (2,787)	199,896	86,582
General liabilities									223,645	288,530
Total liabilities									$ 423,541	$ 375,112
Depreciation and amortization	$ 25,025	$ 24,283	$ -	$ -	$ 435	$ 387	$ 94	$ 649	$ 25,554	$ 25,319
Capital expenditures (increase in fixed assets)	$ 14,558	$ 1,366	$ -	$ -	$ 60,799	$ 34,717	$ (587)	$ -	$ 74,770	$ 60,161
U.S. dollars										
Revenue	$ 26,202	$ 23,619	$ 1,337	$ 530	$ 193	$ 118	$ (463)	$ (595)	$ 27,269	$ 23,672
Expenditures	(20,849)	(19,160)	(1,314)	(623)	(799)	(542)	485	616	(22,477)	(19,709)
Operating profit	5,353	4,459	23	(93)	(606)	(424)	22	21	4,792	3,963
Interest revenue	641	225	8	9	107	146	-	-	756	380
Financial costs	(11)	-	-	-	(15)	-	-	-	(26)	-
Other gains or losses	87	37	(2)	16	5,067	4,132	(4,957)	(4,094)	195	91
Profit before tax	$ 6,070	$ 4,721	$ 29	$ (68)	$ 4,553	$ 3,854	$ (4,935)	$ (4,073)	$ 5,717	$ 4,434
Recognizable assets										
Notes receivable	$ -	$ -	$ -	$ -	$ 7	$ -	$ -	$ -	$ 7	$ -
Trade receivables	1,207	610	241	232	81	-	(78)	(92)	1,451	750
Inventories	6,058	6,296	-	-	1,168	38	(1)	-	7,225	6,334
Property, plant and equipment	7,394	8,649	-	-	3,829	1,140	(149)	(191)	11,074	9,598
	$ 14,659	$ 15,555	$ 241	$ 232	$ 5,085	$ 1,178	$ (228)	$ (283)	19,757	16,682
General assets									42,794	40,127
Total assets									$ 62,551	$ 56,809

(Continued)

	Taisun Vietnam Co., Ltd. (VN)		Taipoly (Fare East) Corporation (Mauritius)		Other Subsidiaries		Internal Transfer Pricing		Total	
	For the Six Months Ended June 30		For the Six Months Ended June 30		For the Six Months Ended June 30		For the Six Months Ended June 30		For the Six Months Ended June 30	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Recognizable liabilities										
Short-term loans	$ 2,205	$ -	$ -	$ -	$ 1,970	$ -	$ -	$ -	$ 4,175	$ -
Accounts payable	2,405	2,846	43	77	18	15	(79)	(92)	2,387	2,846
	$ 4,610	$ 2,846	$ 43	$ 77	$ 1,988	$ 15	$ (79)	$ (92)	6,562	2,846
General liabilities									7,341	9,485
Total liabilities									$ 13,903	$ 12,331
Depreciation and amortization	$ 847	$ 833	$ -	$ -	$ 15	$ 13	$ 4	$ (21)	$ 866	$ 825
Capital expenditures (increase in fixed assets)	$ 493	$ 35	$ -	$ -	$ 1,996	$ 1,141	$ 43	$ -	$ 2,532	$ 1,961

(Concluded)

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.

TABLE 1

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
JUNE 30, 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	June 30, 2018			
				Number of Shares (In Thousands)	Carrying Amount	Percentage of Ownership (%)	Fair Value
Tausan Int'l (Holding) Corporation	Stock-listed company						
	Sanitar Co., Ltd.	None	Financial assets at fair value through other comprehensive income - current	68	$ 2,757 (US$ 90)	-	$ 2,757 (US$ 90)
	King's Town Bank	None	Financial assets at fair value through other comprehensive income - current	150	4,905 (US$ 161)	-	4,905 (US$ 161)
	China Steel Corporation	None	Financial assets at fair value through other comprehensive income - current	200	4,740 (US$ 156)	-	4,740 (US$ 156)

TABLE 2

TAISUN INT'L (HOLDING) CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 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	$ 8,215 (US$ 278)	No significant difference from those with third parties	1
				Trade receivables	1,294 (US$ 42)	No significant difference from those with third parties	-
		Taisun Int'l (Holding) Corporation	2	Sales	3,773 (US$ 128)	No significant difference from those with third parties	-
				Trade receivables	1,098 (US$ 36)	No significant difference from those with third parties	-

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
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2018			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2018	December 31, 2017	Number of Shares (In Thousands)	Percentage Ownership (%)	Carrying Amount			
Tausan Int'l (Holding) Corporation	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	$ 1,088,467 (US$ 35,734)	$ 152,834 (US$ 5,174)	$ 152,834 (US$ 5,174)	
	Taipoly (Far East) Corporation (Mauritius)	Mauritius	Trading	5,450 (US$ 180)	5,450 (US$ 180)	-	100	45,094 (US$ 1,480)	829 (US$ 28)	1,454 (US$ 49)	Difference from side stream transactions of US$21 thousand
	Winsun (Cambodia) Co., Ltd. (Cambodia)	Cambodia	Manufacture and sale of baby diapers, adult diapers, feminine products and wipes	365,343 (US$ 11,690)	324,359 (US$ 10,300)	-	100	347,789 (US$ 11,418)	(7,863) (US$ (266))	(7,863) (US$ (266))	
Winsun (Cambodia) Co., Ltd. (Cambodia)	Winsun Trade Co., Ltd. (VN)	Vietnam	Trading	14,773 (US$ 500)	- (US$ -)	-	100	15,121 (US$ 496)	50 (US$ 2)	50 (US$ 2)	