King Slide Works Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

King Slide Works Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of King Slide Works Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2018 and 2017, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies. (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

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

Impairment assessment of accounts receivable

As disclosed in Note 7 to the parent company only financial statements, as of December 31, 2018, the net amount of accounts receivable of the Company was NT$261,563 thousand, representing 3% of the Company's total assets, and the management estimated the allowance for impairment loss based on the aging of accounts receivable and the expected recovery status. Since the allowance for impairment loss involved significant estimates and judgment, therefore, we assessed whether the amount of the allowance for impairment loss of accounts receivable was reasonable.

We assessed the correctness of the Company's accounting policy of allowance for impairment loss and tested the aging schedule prepared by the Company against the supporting documents on a sample basis. We assessed individually the recoverability of overdue accounts or doubtful accounts. We reviewed the reasonableness of the impairment loss based on the historical experience of collection and other available information.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of the Company's financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the supervisors, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

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

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

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Chiu-Yen Wu and Lee -Yuan Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2019

Notice to Readers

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

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

KING SLIDE WORKS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	December 31, 2018		December 31, 2017	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 3,302,150	31	$ 3,159,347	34
Notes receivable (Notes 4, 7 and 16)	38,767	-	37,111	-
Notes receivable - related parties (Notes 7, 16 and 22)	88,543	1	81,037	1
Accounts receivable, net (Notes 4, 5, 7 and 16)	261,563	3	294,102	3
Accounts receivable - related parties (Notes 7, 16 and 22)	43,533	-	41,013	1
Other receivables (Note 21)	6,812	-	4,510	-
Other receivables - related parties (Note 22)	1,182	-	2,071	-
Inventories (Notes 4 and 8)	184,585	2	181,700	2
Other current assets	24,800	-	23,971	-
Total current assets	3,951,935	37	3,824,862	41
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 9)	6,301,925	59	5,116,739	55
Property, plant and equipment (Notes 4, 5, 10 and 23)	375,915	4	383,808	4
Other intangible assets (Note 4)	-	-	278	-
Deferred tax assets (Notes 4 and 18)	26,437	-	38,473	-
Prepayments for equipment	34,558	-	27,216	-
Refundable deposits	284	-	199	-
Total non-current assets	6,739,119	63	5,566,713	59
TOTAL	$ 10,691,054	100	$ 9,391,575	100

	December 31, 2018		December 31, 2017	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Notes payable (Note 11)	$ 107,241	1	$ 100,844	1
Notes payable - related parties (Notes 11 and 22)	24,866	-	25,818	-
Accounts payable (Note 11)	33,448	-	44,418	1
Accounts payable - related parties (Note 11 and 22)	9,584	-	11,718	-
Other payables (Note 12)	254,542	3	232,686	3
Other payable - related parties (Note 22)	4	-	9	-
Current tax liabilities (Note 18)	82,280	1	98,271	1
Provisions (Notes 3, 4 and 13)	-	-	3,536	-
Refund liability - current (Notes 3 and 13)	5,470	-	-	-
Other current liabilities	10,727	-	6,658	-
Total current liabilities	528,162	5	523,958	6
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 18)	48,926	1	48,017	1
Net defined benefit liabilities (Notes 4 and 14)	39,415	-	40,275	-
Total non-current liabilities	88,341	1	88,292	1
Total liabilities	616,503	6	612,250	7
EQUITY (Note 15)				
Ordinary shares	952,971	9	952,971	10
Capital surplus	796,691	7	796,691	8
Retained earnings				
Legal reserve	986,023	9	986,023	11
Special reserve	6,221	-	6,221	-
Unappropriated earnings	7,336,894	69	6,040,361	64
Total retained earnings	8,329,138	78	7,032,605	75
Other equity				
Exchange differences on translating the financial statements of foreign operations	(4,249)	-	(2,942)	-
Total equity	10,074,551	94	8,779,325	93
TOTAL	$ 10,691,054	100	$ 9,391,575	100

The accompanying notes are an integral part of the parent company only financial statements.

KING SLIDE WORKS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 13, 16 and 22)				
Operating revenue, net	$ 1,925,851	100	$ 1,988,962	100
Processing revenue	6,662	-	6,281	-
OPERATING REVENUE TOTAL	1,932,513	100	1,995,243	100
OPERATING COSTS (Notes 8, 17 and 22)	1,269,770	66	1,243,670	63
GROSS PROFIT	662,743	34	751,573	37
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(1,661)	-	(2,311)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	2,311	-	2,431	-
REALIZED GROSS PROFIT	663,393	34	751,693	37
OPERATING EXPENSES (Notes 17 and 22)				
Selling and marketing	95,619	5	86,933	4
General and administrative	90,698	5	80,597	4
Research and development	107,643	5	92,192	5
Total operating expenses	293,960	15	259,722	13
PROFIT FROM OPERATIONS	369,433	19	491,971	24
NON-OPERATING INCOME AND EXPENSES (Notes 4, 17 and 22)				
Other gains and losses	102,663	5	(265,933)	(13)
Interest income	61,004	3	41,618	2
Share of profit of subsidiaries	1,386,302	72	764,750	38
Total non-operating income and expenses	1,549,969	80	540,435	27
PROFIT BEFORE INCOME TAX	1,919,402	99	1,032,406	51
INCOME TAX EXPENSE (Notes 4 and 18)	143,438	7	123,706	6
NET PROFIT FOR THE YEAR	1,775,964	92	908,700	45

(Continued)

KING SLIDE WORKS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 14, 15 and 18)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (4,632)	-	$ (934)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	1,686	-	159	-
	(2,946)	-	(775)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(1,766)	-	(2,896)	-
Income tax relating to items that may be reclassified subsequently to profit or loss	459	-	493	-
	(1,307)	-	(2,403)	-
Other comprehensive loss for the year, net of income tax	(4,253)	-	(3,178)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,771,711	92	$ 905,522	45
EARNINGS PER SHARE (Note 19)				
Basic	$ 18.64		$ 9.54	
Diluted	$ 18.59		$ 9.52	

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

KING SLIDE WORKS CO., LTD.

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

			Retained Earnings			Other Equity	
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Total Equity
BALANCE, JANUARY 1, 2017	$ 952,971	$ 796,691	$ 986,023	$ 6,221	$ 5,918,637	$ (539)	$ 8,660,004
Appropriation of 2016 earnings (Note 15)							
Cash dividends distributed by the Company - 82.5%	-	-	-	-	(786,201)	-	(786,201)
Net income in 2017	-	-	-	-	908,700	-	908,700
Other comprehensive loss in 2017, net of income tax	-	-	-	-	(775)	(2,403)	(3,178)
Total comprehensive income (loss) in 2017	-	-	-	-	907,925	(2,403)	905,522
BALANCE, DECEMBER 31, 2017	952,971	796,691	986,023	6,221	6,040,361	(2,942)	8,779,325
Appropriation of 2017 earnings (Note 15)							
Cash dividends distributed by the Company - 50%	-	-	-	-	(476,485)	-	(476,485)
Net income in 2018	-	-	-	-	1,775,964	-	1,775,964
Other comprehensive loss in 2018, net of income tax	-	-	-	-	(2,946)	(1,307)	(4,253)
Total comprehensive income (loss) in 2018	-	-	-	-	1,773,018	(1,307)	1,771,711
BALANCE, DECEMBER 31, 2018	$ 952,971	$ 796,691	$ 986,023	$ 6,221	$ 7,336,894	$ (4,249)	$ 10,074,551

The accompanying notes are an integral part of the parent company only financial statements.

KING SLIDE WORKS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 1,919,402	$ 1,032,406
Adjustments for:		
Depreciation expense	32,138	33,869
Amortization expense	278	319
Expected credit loss recognized on accounts receivable	218	-
Impairment loss recognized on accounts receivable	-	21
Gain on disposal of property, plant and equipment, net	(231)	(285)
Interest income	(61,004)	(41,618)
Share of profit of subsidiaries	(1,386,302)	(764,750)
Write-downs of inventories	478	245
Unrealized gain on transactions with subsidiaries	1,661	2,311
Realized gain on transactions with subsidiaries	(2,311)	(2,431)
Provision for sales allowances	1,934	1,592
Changes in operating assets and liabilities		
Notes receivable	(1,656)	(8,091)
Notes receivable - related parties	(7,506)	(7,507)
Accounts receivable	32,321	19,491
Accounts receivable - related parties	(2,520)	1,966
Other receivables	(108)	(783)
Other receivables - related parties	889	(2,071)
Inventories	(3,363)	(37,335)
Other current assets	(829)	(4,238)
Notes payable	2,395	(3,654)
Notes payable - related parties	(952)	(8,314)
Accounts payable	(10,970)	(635)
Accounts payable - related parties	(2,134)	(4,348)
Other payables	20,414	(31,797)
Other payable - related parties	(5)	(263)
Other current liabilities	4,031	518
Net defined benefit liabilities	(5,492)	(7,613)
Cash generated from operations	530,776	167,005
Interest received	58,810	40,163
Dividends income	200,000	200,000
Income tax paid	(144,339)	(203,044)
Net cash generated from operating activities	645,247	204,124
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(26,755)	(30,919)
Proceeds from disposal of property, plant and equipment	843	606
Increase in refundable deposits	(85)	-
Decrease in refundable deposits	-	3
Net cash used in investing activities	(25,997)	(30,310)

(Continued)

KING SLIDE WORKS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Refunds of guarantee deposits received	$ 38	$ -
Cash dividends	(476,485)	(786,201)
Net cash used in financing activities	(476,447)	(786,201)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	142,803	(612,387)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	3,159,347	3,771,734
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 3,302,150	$ 3,159,347

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

1. GENERAL INFORMATION

King Slide Works Co., Ltd. (the "Company") was incorporated in September 1986 under the laws of the Republic of China (ROC). The Company mainly manufactures, processes and sells the following products:

- Rail kits for cloud computing servers and data devices.
- Furniture accessories, slides and molds.

Since April 2005, the Company's shares had been traded on the Taipei Exchange, and from June 2008, the Company changed its stock exchange to the Taiwan Stock Exchange.

The parent company only financial statements are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the board of directors on February 27, 2019.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS 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 Financial Supervisory Commission (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 Company's accounting policies:

   1) IFRS 9 "Financial Instruments" and related amendments

      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 of January 1, 2018, the Company 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 Company's financial assets and financial liabilities as of January 1, 2018.

	Measurement Category		Carrying Amount	
Financial Assets	**IAS 39**	**IFRS 9**	**IAS 39**	**IFRS 9**
Cash and cash equivalents	Loans and receivables	Amortized cost	$ 3,159,347	$ 3,159,347
Notes and accounts receivable	Loans and receivables	Amortized cost	453,263	453,263
Other receivables	Loans and receivables	Amortized cost	6,581	6,581
Refundable deposits	Loans and receivables	Amortized cost	199	199

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

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 Company elects to retrospectively apply IFRS 15 to contracts that are not completed on January 1, 2018. Retrospectively applying IFRS 15 will not have material impact on the Company's retained earnings as of January 1, 2018.

Impact on liabilities	Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
Refund liability - current	$ -	$ 3,536	$ 3,536
Provisions - current	3,536	(3,536)	-
Total effect on liabilities	$ 3,536	$ -	$ 3,536

b. Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS 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 Company shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 "Lease", IFRIC 4 "Determining whether an Arrangement contains a Lease", and a number of related interpretations.

1) Definition of a lease

   Upon initial application of IFRS 16, the Company will elect to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. 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.

2) The Company as lessee

   Upon initial application of IFRS 16, the Company will recognize right-of-use assets, if the right-of-use assets meet the definition of investment properties, and lease liabilities for all leases on the parent company only balance sheets except for those whose payments under low-value asset and short-term leases will be recognized as expenses on a straight-line basis. On the parent company only statements of comprehensive income, the Company 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 parent company only 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 are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the parent company only statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

   The Company 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.

   Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at either an amount equal to the lease liabilities, adjusted by the amount of their carrying amount as if IFRS 16 had been applied since the commencement date. Except for the following practical expedients which are to be applied, the Company will apply IAS 36 to all right-of-use assets.

   The Company expects to apply the following practical expedients:

   a) The Company will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

   b) The Company will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

   c) The Company will use hindsight, such as in determining lease terms, to measure lease liabilities.

3) The Company as lessor

The application will not have a material impact on the accounting of the Company as lessor.

The Company is not expected to have a material impact on assets, liabilities and equity as of January 1, 2019.

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the application of other standards and interpretations will have no material impact on the Company's financial position and financial performance.

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

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

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

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

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

As of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The parent company only statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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.

The subsidiaries are incorporated in the parent company only financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the parent company only financial statements equal to those attributed to owners of the Company on consolidated financial statements, the effect of the differences between basis of parent company only and basis of consolidation are adjusted in the investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries and related equity.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

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

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

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

d. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

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

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

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of parent company only financial statements, the functional currencies of the Company's foreign operations are translated into the presentation currency – the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting year; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, work-in-process, finished goods and merchandise are stated at the lower of cost or net realizable value. Inventory write-downs are made by item. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method.

Subsidiaries are the entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss, other comprehensive income of the subsidiary, and attributable distribution received. The Company also recognized its share in the changes in the equity of subsidiaries.

Profits or losses resulting from downstream transactions are eliminated in full in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

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

Freehold land is not depreciated.

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

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

h. Intangible assets

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

Expenditures on research activities are recognized as expenses in the period in which they are incurred.

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

i. Impairment of tangible and intangible assets

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

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

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

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

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 issuance 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.

1) Financial assets

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

a) Measurement categories

<u>2018</u>

Financial assets are classified into 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 to initial recognition, financial assets at amortized cost, (including cash and cash equivalents, notes receivable, accounts receivable and other receivables at amortized cost and refundable deposits) are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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.

2017

Financial assets are classified into loans and receivables.

Loans and receivables (including cash and cash equivalents, notes receivable, accounts receivable, other receivables and refundable deposits) are measured at amortized cost using the effective interest method, 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.

b) Impairment of financial assets and contract assets

2018

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company 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 Company 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 default occurring as the weights. Lifetime ECLs represent 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 Company 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.

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 accounts receivable, 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 Company's past experience with collecting payments, an increase in the number of delayed payments, as well as observable changes in national or local economic conditions that correlate with defaults on receivables.

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 asset 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 (at the date on which the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

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.

c) Derecognition of financial assets

The Company 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.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

l. Revenue recognition

2018

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

Revenue from the sale of goods comes from sales of rail kits. Sales of rail kits 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. Accounts receivable are recognized concurrently.

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.

2017

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

1) Revenue from the sale of goods

Revenue from the sale of goods is recognized when goods are delivered and titles have passed, at which time all the following conditions are satisfied:

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

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

c) The amount of revenue can be measured reliably;

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

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

2) Interest income

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company 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.

m. Leasing

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

When the Company is lessee, operating lease payments are recognized as expenses on a straight-line basis over the lease term.

n. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in other equity and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

4) Termination benefits

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

o. Taxation

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

1) Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

3) Current and deferred taxes for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Estimated impairment of financial assets - 2018

The provision for impairment of accounts receivable is based on assumptions about risk of default and expected loss rates. The Company uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Company’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, refer to Note 7.

b. Estimated impairment of accounts receivable - 2017

When there is objective evidence of impairment loss of receivables, the Company takes into consideration the estimation of the future cash flows of such assets. The amount of impairment loss is measured as the difference between such an asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise.

c. Useful lives of property, plant and equipment

As described in Note 4 g., the Company reviews the residual value and estimates useful lives of property, plant and equipment at each balance sheet date. During the current period, management determined that the useful lives of certain items of equipment should be shortened, due to developments in technology. Refer to Note 10 for the estimated useful lives.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	**2017**
Cash on hand	$ 60	$ 74
Checking accounts and demand deposits	542,474	519,142
Cash equivalents		
Commercial paper	402,528	-
Time deposits with original maturities less than 3 months	2,357,088	2,640,131
	$ 3,302,150	$ 3,159,347

The market interest rates of cash equivalents at the end of the reporting year were as follows:

	December 31	
	2018	**2017**
Commercial paper (%)	0.42	-
Time deposits (%)	0.6-3.25	0.6-2.90

7. NOTES, ACCOUNTS AND OVERDUE RECEIVABLE, NET

	December 31	
	2018	**2017**
Notes receivable - non-related parties		
At amortized cost		
Operating	$ 38,767	$ 37,111

(Continued)

	December 31	
	2018	2017
Notes receivable - related parties (Note 22)		
At amortized cost		
Operating	$ 87,922	$ 73,899
Non-operating	621	7,138
	$ 88,543	$ 81,037
Accounts receivable - non-related parties		
At amortized cost		
Gross carrying amount	$ 262,617	$ 294,966
Less: Allowance for impairment loss	1,054	864
	$ 261,563	$ 294,102
Accounts receivable - related parties (Note 22)		
At amortized cost		
Operating	$ 43,533	$ 41,013
Overdue receivable (under non-current assets)		
Non-accrual loan	$ 1,213	$ 1,185
Less: Allowance for impairment loss	1,213	1,185
	$ -	$ -

(Concluded)

a. In 2018

The average credit period of sales of goods was 30-150 days. No interest was charged on accounts receivable.

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 Company 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 Company's credit risk was significantly reduced.

The Company 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 accounts receivable. The expected credit losses on accounts receivable 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. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

There were no notes receivable that were past due and not impaired at the end of the reporting year.

The following table details the loss allowance of accounts receivable based on the Company's provision matrix.

December 31, 2018

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	Over 120 Days	Total
Expected credit loss rate (%)	0-0.1	1	10	50	100	-
Gross carrying amount	$ 217,547	$ 88,603	$ -	$ -	$ -	$ 306,150
Loss allowance (Lifetime ECL)	(178)	(876)	-	-	-	(1,054)
Amortized cost	$ 217,369	$ 87,727	$ -	$ -	$ -	$ 305,096

The movements of the loss allowance of accounts receivable were as follows:

	For the Year Ended December 31, 2018		
	Collectively Assessed for Impairment	Individually Assessed for Impairment	
	Accounts Receivable	Overdue Receivable	Total
Balance at January 1, 2018 per IAS 39	$ 864	$ 1,185	$ 2,049
Adjustment on initial application of IFRS 9	-	-	-
Balance at January 1, 2018 per IFRS 9	864	1,185	2,049
Add: Impairment losses recognized on receivables	190	28	218
Balance at December 31, 2018	$ 1,054	$ 1,213	$ 2,267

b. In 2017

The Company applied the same credit policy in 2018 and 2017. In determining the recoverability of accounts receivable, the Company considered any change in the credit quality of the accounts receivable from the initial credit date to the end of the reporting period. Allowance for impairment loss was recognized against accounts receivable based on the estimated unrecoverable amount determined by reference to past default experience of the counterparties and an analysis of their current financial position.

Aging analysis of accounts receivable was as follows:

	December 31, 2017
Not past due	$ 276,909
Past due 1-30 days	51,382
Past due 31-90 days	7,623
Past due over 91 days	65
	$ 335,979

The above aging schedule was based on the number of past due days from the end of the credit term.

There were no accounts receivable that were past due but not impaired on December 31, 2017.

Movements of the allowance for impairment loss on accounts receivable and overdue receivable were as follows:

	For the Year Ended December 31, 2017		
	Collectively Assessed for Impairment	Individually Assessed for Impairment	
	Accounts Receivable	Overdue Receivable	Total
Balance, beginning of year	$ 843	$ 1,185	$ 2,028
Add: Impairment losses recognized on receivables	21	-	21
Balance, end of year	$ 864	$ 1,185	$ 2,049

8. INVENTORIES

	December 31	
	2018	2017
Finished goods	$ 43,340	$ 27,783
Work-in-process	32,908	34,523
Raw materials	105,386	116,451
Supplies	2,881	2,915
Merchandise	70	28
	$ 184,585	$ 181,700

The provision for inventory write-downs (included in each cost of goods sold by category) amounted to $5,472 thousand and $4,994 thousand as of December 31, 2018 and 2017, respectively.

The cost of inventories recognized as costs of goods sold was $1,269,770 thousand and $1,243,670 thousand for the years ended December 31, 2018 and 2017, respectively, which included the following items:

	For the Year Ended December 31	
	2018	2017
Write-downs	$ 478	$ 245
Income from sale of scraps	(26,998)	(21,098)
	$ (26,520)	$ (20,853)

9. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2018	2017
Investments in subsidiaries	$ 6,301,925	$ 5,116,739

(Continued)

	December 31	
	2018	2017
Not listed (cabinet) company		
King Slide Technology Co., Ltd.	$ 6,168,098	$ 4,979,768
King Slide (Samoa) Co., Ltd.	121,704	122,901
King Slide USA, Inc.	12,123	14,070
	$ 6,301,925	$ 5,116,739

(Concluded)

	Proportion of Ownership and Voting Rights	
	December 31	
	2018	2017
King Slide Technology Co., Ltd.	100%	100%
King Slide (Samoa) Co., Ltd.	100%	100%
King Slide USA, Inc.	100%	100%

The investments in subsidiaries accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2018 and 2017 were recognized based on the subsidiaries' financial statements which have been audited.

10. PROPERTY, PLANT AND EQUIPMENT

a. Movements of cost and accumulated depreciation are as follows:

For the year ended December 31, 2018

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Other	Total
Cost							
Balance at January 1, 2018	$ 226,670	$ 197,481	$ 756,150	$ 4,715	$ 35,742	$ 81,519	$ 1,302,277
Additions	-	439	19,091	-	984	4,343	24,857
Disposals	-	-	(9,238)	-	(437)	(640)	(10,315)
Balance at December 31, 2018	$ 226,670	$ 197,920	$ 766,003	$ 4,715	$ 36,289	$ 85,222	$ 1,316,819
Accumulated depreciation							
Balance at January 1, 2018	$ -	$ (128,195)	$ (689,782)	$ (2,917)	$ (30,834)	$ (66,741)	$ (918,469)
Depreciation expense	-	(6,001)	(20,788)	(450)	(1,810)	(3,089)	(32,138)
Disposals	-	-	8,626	-	437	640	9,703
Balance at December 31, 2018	$ -	$ (134,196)	$ (701,944)	$ (3,367)	$ (32,207)	$ (69,190)	$ (940,904)
Carrying amounts at December 31, 2018	$ 226,670	$ 63,724	$ 64,059	$ 1,348	$ 4,082	$ 16,032	$ 375,915

For the year ended December 31, 2017

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Others	Total
Cost							
Balance at January 1, 2017	$ 226,670	$ 196,432	$ 749,778	$ 4,715	$ 36,597	$ 81,075	$ 1,295,267
Additions	-	1,049	22,176	-	3,026	3,058	29,309
Disposals	-	-	(15,804)	-	(3,881)	(2,614)	(22,299)
Balance at December 31, 2017	$ 226,670	$ 197,481	$ 756,150	$ 4,715	$ 35,742	$ 81,519	$ 1,302,277

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Others	Total
Accumulated depreciation							
Balance at January 1, 2017	$ -	$ (122,232)	$ (682,269)	$ (2,468)	$ (33,060)	$ (66,549)	$ (906,578)
Depreciation expense	-	(5,963)	(22,996)	(449)	(1,655)	(2,806)	(33,869)
Disposals	-	-	15,483	-	3,881	2,614	21,978
Balance at December 31, 2017	$ -	$ (128,195)	$ (689,782)	$ (2,917)	$ (30,834)	$ (66,741)	$ (918,469)
Carrying amounts at December 31, 2017	$ 226,670	$ 69,286	$ 66,368	$ 1,798	$ 4,908	$ 14,778	$ 383,808

(Concluded)

b. Estimated useful lives

Depreciation is provided on a straight-line basis over the estimated useful lives as follows:

Buildings	
Factory	10 years
Office	50 years
Others	2-35 years
Machinery and equipment	
Molding	8 years
Electroplating	8 years
Others	2-11 years
Transportation equipment	5 years
Office equipment	2-15 years
Others	
Crane	10 years
ASRS	10 years
Others	3-20 years

c. Investing activities affecting both cash and non-cash items

	For the Year Ended December 31 2018	2017
Acquisition of property, plant and equipment	$ 24,857	$ 29,309
Increase in prepayments for equipment	7,342	4,859
Increase in payable for purchased equipment	(5,444)	(3,249)
Cash paid for acquisition of property, plant and equipment	$ 26,755	$ 30,919

11. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31 2018	2017
Notes payable - non-related parties		
Operating	$ 101,332	$ 98,937
Non-operating	5,909	1,907
	$ 107,241	$ 100,844

(Continued)

	December 31	
	2018	2017
Notes payable - related parties (Note 22)		
Operating	$ 24,866	$ 25,818
Accounts payable - non-related parties		
Operating	$ 33,448	$ 44,418
Accounts payable - related parties (Note 22)		
Operating	$ 9,584	$ 11,718

(Concluded)

a. Notes payable

The Company's notes payable from non-operating activities were used for acquisition of property, plant and equipment.

b. Accounts payable

The average credit period of purchasing materials and supplies was 30-90 days. The Company has a financial risk management policy to ensure all payment based on the agreed terms.

12. OTHER PAYABLES

	December 31	
	2018	2017
Payable for employees' compensation and remuneration of directors and supervisors	$ 123,446	$ 116,608
Payable for bonuses	62,654	54,547
Payable for salaries	10,422	11,074
Others	58,020	50,457
	$ 254,542	$ 232,686

13. REFUND LIABILITY/PROVISIONS

The refund liability/provision was based on historical experience, management's judgments and other known reasons to estimate sales allowances. The refund liability/provision was recognized as a reduction of operating revenue in the year of the related goods sold. The movements of refund liability/provision was as follows:

a. Refund liability - 2018

	For the Year Ended December 31, 2018
Balance at January 1, 2018, per IAS 37	$ -
Adjustment on initial application of IFRS 15	3,536
Balance at January 1, 2018, per IFRS 15	3,536
Recognized	1,934
Balance at December 31, 2018, per IAS 37	$ 5,470

b. Provisions - 2017

	For the Year Ended December 31, 2017
Balance at January 1, 2017	$ 1,944
Recognized	1,592
Balance at December 31, 2017	$ 3,536

14. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2.4% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2018	2017
Present value of defined benefit obligation	$ 78,139	$ 72,121
Fair value of plan assets	(38,724)	(31,846)
Net defined benefit liability	$ 39,415	$ 40,275

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2017	$ 69,547	$ (22,593)	$ 46,954
Service cost			
Current service cost	334	-	334
Past service cost	462	-	462
Net interest expense (income)	869	(288)	581
Recognized in profit or loss	1,665	(288)	1,377
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	25	25
Actuarial loss - changes in demographic assumptions	2,540	-	2,540
Actuarial loss - experience adjustments	(1,631)	-	(1,631)
Recognized in other comprehensive income	909	25	934
Contributions from the employer	-	(8,990)	(8,990)
Balance at December 31, 2017	72,121	(31,846)	(40,275)
Service cost			
Current service cost	267	-	267
Past service cost	-	-	-
Net interest expense (income)	901	(404)	497
Recognized in profit or loss	1,168	(404)	764
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(848)	(848)
Actuarial loss - demographic assumptions	1,337	-	1,337
Actuarial loss - changes in financial assumptions	1,059	-	1,059
Actuarial loss - experience adjustments	3,084	-	3,084
Recognized in other comprehensive income	5,480	(848)	4,632
Contributions from the employer	-	(6,256)	6,256
Benefits paid	(630)	630	-
Balance at December 31, 2018	$ 78,139	$ (38,724)	$ 39,415

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2018	**2017**
Operating costs	$ 390	$ 792
Selling and marketing expenses	80	118
General and administrative expenses	192	266
Research and development expenses	102	201
	$ 764	$ 1,377

Through the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

1) Investment risk

   The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

   A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

   The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2018	**2017**
Discount rate (%)	1.125	1.25
Expected rate of salary increase (%)	2	2
Mortality rate (%)	The 5th life insurance mortality table in Taiwan	The 5th life insurance mortality table in Taiwan
Turnover rate (%)	0-17	0-21
The average duration of the defined benefit obligation	11.1 years	11.4 years

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2018	2017
Discount rate		
0.25% increase	$ (2,141)	$ (2,034)
0.25% decrease	$ 2,226	$ 2,116
Expected rate of salary increase		
0.25% increase	$ 2,167	$ 2,062
0.25% decrease	$ (2,095)	$ (1,992)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2018	2017
Expected contributions to the plan for the next year	$ 2,542	$ 6,251
Average duration of the defined benefit obligation	11.1 years	11.4 years

15. EQUITY

a. Ordinary shares

	December 31	
	2018	2017
Number of shares authorized (in thousands)	138,000	138,000
Shares authorized	$ 1,380,000	$ 1,380,000
Number of shares issued and fully paid (in thousands)	95,297	95,297
Shares issued	$ 952,971	$ 952,971

Fully paid ordinary shares, which have a par value of $10, carry one vote per share and carry a right to dividends.

Number of shares authorized, which granted for employee shares options retained 2,500 thousands options.

b. Capital surplus

	December 31	
	2018	2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Arising from issuance of ordinary shares	$ 794,341	$ 794,341
Arising from treasury share transactions	2,350	2,350
	$ 796,691	$ 796,691

The above-mentioned capital surplus 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. Appropriation of earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings 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 distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors, refer to employee's compensation and remuneration of directors and supervisors in Note 17-d.

The Company's dividends policy is also in line with the current and future development plans, environment, capital needs and domestic and international competition in order to promote shareholders' interests. Thus, the Company may retain some of its earnings according to the Company's operation, and the residual earnings may be distributed in cash or shares. However, cash dividends should be at least 10% of total dividends.

Legal reserve may be used to offset a deficit. 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.

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2017 and 2016 were approved in the shareholders' meeting on June 26, 2018 and June 23, 2017, respectively. The appropriations of earnings for 2017 and 2016 were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	2017	**2016**	**2017**	**2016**
Cash dividends	$ 476,485	$ 786,201	$ 5.0	$ 8.25

The appropriation of earnings for 2018 had been proposed by the Company's board of directors on February 27, 2019. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	**Dividends Per Share (NT$)**
Legal reserve	$ 177,596	
Cash dividends	905,322	$ 9.5
	$ 1,082,918	

The appropriation of earnings for 2018 are subject to the resolution of the shareholders' meeting to be held on June 26, 2019.

d. Other equity items

Exchange differences on translating foreign operations

	For the Year Ended December 31	
	2018	2017
Balance at January 1	$ (2,942)	$ (539)
Effect of change in tax rate	106	-
Exchange differences on translating foreign operations, net	(1,766)	(2,896)
Related income tax	353	493
Balance at December 31	$ (4,249)	$ (2,942)

16. REVENUE

	For the Year Ended December 31	
	2018	2017
Revenue from contracts with customers		
Revenue from sale of goods	$ 1,925,851	$ 1,988,962
Processing	6,662	6,281
	$ 1,932,513	$ 1,995,243

a. Contract balances

	December 31	
	2018	2017
Notes and accounts receivable (Note 7)	$ 431,785	$ 446,125

b. Disaggregation of revenue

	December 31	
Type of goods	2018	2017
Rail kits	$ 1,476,855	$ 1,558,488
Others	455,658	436,755
	$ 1,932,513	$ 1,995,243

17. NET PROFIT

a. Other gains and losses

	For the Year Ended December 31	
	2018	2017
Foreign exchange gain (losses), net	$ 92,337	$ (274,848)
Sample income	2,360	3,589

(Continued)

	For the Year Ended December 31	
	2018	2017
Mold income	$ 2,988	$ 2,549
Others	4,978	2,777
	$ 102,663	$ (265,933)
		(Concluded)

b. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	$ 32,138	$ 33,869
Intangible assets	278	319
	$ 32,416	$ 34,188
Analysis of depreciation by function		
Operating costs	$ 29,037	$ 30,735
Operating expenses	3,101	3,134
	$ 32,138	$ 33,869
Analysis of amortization by function		
Operating costs	$ -	$ -
Operating expenses	278	319
	$ 278	$ 319

c. Employee benefits expense

	For the Year Ended December 31	
	2018	2017
Short-term employee benefits		
Salary	$ 339,143	$ 302,232
Others	59,949	55,989
	399,092	358,221
Post-employment benefits		
Defined contribution plans	10,595	10,164
Defined benefit plans (Note 14)	764	1,377
	11,359	11,541
	$ 410,450	$ 369,762
An analysis of employee benefits expense by function		
Operating costs	$ 247,538	$ 231,167
Operating expenses	162,913	138,595
	$ 410,451	$ 369,762

d. Employees' compensation and remuneration of directors and supervisors

According to the Article of Incorporation of the Company, the Company accrued employees' compensation and remuneration of directors and supervisors at rates of no less than 1‰ and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2018 and 2017, which have been approved by the Company's board of directors on February 27, 2019 and February 25, 2018, respectively, were as follows:

Accrual rate and amount

	For the Year Ended December 31			
	2018		2017	
	Cash	**%**	**Amount**	**%**
Employees' compensation	$ 74,726	3.7	$ 42,220	3.9
Remuneration of directors and supervisors	6,500	0.3	6,500	0.6

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

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

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

e. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2018	**2017**
Foreign exchange gains	$ 208,545	$ 49,657
Foreign exchange losses	(116,208)	(324,505)
Foreign exchange gains (losses), net	$ 92,237	$ (274,848)

18. INCOME TAX

a. The major components of income tax expense recognized in profit or loss are as follows:

	For the Year Ended December 31	
	2018	**2017**
Current tax		
In respect of the current year	$ 85,370	$ 81,171
Income tax on unappropriated earnings	43,144	77,856
Adjustments for prior years	(166)	116
	128,348	159,143

(Continued)

	For the Year Ended December 31	
	2018	2017
Deferred tax		
Effect of tax rate changes	$ (5,759)	$ -
In respect of the current year' tax	20,849	(35,437)
	15,090	(35,437)
Income tax expense recognized in profit or loss	$ 143,438	$ 123,706

(Concluded)

A reconciliation of accounting profit and income tax expense and the applicable tax rate is as follows:

	For the Year Ended December 31	
	2018	2017
Profit before income tax	$ 1,919,402	$ 1,032,406
Income tax expense calculated at the statutory rate	$ 383,881	$ 175,509
Domestic investment income using equity method	(277,666)	(129,778)
Others	4	3
Income tax on unappropriated earnings	43,144	77,856
Effect of change in tax rate	(5,759)	-
Adjustments for prior years	(166)	116
Income tax expense recognized in profit	$ 143,438	$ 123,706

In 2017, the applicable corporate income tax rate used by the Company in the ROC is 17%. However, the Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%.

As the status of the 2018 appropriation of earnings is uncertain, the potential income tax consequences of the 2018 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2018	2017
Deferred tax		
Effect of change in tax rate	$ 866	$ -
In respect of the current year		
Remeasurement on defined benefit plans	926	159
Translation of foreign operations	353	493
Total income tax recognized in other comprehensive income	$ 2,145	$ 652

c. Current tax assets and liabilities

	December 31	
	2018	2017
Current tax liabilities		
Income tax payable	$ 82,280	$ 98,271

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2018

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Share of profit using equity method	$ 8,140	$ 1,842	$ -	$ 9,982
Unrealized exchange losses	19,421	(18,274)	-	1,147
Defined benefit liabilities	8,412	719	1,686	10,817
Others	2,500	1,991	-	4,491
	$ 38,473	$ (13,722)	$ 1,686	$ 26,437
Deferred Tax liabilities				
Temporary differences				
Land value increment tax	$ 47,090	$ -	$ -	$ 47,090
Defined benefit liabilities	1,533	1,368	-	2,901
Exchange differences on translating the financial statements of foreign operations	(606)	-	(459)	(1,065)
	$ 48,017	$ 1,368	$ (459)	$ 48,926

For the year ended December 31, 2017

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Deferred Tax Assets				
Temporary differences				
Share of profit (loss) using equity method	$ 8,369	$ (229)	$ -	$ 8,140
Unrealized exchange losses	-	19,421	-	19,421
Defined benefit liabilities	8,253	-	159	8,412
Others	1,904	596	-	2,500
	$ 18,526	$ 19,788	$ 159	$ 38,473
Deferred Tax liabilities				
Temporary differences				
Land value increment tax	$ 47,090	$ -	$ -	$ 47,090
Defined benefit liabilities	17,182	(15,649)	-	1,533

(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Exchange differences on translating the financial statements of foreign operations	$ (113)	$ -	$ (493)	$ (606)
	$ 64,159	$ (15,649)	$ (493)	$ 48,017

(Concluded)

e. Income tax assessments

The tax returns of the Company through 2015 have been assessed by the tax authorities.

19. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share are as follows:

Net profit for the year

	For the Year Ended December 31	
	2018	2017
Net profit used in the computation of earnings per share	$ 1,775,964	$ 908,700

Weighted average number of ordinary shares outstanding

	For the Year Ended December 31	
	2018	2017
Weighted average number of ordinary shares used in the computation of basic earnings per share	95,297	95,297
Effect of diluted potential ordinary shares		
Employees' compensation	249	129
Weighted average number of ordinary shares used in the computation of diluted earnings per share	95,546	95,426

If the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation will to 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.

20. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the last 2 years.

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

21. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management believes that the carrying amounts of financial assets and financial liabilities recognized in the parent company only financial statements approximate their fair values.

b. Categories of financial instruments

	December 31	
	2018	**2017**
Financial assets		
Loans and receivables (Note 1)	$ -	$ 3,619,390
Measured at amortized cost (Note 1)	3,742,834	-
Financial liabilities		
Measured at amortized cost (Note 2)	429,723	415,493

Note 1: The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables (including related parties), and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise notes payable (including related parties), accounts payable (including related parties), and other payables (including related parties).

c. Financial risk management objectives and policies

The Company's Treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Treasury function reports quarterly to the Company's management.

1) Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. Refer to foreign currency risk and interest rate risk below.

a) Foreign currency risk

The Company have foreign currency sales and purchases, which exposes the Company to foreign currency risk. Approximately 59% of the Company's sales is denominated in currencies other than the functional currency of the Company making the sale, which almost 6% of costs is denominated in currencies other than the functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities exposing to foreign currency risk at the end of the reporting year are set out in Note 24.

Sensitivity analysis

The Company is mainly exposed to the risk from the fluctuation of USD.

The following table details the Company's sensitivity to a 1% increase and decrease in the functional currency rate against the relevant foreign currencies. A positive (negative) number below indicates an increase (decrease) in pre-tax profit associated with the functional currency.

	USD impact	
	For the Year Ended December 31	
	2018	2017
Profit or loss	$ 26,719	$ 30,659

The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. Range of sensitivity analysis included outstanding deposits, receivables and payables.

b) Interest rate risk

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting year are as follows:

	December 31	
	2018	2017
Cash flow interest rate risk		
Financial assets	$ 592,642	$ 578,439

Sensitivity analysis

The sensitivity analysis below was based on the Company's exposure to interest rates for non-derivative instruments at the end of the reporting year. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting year was outstanding for the whole year. 1% basis point increase or decrease is 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 1% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2018 and 2017 would have been higher/lower by $5,926 thousand and by $5,784 thousand, respectively, which was mainly a result of the changes in the floating interest rate bank deposits.

2) Credit risk

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

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses other publicly available financial information and its own trading records to rate its major customers. The Company is continuously monitoring and spreading the aggregate transactions to each credit-qualified counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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.

Because the Company's current assets or cash and cash equivalents are much more than current liabilities, the Company have no liquidity risk.

22. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and category

Related Party Name	Related Party Category
King Slide Technology Co., Ltd. (KSTC)	Subsidiaries
King Slide USA, Inc. (KSUSA)	Subsidiaries
King Slide (Samoa) Co., Ltd	Subsidiaries
King Slid (Hong Kong) Co., Limited	Subsidiaries
King Slide Technology (China) Co., Ltd. (KSCC)	Subsidiaries

b. Sales of goods

	For the Year Ended December 31	
Related Party Category/Name	2018	2017
KSTC	$ 273,335	$ 248,720
Others	34,081	36,789
	$ 307,416	$ 285,509

The sale of goods to KSTC were made at the cost prices. However, the sale of goods to KSCC and general customers were made at cost plus gross profit prices. The term of collection was the same as unrelated parties with 90-days term of collection.

c. Purchases of goods

	For the Year Ended December 31	
Related Party Category/Name	2018	2017
KSTC	$ 86,445	$ 100,684

Purchases from KSTC were made at cost price (general customers were made at cost plus gross profit prices), the payment term was the same as unrelated parties with 90-day payment term.

d. Receivables from related parties

Related Party Category/Name	For the Year Ended December 31 2018	2017
Notes receivable		
KSTC	$ 88,543	$ 81,037
Accounts receivable		
KSTC	$ 30,315	$ 30,931
Others	13,218	10,082
	$ 43,533	$ 41,013
Other receivables		
King Slide Technology	$ 1,182	$ 2,071

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2018 and 2017, no impairment loss was recognized for receivables from related parties.

e. Payables to related parties

Related Party Category/Name	December 31 2018	2017
Notes payable		
KSTC	$ 24,866	$ 25,818
Accounts payable		
KSTC	$ 9,584	$ 11,718
Other payables		
Others	$ 4	$ 9

The outstanding payables from related parties are unsecured.

f. Processing revenue

Related Party Category/Name	For the Year Ended December 31 2018	2017
KSTC	$ 6,662	$ 6,281

Processing revenue was at cost prices, and the term of collection was 90 days.

g. Technical and service revenue

The Company entered into a technical and service contract with the subsidiary, KSTC. The service revenue was based on the ratio of net sales of specific products from KSTC. The original contract is valid on December 31, 1999. However, if the parties have no expression to terminate the contract by its due date, it is deemed to be automatically extended for one year until December 31, 2018. The service revenue was $1,942 thousand and $1,522 thousand (included in other gains and losses) for the years ended December 31, 2018 and 2017, respectively.

h. Commission

Marketing support and post-sales services were provided by KSUSA to the Company, and the commission based on the ratio of the sales amount of a specific customer was $107 thousand and 162 thousand (included in selling and marketing expenses) for the years ended December 31, 2018 and 2017, respectively.

The terms of the commission and payment were the same as unrelated parties.

i. Manpower services

The manpower services between the Company and KSTC were recognized as revenue amounting to $2,607 thousand and $1,896 thousand (included in the manufacturing expenses - service expense) for the years ended December 31, 2018 and 2017, respectively. The charges were based on the actual manpower and number of hours provided.

j. Other expenses

The Company paid service expenses to KSUSA amounting $607 thousand and $699 thousand (included in selling and marketing expenses - other expenses), which were based on the actual cost of services provided for the years ended December 31, 2018 and 2017, respectively.

k. Compensation of key management personnel

	For the Year Ended December 31	
	2018	**2017**
Short-term benefits (including salaries, compensation or bonuses)	$ 20,879	$ 15,821
Post-employment benefits	155	155
	$ 21,034	$ 15,976

The remuneration of directors and other key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

23. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments were as follows:

	December 31	
	2018	**2017**
a. Unused letters of credit for purchases of raw materials and machinery and equipment	$ 197,248	$ 151,364
b. Contracts for purchases of raw materials		
Total amount	107,400	80,641
Issued promissory notes	20,191	20,191

24. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company’s 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:

	Foreign Currencies	Exchange Rate		Carrying Amount
December 31, 2018				
Financial assets				
Monetary items				
USD	$ 87,424	30.73	(USD:NTD)	$ 2,686,531
Financial liabilities				
Monetary items				
USD	477	30.73	(USD:NTD)	14,666
December 31, 2017				
Financial assets				
Monetary items				
USD	103,321	29.85	(USD:NTD)	3,084,121
Financial liabilities				
Monetary items				
USD	612	29.85	(USD:NTD)	18,268

The Company is mainly exposed to US dollar. The following information was aggregated by the functional currencies of the Company, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	Exchange Rate		Net Foreign Exchange Gains (Losses)
For the year ended December 31, 2018			
USD	30.73	(USD:NTD)	$ 94,699
Others			(2,362)
			$ 92,337
For the year ended December 31, 2017			
USD	29.85	(USD:NTD)	$ (274,376)
Others			(472)
			$ (274,848)

25. ADDITIONAL DISCLOSURES

a. Information about significant transactions and investees

1) Financing provided to others: None.

2) Endorsement and guarantees provided: None.

3) Marketable securities held (excluding investment in subsidiaries, associates and joint ventures): None.

4) Marketable securities acquired and disposed at cost or price at least NT$300 million or 20% of the paid-in capital: None.

5) Acquisition of individual real estate at cost of at least NT$300 million or 20% of the paid-in capital: None.

6) Disposal 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: Table 1 (attached).

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Table 2 (attached).

9) Trading in derivative instruments: None.

10) Information on investees: Table 3 (attached).

b. Information on investments in mainland China

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 year, repatriations of investment income, and limited amount of investment in the mainland China areas: Table 4 (attached).

Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.

2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year:

	Amount
a) Transaction	
Sales of good	
KSCC	$ 34,081
b) Accounts receivable	
KSCC	$ 13,218

3) The amount of property transactions and the amount of gains or losses generated: None.

4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and purposes: None.

5) The highest balance, the end of year balance, the interest rates range, and total current year interest with respect to financing of funds: None.

6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services: None.

26. SEGMENT INFORMATION

The Company has provided the operating segments disclosure in the consolidated financial statements, and the parent company only segment information is waived.

KING SLIDE WORKS CO., LTD.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Non-arm's Length Transaction		Notes/Accounts (Payable) or Receivable		Note
			Purchases/Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	King Slide Technology Co., Ltd.	Subsidiary	Sales	$ 273,335	14	90 days after monthly closing	Note	-	$ 118,858	27	

Note: The sales price is based on cost.

KING SLIDE WORKS CO., LTD.

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (%)	Overdue		Amounts Received in Subsequent Year	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	King Slide Technology Co., Ltd.	Subsidiary	$ 118,858	2.73 (Note)	$ -	-	$ 58,418	$ -

Note: The computation of turnover rate was not included the non-operating receivables which were not from sales of goods.

KING SLIDE WORKS CO., LTD.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2018			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2018	December 31, 2017	Shares/Unit	%	Carrying Amount			
The Company	King Slide Technology Co., Ltd.	Kaohsiung	Manufacturing and selling of server rail kit	$ 1,500,000	$ 1,500,000	112,600,000	100	$ 6,168,098	$ 1,388,330	$ 1,388,330	
The Company	King Slide (Samoa) Co., Ltd.	Samoa	International investment	158,122	158,122	5,000,000	100	121,704	343	343	
The Company	King Slide USA, Inc.	USA	Trade of rail kits, slides and accessories	32,588	32,588	100,000	100	12,123	(2,371)	(2,371)	
King Slide (Samoa) Co., Ltd.	King Slide (Hong Kong) Co., Limited	Hong Kong	International investment	158,122	158,122	5,000,00	100	121,704	343	343	

TABLE 4

KING SLIDE WORKS CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss)of the Investee (Note 2)	% of Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2018 (Note 2)	Accumulated Repatriation of Investment Income as of December 31, 2018	Note
					Outward	Inward							
King Slide Technology (China) Co., Ltd.	Wholesale and related services for rail kits, slides and accessories	$ 157,282	Note 1	$ 157,282	$ -	$ -	$ 157,282	$ 353	100.00	$ 353	$ 123,364	$ -	

Investee Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 3)
King Slide Technology (China) Co. Ltd.	$157,282	$157,282	$6,044,731

Note 1: Set King Slide (Hong Kong) Co., Limited in Hong Kong to invest in King Slide Technology (China) Co. Ltd.

Note 2: The amount was recognized based on the audited financial statement.

Note 3: Upper limit on the amount of investment in mainland China: $10,074,551×60%=$6,044,731.

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KING SLIDE WORKS CO., LTD.

STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Rate (%)	Duration	Amount
Petty cash			$ 60
Cash in banks			
Checking accounts			662
Demand deposits			241,338
Foreign currency deposits - US$9,245 thousand, RMB$3,375 thousand and GBP$29 thousand (Note 1)			300,474
Cash equivalents			
Commercial paper	0.42		402,528
Time deposits (Note 2)	0.6	2018.12.15-2019.01.15	50,830
Foreign currency time deposits - US$72,000 thousand and RMB$21,000 thousand (Notes 1 and 2)	2.8-3.25	2018.10.09-2019.03.14	2,306,258
			$ 3,302,150

Note 1: Exchange rate: USD1＝NTD30.73, RMB$1=NTD4.4618 and GBP$1=NTD38.7913.

Note 2: Time deposits with original maturity of less than 3 months.

STATEMENT 2

KING SLIDE WORKS CO., LTD.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Client Name	Amount	Remark
Related parties		
King Slide Technology Co., Ltd.	$ 88,543	Sale of goods, sample and mold
Non-related parties		
Others (Note)	38,767	Sale of goods
	$ 127,310	

Note: The amount of individual client included in others does not exceed 5% of the account balance.

KING SLIDE WORKS CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Client Name	Amount	Over a Year	Remark
Related parties			
King Slide Technology Co., Ltd.	$ 30,315	$ -	Sale of goods
King Slide Technology (China) Co., Ltd.	13,218	-	Sale of goods
	43,533	-	
Non-related parties			
A Company	41,475	-	Sale of goods
B Company	20,060	-	Sale of goods
Others (Note)	201,082	-	Sale of goods
	262,617	$ -	
Less: Allowance for impairment loss	1,054		
	261,563		
	$ 305,096		

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STATEMENT 4

KING SLIDE WORKS CO., LTD.

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount
Related parties	
King Slide Technology Co., Ltd. (service revenue)	$ 1,182
Non-related parties	
Interest on time deposits	5,091
Sample and mold	1,698
Others (Note)	23
	6,812
	$ 7,994

Note: The amount of individual client included in others does not exceed 5% of the account balance.

KING SLIDE WORKS CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount	
	Cost	Market value (Note)
Finished goods	$ 43,340	$ 67,517
Work-in-process	32,908	43,112
Raw materials	105,386	105,729
Supplies	2,881	3,105
Merchandise	70	70
	$ 184,585	$ 219,533

Note: The net realizable value is the market value.

STATEMENT 6

KING SLIDE WORKS CO., LTD.

STATEMENT OF OTHER CURRENT ASSETS
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount
Prepaid expenses	$ 16,452
Office supplies	6,409
Tax refund receivable	1,152
Temporary debits	787
	$ 24,800

KING SLIDE WORKS CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2018		Additions in Investment			Decrease in Investment			Balance, December 31, 2018			Market Value or Net Assets Value			
Investees	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousand)	Amount		Shares (In Thousand)	% of Ownership	Amount	Unit Price	Total Amount	Collateral	Remark
King Slide USA, Inc.	100,000	$ 14,070	-	$ -		-	$ 1,947		100,000	100	$ 12,123	$121.23	$ 12,123	NA	-
King Slide Technology Co., Ltd.	112,600,000	4,979,768	-	1,388,330		-	200,000		112,600,000	100	6,168,098	54.78	6,168,098	NA	-
King Slide (Samoa) Co., Ltd.	5,000,000	122,901	-	993		-	2,190		5,000,000	100	121,704	24.34	121,704	NA	-
		$5,116,739		$ 1,389,323	(Note 1)		$ 204,137	(Note 2)			$6,301,925		$ 6,301,925		

Note 1: Share of profits using the equity method, realized gain on transactions and unrealized gain on transactions amounted to $1,388,673 thousand, $2,311 thousand, and $1,661 thousand.

Note 2: Share of losses using the equity method, exchange differences on translating the financial statements of foreign operations and cash dividends amounted to $2,371 thousand, $1,766 thousand and $200,000 thousand.

KING SLIDE WORKS CO., LTD.

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Balance, January 1, 2018	For the Year Ended December 31, 2018		Balance, December 31, 2018	Remark
		Increase	Decrease		
Computer software	$ 278	$ -	$ (278)	$ -	Amortization is on a straight-line basis for 3 years.

STATEMENT 9

KING SLIDE WORKS CO., LTD.

STATEMENT OF NOTES PAYABLES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Related parties	
King Slide Technology Co., Ltd.	$ 24,866
Non-related parties	
A Company	8,761
Others (Note)	98,480
	107,241
	$ 132,107

Note: The amount of individual client included in others does not exceed 5% of the account balance.

KING SLIDE WORKS CO., LTD.

STATEMENT OF ACCOUNTS PAYABLES
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Client Name	Amount
Related parties	
King Slide Technology Co., Ltd.	$ 9,584
Non-related parties	
A Company	6,531
B Company	2,875
C Company	2,306
Others (Note)	21,736
	33,448
	$ 43,032

Note: The amount of individual client included in others does not exceed 5% of the account balance.

STATEMENT 11

KING SLIDE WORKS CO., LTD.

STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Shipments (Group) (In Thousands)	Amount
Rail kits	8,709	$ 1,476,855
Hinges	3,555	124,226
Slides	1,494	42,563
Others (Note)		282,207
Net revenue		1,925,851
Processing		6,662
		$ 1,932,513

Note: The amount of individual client included in others does not exceed 10% of the account balance.

STATEMENT 12

KING SLIDE WORKS CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Amount
Production cost	
Raw materials, beginning for year	$ 116,451
Raw materials purchased	516,431
Less: Raw materials, end of year	(105,386)
Others	(1,075)
Raw materials used	526,421
Supplies, beginning of year	2,915
Supplies purchased	84,644
Less: Supplies, end of year	(2,881)
Others	(1,518)
Supplies used	83,160
Direct labor	133,871
Manufacturing expenses	273,124
Manufacturing cost	1,016,576
Work-in-process, beginning of year	34,523
Add: Work-in-process purchased	229,843
Less: Work-in-process, end of year	(32,908)
Others	(1,023)
Cost of finished goods	1,247,011
Add: Finished goods, beginning of year	27,783
Finished goods purchased	71,992
Less: Finished goods, end of year	(43,340)
Others	(6,830)
Production cost	1,296,616
Cost of merchandise	
Merchandise, beginning of year	28
Add: Merchandise purchased	194
Less: Merchandise, end of year	(70)
Cost of merchandise	152
Income from sale of scraps	(26,998)
	$ 1,269,770

STATEMENT 13

KING SLIDE WORKS CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars)

Item	Selling and Marketing Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Salaries	$ 24,988	$ 52,740	$ 59,314	$ 137,042
Advertisement	21,572	97	-	21,669
Freight	13,813	5	-	13,818
Export expense	9,511	-	-	9,511
Sample	7,763	-	-	7,763
Traveling expense	5,941	292	115	6,348
Insurance	2,955	7,207	3,906	14,068
Miscellaneous expense	2,026	15,238	15,634	32,898
Service expense	461	2,744	20,092	23,297
Pension	781	1,587	1,696	4,064
Research expense	-	-	3,563	3,563
Others	5,808	10,788	3,323	19,919
	$ 95,619	$ 90,698	$ 107,643	$ 293,960

KING SLIDE WORKS CO., LTD.

STATEMENT OF LABOR, DEPRECLATION AND AMORTIZATION BY FUNCTION
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31					
	2018			2017		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits						
Salaries	$ 202,101	$ 137,042	$ 339,143	$ 188,075	$ 114,157	$ 302,232
Labor and health insurance	19,322	8,378	27,700	18,814	7,776	26,590
Pension	7,295	4,064	11,359	7,522	4,019	11,541
Remuneration of directors	-	6,653	6,653	-	6,513	6,513
Other	18,820	6,776	25,596	16,756	6,130	22,886
	$ 247,538	$ 162,913	$ 410,451	$ 231,167	$ 138,595	$ 369,762
Depreciation	$ 29,037	$ 3,101	$ 32,138	$ 30,735	$ 3,134	$ 33,869
Amortization	-	278	278	-	319	319

Note: As of December 31, 2018 and 2017, the Company had 567 and 579 employees, respectively. Among them, 5 directors did not serve as employees at the end of years.