Stock Code:6669

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

WIWYNN CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

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

Address: 8, No. 90, Sec.1, Xintai 5th Rd., Xizhi Dist., New Taipei City, Taiwan
Telephone: (02)6615-8888

The independent auditors' review report and the accompanying Consolidated Financial Statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and Consolidated Financial Statements, the Chinese version shall prevail.

Table of contents

安侯建業聯合會計師事務所
KPMG
台北市11049信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 11049, Taiwan (R.O.C.)
Telephone 電話 + 886 (2) 8101 6666
Fax 傳真 + 886 (2) 8101 6667
Internet 網址 kpmg.com/tw

Independent Auditors' Review Report

To the Board of Directors Wiwynn Corporation:

Introduction

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

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Wiwynn Corporation and its subsidiaries as of June 30, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagements on the reviews resulting in this independent auditors' review report are Ya-Ling Chen and Chia-Shin Chang.

KPMG

Taipei, Taiwan (Republic of China)
August 6, 2018

Notes to Readers

The accompanying Consolidated Financial Statements are intended only to present the consolidated balance sheets, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to review such Consolidated Financial Statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying Consolidated Financial Statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' review report and Consolidated Financial Statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2018 and 2017

Wiwynn Corporation and Subsidiaries

Consolidated Balance Sheets

June 30, 2018, December 31, and June 30, 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	June 30, 2018 Amount	%	December 31, 2017 Amount	%	June 30, 2017 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 1,327,300	5	6,399,143	25	4,040,209	18
1110	Financial assets at fair value through profit or loss-current (note 6(b))	-	-	-	-	1,970	-
1170	Accounts receivable, net (notes 6(c)(r))	12,226,460	46	8,621,032	34	8,071,119	37
1180	Accounts receivable - related parties, net (notes 6(c)(r) and 7)	314,936	1	188,349	1	65,822	-
1200	Other receivables (note 6(d))	8,072	-	284,415	1	80,530	-
1210	Other receivables-related parties (notes 6(d) and 7)	72,660	-	559,127	2	83,896	-
130X	Inventories (note 6(e))	12,237,499	46	9,163,117	35	9,869,041	44
1479	Other current assets (note 6(h))	189,766	1	394,337	1	134,181	1
	Total current assets	26,376,693	99	25,609,520	99	22,346,768	100
	Non-current assets:						
1600	Property, plant and equipment (note 6(f))	77,162	-	51,568	-	54,443	-
1780	Intangible assets (note 6(g))	9,844	-	5,224	-	5,533	-
1840	Deferred tax assets	40,348	-	40,348	-	25,477	-
1990	Other non-current assets (notes 6(h) and 8)	163,503	1	166,274	1	6,882	-
	Total non-current assets	290,857	1	263,414	1	92,335	-
	Total assets	$ 26,667,550	100	25,872,934	100	22,439,103	100

	Liabilities and Equity	June 30, 2018 Amount	%	December 31, 2017 Amount	%	June 30, 2017 Amount	%
	Current liabilities:						
2100	Short-term borrowings (notes 6(i) and 8)	$ 138,543	-	5,041,970	19	7,152,460	32
2120	Financial liabilities at fair value through profit or loss-current (note 6(b))	-	-	4,046	-	3,028	-
2130	Contract liabilities-current (note 6(r))	358,881	1	-	-	-	-
2170	Accounts payable	5,900,427	22	1,551,364	6	3,221,252	14
2180	Accounts payable - related parties (note 7)	7,338,022	28	13,901,616	54	8,514,040	38
2200	Other payables	1,765,803	7	909,550	4	642,171	3
2220	Other payables-related parties (note 7)	285,883	1	155,620	1	243,268	1
2230	Current tax liabilities	796,360	3	369,897	1	164,435	1
2250	Provisions-current (notes 6(k)(r))	-	-	188,226	1	121,154	-
2399	Other current liabilities	259,648	1	658,345	2	130,749	1
	Current liabilities	16,843,567	63	22,780,634	88	20,192,557	90
	Non-current liabilities:						
2540	Long-term borrowings (note (j))	1,818,007	7	-	-	-	-
2570	Deferred tax liabilities	21,580	-	21,580	-	15,115	-
2640	Net defined benefit liabilities	53,623	-	53,623	-	52,924	-
2670	Other non-current liabilities	654	-	651	-	650	-
	Non-current liabilities	1,893,864	7	75,854	-	68,689	-
	Total liabilities	18,737,431	70	22,856,488	88	20,261,246	90
	Equity (notes 6(o)(p)):						
3110	Common shares	1,264,405	5	1,060,775	4	889,923	4
3150	Stock dividend to be distributed	255,193	1	-	-	133,251	1
	Total shares	1,519,598	6	1,060,775	4	1,023,174	5
3200	Capital surplus	2,839,304	10	545,921	2	489,376	2
3300	Retained earnings	3,437,782	13	1,417,887	6	669,086	3
3400	Other equity	133,435	1	(8,137)	-	(3,779)	-
	Total equity	7,930,119	30	3,016,446	12	2,177,857	10
	Total liabilities and equity	$ 26,667,550	100	25,872,934	100	22,439,103	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income

For the six months ended June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		For the six months ended June 30			
		2018		2017	
		Amount	%	Amount	%
4100	Net revenues (notes 6(r)(s) and 7)	$ 85,919,698	100	31,596,830	100
5000	Cost of sales (notes 6(e)(f)(g)(l), 7 and 12)	80,639,894	94	30,054,719	95
	Gross profit from operations	5,279,804	6	1,542,111	5
	Operating expenses (notes 6(c)(f)(g)(l)(m)(p)(u), 7 and 12):				
6100	Selling expenses	763,746	1	172,803	1
6200	Administrative expenses	482,424	-	155,591	-
6300	Research and development expenses	580,001	1	534,421	2
	Total operating expenses	1,826,171	2	862,815	3
	Net operating income	3,453,633	4	679,296	2
	Non-operating income and expenses (note 6(t)):				
7010	Other income	18,676	-	1,272	-
7020	Other gains and losses	208,634	-	(20,511)	-
7050	Finance costs	(113,343)	-	(63,273)	-
	Total non-operating income and expenses	113,967	-	(82,512)	-
7900	Income before tax	3,567,600	4	596,784	2
7950	Income tax expense (note 6(n))	782,126	1	137,104	-
	Net Income	2,785,474	3	459,680	2
8300	Other comprehensive income (notes (n)(o)):				
8360	Components of the other comprehensive income that with be reclassified subsequently to profit or loss:				
8361	Exchange differences on translation of foreign financial statements	141,572	-	(2,515)	-
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(127)	-
8399	Income tax related to items that may be reclassified to profit or loss	-	-	-	-
	Total components of the other comprehensive income that will be reclassified subsequently to profit or loss	141,572	-	(2,642)	-
8300	Other comprehensive income	141,572	-	(2,642)	-
8500	Total comprehensive income	$ 2,927,046	3	457,038	2
	Profit attributable to:				
8610	Owners of parent	$ 2,785,474	3	459,680	2
	Comprehensive income attributable to:				
8710	Owners of parent	$ 2,927,046	3	457,038	2
	Earnings per share (expressed in New Taiwan dollars) (note 6(q))				
9750	Basic earnings per share	$ 19.07		3.62	
9850	Diluted earnings per share	$ 18.06		3.48	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Total shares			Retained earnings				Other equity			
	Common shares	Stock dividend to be distributed	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total	Total equity
Balance at January 1, 2017	$ 888,343	-	487,785	43,223	-	388,268	431,491	(1,264)	127	(1,137)	1,806,482
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	31,127	-	(31,127)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(88,834)	(88,834)	-	-	-	(88,834)
Stock dividends	-	133,251	-	-	-	(133,251)	(133,251)	-	-	-	-
Net income	-	-	-	-	-	459,680	459,680	-	-	-	459,680
Other comprehensive income	-	-	-	-	-	-	-	(2,515)	(127)	(2,642)	(2,642)
Total comprehensive income	-	-	-	-	-	459,680	459,680	(2,515)	(127)	(2,642)	457,038
Issue of common shares-employee stock options	1,580	-	95	-	-	-	-	-	-	-	1,675
Share-based payments	-	-	1,496	-	-	-	-	-	-	-	1,496
Balance at June 30, 2017	$ 889,923	133,251	489,376	74,350	-	594,736	669,086	(3,779)	-	(3,779)	2,177,857
Balance at January 1, 2018	$ 1,060,775	-	545,921	74,350	-	1,343,537	1,417,887	(8,137)	-	(8,137)	3,016,446
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	-	120,848	-	(120,848)	-	-	-	-	-
Special reserve	-	-	-	-	8,137	(8,137)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(510,386)	(510,386)	-	-	-	(510,386)
Stock dividends	-	255,193	-	-	-	(255,193)	(255,193)	-	-	-	-
Net income	-	-	-	-	-	2,785,474	2,785,474	-	-	-	2,785,474
Other comprehensive income	-	-	-	-	-	-	-	141,572	-	141,572	141,572
Total comprehensive income	-	-	-	-	-	2,785,474	2,785,474	141,572	-	141,572	2,927,046
Cash subscription	200,000	-	2,200,000	-	-	-	-	-	-	-	2,400,000
Issue of common shares-employee stock options	3,630	-	1,766	-	-	-	-	-	-	-	5,396
Share-based payments	-	-	91,617	-	-	-	-	-	-	-	91,617
Balance at June 30, 2018	$ 1,264,405	255,193	2,839,304	195,198	8,137	3,234,447	3,437,782	133,435	-	133,435	7,930,119

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

Wiwynn Corporation and Subsidiaries

Consolidated Statements of Cash Flows

For the six months ended June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2018	2017
Cash flows used in operating activities:		
Income before tax	$ 3,567,600	596,784
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	15,806	16,344
Amortization expense	2,419	2,280
Net losses on financial assets or liabilities at fair value through profit or loss	26,164	69,594
Interest expense	113,343	63,273
Interest income	(18,638)	(1,245)
Share-based payments	91,617	1,496
Gain on disposal of investments	-	(825)
Unrealized foreign exchange losses	70,170	-
Total adjustments to reconcile profit	300,881	150,917
Changes in operating assets and liabilities:		
Changes in operating assets:		
Increase in accounts receivable, net	(3,521,262)	(4,769,031)
Decrease (increase) in accounts receivable-related parties, net	(126,587)	17,487
Decrease in other receivable	273,309	23,374
Decrease (increase) in other receivable-related parties	493,596	(30,967)
Increase in inventories	(2,783,056)	(4,837,621)
Decrease in other current assets	29,442	137,420
Total changes in operating assets	(5,634,558)	(9,459,338)
Changes in operating liabilities:		
Decrease in financial liabilities mandatorily measured at fair value through profit or loss-current	(30,210)	(69,949)
Increase in contract liabilities-current	358,881	-
Increase in accounts payable	4,186,847	2,041,101
Increase (decrease) in accounts payable-related parties	(6,563,594)	6,017,127
Increase in other payable	347,150	184,271
Increase in other payable-related parties	74,190	161,469
Increase (decrease) in provisions-current	(188,226)	74,673
Decrease in other current liabilities	(237,372)	(84,198)
Increase in other non-current liabilities	3	38
Total changes in operating liabilities	(2,052,331)	8,324,532
Total changes in operating assets and liabilities	(7,686,889)	(1,134,806)
Total adjustments	(7,386,008)	(983,889)
Cash outflow generated from operations	(3,818,408)	(387,105)
Interest received	16,890	1,245
Interest paid	(115,982)	(63,273)
Income taxes paid	(345,231)	(13,634)
Net cash flows used in operating activities	(4,262,731)	(462,767)
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets	-	(940,000)
Proceeds from disposal of available-for-sale financial assets	-	1,660,972
Acquisition of property, plant and equipment	(29,626)	(15,051)
Acquisition of intangible assets	(7,039)	(729)
Increase in other non-current assets	(3,451)	(3,196)
Increase in prepayments for equipment	(4,950)	-
Net cash flows from (used in) investing activities	(45,066)	701,996
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	10,261,932	20,234,426
Decrease in short-term borrowing	(15,118,047)	(17,652,083)
Increase in long-term borrowings	1,747,837	-
Cash subscription	2,400,000	-
Exercise of employee stock options	5,396	1,675
Net cash flows from (used in) financing activities	(702,882)	2,584,018
Effect of exchange rate changes on cash and cash equivalents	(61,164)	(59,757)
Net increase (decrease) in cash and cash equivalents	(5,071,843)	2,763,490
Cash and cash equivalents at beginning of period	6,399,143	1,276,719
Cash and cash equivalents at end of period	$ 1,327,300	4,040,209

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

Wiwynn Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

Wiwynn Corporation (the "Company") was incorporated on March 3, 2012, as a company limited by shares under the laws of the Republic of China (ROC). Wiwynn Corporation and subsidiaries (the Group) were engaged in research, development, design, testing and sales of abovementioned products, semi-products, peripheral equipments and parts:

(i) Computer and peripheral equipments

(ii) Data storage media

(iii) Electric appliances and media products

(iv) Information software

(v) Export business relating to the business of the Company

(vi) Management consult services

(vii) Information software services

(viii) Data processing services

(2) Approval date and procedures of the consolidated financial statements:

The consolidated financial statements were authorized for issuance by the board of directors on August 6, 2018.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". The Group applies this standard retrospectively with the cumulative effect, it need not restate those contracts, but instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this Standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

1) Sales of goods

For the sale of products, revenue is currently recognized by respective transaction terms, which is taken to be the point in time at which the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For certain contracts that permit a customer to return an item, revenue is currently recognized when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. Otherwise, a revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made. Under IFRS 15, revenue will be recognized for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur. As a consequence, for those contracts for which the Group is unable to make a reasonable estimate of return, revenue is expected to be recognized sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognized for these contracts and presented separately in the statement of financial position.

2) Impacts on financial statements

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

	June 30, 2018			January 1, 2018		
Impacted line items on the consolidated balance sheets	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balances upon adoption of IFRS 15**	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting policies**	**Balances upon adoption of IFRS 15**
Provisions-current	$ 358,881	(358,881)	-	188,226	(188,226)	-
Contract liabilities-current	-	358,881	358,881	-	188,226	188,226
Impact on liabilities		-			-	

	For the six months ended June 30, 2018		
Impacted line items on the consolidated statements of cash flows	**Balances prior to the adoption of IFRS 15**	**Impact of changes in accounting polices**	**Balances upon adoption of IFRS 15**
Cash flows from operating activities:			
Adjustments:			
Contract liabilities-current	$ -	358,881	358,881
Provisions-current	170,655	(358,881)	(188,226)
Impact on net cash flows from (used in) operating activities		$ -	

(ii) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 " Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As a result of the adoption of IFRS 9, the Group adopted the consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group' s approach was to include the impairment of trade receivables in administrative expenses. Additionally, the Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

The detail of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below:

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available-for-sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification. For an explanation of how the Group classifies and measures financial assets and accounts for related gains and losses under IFRS 9, please see note 4(c).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial liabilities.

2) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with the 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than they are under IAS 39 – please see note 4(c).

3) Transition

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

- Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore is not comparable to the information presented for 2018 under IFRS 9.

(Continued)

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

  — The determination of the business model within which a financial asset is held.

  — The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

  — The designation of certain investments in equity instruments not held for trading as at FVOCI.

- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, then the Group assumed that the credit risk on its asset will not increase significantly since its initial recognition.

4) Classification of financial assets on the date of initial application of IFRS 9

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

	IAS 39		IFRS9	
	Measurement categories	Carrying Amount	Measurement categories	Carrying Amount
Financial assets				
Cash and cash equivalents	Loans and receivables (note 1)	6,399,143	Amortized cost	6,399,143
Trade and other receivables, net	Loans and receivables (note 1)	7,678,318	Amortized cost	7,678,318
Trade and other receivables, net	Loans and receivables (note 2)	1,974,605	Fair value through other comprehensive income	1,974,605
Other financial assets (Refundable deposits and restricted deposits)	Loans and receivables (note 1)	155,244	Amortized cost	155,244

Note1: Cash and cash equivalents, trade and other receivable, and other financial assets that were classified as loans and receivables under IAS 39. Therefore, these assets have been classified as amortized cost under IFRS 9.

Note2: Trade and other receivables that was classified as loans and receivables under IAS 39. Therefore these assets have been classified as fair value through other comprehensive income under IFRS 9.

(iii) Amendments to IAS 7 "Disclosure Initiative"

The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes.

To satisfy the new disclosure requirements, the Group present a reconciliation between the opening and closing balances for liabilities with changes arising from financing activities as note 6(y).

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

The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. The charges in aforementioned accounting policies did not lead significant adjustments on the consolidated financial statements.

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements. The extent and impact of signification changes are as follows:

(i) IFRS 16"Leases"

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

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

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

So far, the most significant impact identified is that the Group will have to recognize the new assets and liabilities for its operating leases of offices, warehouses, and factory facilities. No significant impact is expected for the Group's finance leases. Besides, The Group does not expect the adoption of IFRS 16 to have any impact on its ability to comply with the revised maximum leverage threshold loan covenant.

1) Determining whether an arrangement contains a lease

On transition to IFRS 16, the Group can choose to apply either of the following:

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

The Group plans to apply the practical expedient to grandfather the definition of a lease upon transition. This means that it will apply IFRS 16 to all contracts entered into before January 1, 2019 and identified as leases in accordance with IAS 17 and IFRIC 4.

2) Transition

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

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

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

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

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) IFRIC 23 Uncertainty over Income Tax Treatments

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

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

So far, the most significant impact identified is that the Group will have to recognize the new income tax liabilities and income tax expense for its uncertainty over income tax treatments.

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

As of the date, the following IFRSs that have been issued by the IASB, but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

The Group is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its consolidated financial position and consolidated financial performance. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

(a) Statement of compliance

The consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language consolidated financial statements, the Chinese version shall prevail.

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2017. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2017.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

			Shareholding percentage			
Name of investor	**Name of subsidiary**	**Principal activity**	**June 30, 2018**	**December 31, 2017**	**June 30, 2017**	**Description**
The Company	Wiwynn Technology Service Japan, Inc. (WYJP)	Sales of data storage equipment	100 %	100 %	100 %	
The Company	Wiwynn International Corporation (WYUDE)	Sales of data storage equipment	100 %	100 %	100 %	
The Company	Wiwynn Technology Service Hong Kong Limited (WYHK)	Investment activities	100 %	100 %	100 %	
The Company	Wiwynn Korea Ltd. (WYKR)	Sales of data storage equipment	100 %	100 %	100 %	
The Company	Wiwynn Technology Service Malaysia Sdn. Bdh. (WYMY)	Sales of data storage equipment	100 %	100 %	- %	(Note)
WYHK	Wiwynn Technology Service Kun Shan Ltd. (WYKS)	Sales of data storage equipment	100 %	100 %	100 %	

Note: WYMY was incorporated on July 13, 2017.

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Financial instruments

Financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual rights or obligations of the instruments.

(i) Financial assets

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

The Group shall reclassify all affected financial assets only when it changes its business model for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

·it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

·its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Group, therefore, those receivables are measured at FVOCI and presented as accounts receivable.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, deriving from debt investments are recognized in profit or loss; whereas dividends deriving from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

(Continued)

Dividend income derived from equity investments is recognized on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the exdividend date.

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, accounts receivable, other receivable, refundable deposits and other financial assets), debt investments measured at FVOCI, accounts receivable measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables and contract assets are always measured at an amount equal to lifetime ECL.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 180 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

·significant financial difficulty of the borrower or issuer;

·a breach of contract such as a default or being more than 180 days past due;

·the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

·it is probable that the borrower will enter bankruptcy or other financial reorganization; or

·the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset. The Group recognizes the amount of expected credit losses (or reversal) in profit or loss, as an impairment gain or loss.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

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

On derecognition of a debt instrument in its entirety, the Group recognizes the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in " other equity – unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income is recognized in profit or loss, and presented in the line item of non-operating income and expenses. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

(ii) Derivative financial instruments and hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Derivatives are initially measured at fair value. Any attributable transaction costs thereof are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are recognized in profit or loss and are included in the line item of non-operating income and expenses in the statement of comprehensive income. When a derivative is designated as, and effective for, a hedging instrument, its timing of recognition in profit or loss is determined based on the nature of the hedging relationship. When the fair value of a derivative instrument is positive, it is classified as a financial asset, whereas when the fair value is negative, it is classified as a financial liability.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the non-financial asset' s host contract are not closely related to the embedded derivatives and the host contract is not measured at FVTPL.

(Continued)

(d) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group manufactures and sells data storage equipment to customer. The Group recognizes revenue when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group provides customers with the extended warranty. This kind of contract contains two performance obligations and, therefore, the transaction price is allocated to each performance obligation on a relative stand-alone selling price basis. Management estimates the stand-alone selling prices at contract inception based on the observable prices at which the Group would sell the product and the extended warranty separately in similar circumstances and to similar customers.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Financing components

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

(e) Contract costs

(i) Incremental costs of obtaining a contract

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

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

(ii) Costs to fulfil a contract

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

· the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

· the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

· the costs are expected to be recovered.

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

(f) Income Taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standards 34, Interim Reporting.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period (and allocated to current and deferred taxes based on its proportionate size).

Temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(g) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

The preparation of the consolidated financial statements in conformity with the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

(6) Explanation of significant accounts

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

(a) Cash and cash equivalents

		June 30, 2018	December 31, 2017	June 30, 2017
Cash on hand	$	198	299	335
Demand and checking deposits		1,286,112	6,360,042	4,039,874
Time deposits		40,990	38,802	-
	$	1,327,300	6,399,143	4,040,209

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

		June 30, 2018	December 31, 2017	June 30, 2017
Financial assets held-for-trading:				
Foreign currency forward and swap contracts	$	-	-	1,970

		June 30, 2018	December 31, 2017	June 30, 2017
Financial liabilities held-for-trading:				
Foreign currency forward and swap contracts	$	-	4,046	3,028

The Group uses derivative financial instruments to hedge the certain foreign exchange risk the Group is exposed to, arising from its operating, financing and investing activities. As of December 31 and June 30, 2017, derivative financial instruments not qualified for hedge accounting were as follows:

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Foreign currency swap contracts:

	December 31, 2017		
	Amount (in thousand)	Currency	Maturity date
Foreign currency swap purchased	USD$ 3,400	USD to RMB	2018/1/5

	June 30, 2017		
	Amount (in thousand)	Currency	Maturity date
Foreign currency swap purchased	USD$ 6,000	USD to NTD	2017/7/17
Foreign currency swap sold	USD$ 49,000	NTD to USD	2017/7/13~2017/7/12

Foreign currency forward contracts:

	December 31, 2017		
	Amount (in thousand)	Currency	Maturity date
Foreign currency forward purchased	USD$ 15,000	USD to RMB	2018/1/5

	June 30, 2017		
	Amount (in thousand)	Currency	Maturity date
Foreign currency forward purchased	USD$ 1,000	USD to NTD	2017/7/5
Foreign currency forward sold	USD$ 45,000	NTD to USD	2017/7/3~2017/7/11

(c) Accounts receivable

	June 30, 2018	December 31, 2017	June 30, 2017
Accounts receivable—measured at amortized cost	$ 10,415,328	8,621,032	8,071,119
Accounts receivable-related parties—measured at amortized cost	314,936	188,349	65,822
Accounts receivable—measured at fair value through other comprehensive income	1,811,132	-	-
Less: loss allowance	-	-	-
	$ 12,541,396	8,809,381	8,136,941

The Group has asscessed a portion of its trade receivables that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such trade receivables were measured at fair value through other comprehensive income on January 1, 2018.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on June 30, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of June 30, 2018 was determined as follows:

	Gross carrying amount	Weighted - average loss rate	Loss allowance provision
Current	$ 12,463,723	-	-
Past due under 30 days	65,028	-	-
Past due 31 to 60 days	12,645	-	-
Total	$ 12,541,396		-

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

	December 31, 2017	June 30, 2017
Past due 0~30 days	$ 187,843	57,907
Past due 31~60 days	652,362	30,302
Past due 61~90 days	1,194	16,735
Past due 91~120 days	-	377
	$ 841,399	105,321

The movement in the allowance for accounts receivable was as follows:

		January 1 to June 30, 2017	
	January 1 to June 30, 2018	Individually assessed impairment	Collectively assessed impairment
Balance at January 1, per IAS 39	-	-	-
Adjustment on initial application of IFRS 9	-		
Balance at January 1, per IFRS 9	-		
Impairment losses recognized	8,673	-	-
Impairment loss reversed	(8,673)	-	-
Balance at June 30	$ -	-	-

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group and financial institution entered into the accounts receivable factoring contracts. According to the contracts, the Group did not bear the risks of uncollectible of accounts receivable, except the loss of business dispute. Therefore, the accounts receivable factoring met the criteria of financial assets derecognition. As of June 30, 2018, December 31 and June 30, 2017, the Group sold its accounts receivable without recourse as follows:

Unit: USD in thousands

June 30, 2018						
Purchaser		Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Collateral
CITI, New York branch	$	265,466	300,000	265,466	2.00% - 2.88%	None

December 31, 2017						
Purchaser		Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Collateral
BOA, Taipei branch	$	15,332	120,000	15,332	1.45%~2.25%	None
CITI, New York branch		205,485	300,000	205,485	1.71%~2.15%	None
	$	220,817	420,000	220,817		

June 30, 2017						
Purchaser		Assignment Facility	Factoring Line	Advanced Amount	Range of Interest Rate	Collateral
BOA, Taipei branch	$	119,955	120,000	119,955	1.67%~2.02%	None

As of June 30, 2018, December 31 and June 30, 2017, the accounts receivable were not pledged.

(d) Other receivables

		June 30, 2018	December 31, 2017	June 30, 2017
Other receivables	$	8,072	284,415	80,530
Other receivables - related party		72,660	559,127	83,896
Less: loss allowance		-	-	-
	$	80,732	843,542	164,426

As of December 31 and June 30, 2017, the other receivable were not past due and impaired.

For further credit risk information, please refers to note 6(v).

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(e) Inventories

	June 30, 2018	December 31, 2017	June 30, 2017
Raw materials	$ 9,081,719	5,534,027	5,784,200
Finished goods	2,372,889	3,470,632	2,309,118
Inventory in transit	782,891	158,458	1,775,723
	$ 12,237,499	9,163,117	9,869,041

Except cost of goods sold and inventories recognized as expense, the remaining gains or losses which were recognized as operating cost of deduction of operating cost were as follow:

	For the six months ended June 30	
	2018	2017
Losses on valuation of inventories	$ -	4,724
Royalty	40,891	20,965
Other	(2,395)	1
	$ 38,496	25,690

As of June 30, 2018, December 31 and June 30, 2017, the inventories were not pledged.

(f) Property, plant and equipment

	Research and development equipment	Machinery and equipment	Office equipment	Lease improvements	Other equipment	Total
Carrying value：						
Balance at January 1, 2018	$ 28,962	1,609	11,438	6,069	3,490	51,568
Balance at June 30, 2018	$ 24,536	12,399	16,611	14,808	8,808	77,162
Balance at January 1, 2017	$ 33,089	167	10,602	10,026	2,113	55,997
Balance at June 30, 2017	$ 34,251	818	9,192	7,147	3,035	54,443

There were no significant additions, disposal, impairment loss or reversal gain for property, plant and equipment for the six months ended June 30, 2018 and 2017, please refer to the note 12 for the amounts of depreciation. For other related information, please refer to note 6(e) of the consolidated financial statements for the year ended December 31, 2017.

(g) Intangible assets

	Software
Carrying value：	
Balance at January 1, 2018	$ 5,224
Balance at June 30, 2018	$ 9,844
Balance at January 1, 2017	$ 7,086
Balance at June 30, 2017	$ 5,533

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

There were no significant additions, disposal, impairment loss or reversal gain for intangible assets for the six months ended June 30, 2018 and 2017. Please refer to note 12 for the amounts of amortization. For other related information, please refer to the note 6(f) of the consolidated financial statements for the year ended December 31, 2017

(h) Other current assets and other non-current assets

	June 30, 2018	December 31, 2017	June 30, 2017
Other current assets:			
Tax refundable	$ 115,705	339,638	72,103
Other prepayments	54,231	24,885	13,158
Others	19,830	29,814	48,920
	$ 189,766	394,337	134,181
Other non-current assets:			
Refundable deposits	3,351	3,004	3,710
Restricted deposits	155,500	152,240	-
Prepayments for equipment	4,652	11,030	3,172
	$ 163,503	166,274	6,882

(i) Short-term borrowings

The details of the Group for short-term borrowings were as follows:

	June 30, 2018			
	Currency	Interest rate collars	Expiration	Amount
Secured bank borrowings	RMB	4.35%	2018/9/20	$ 138,543
Unused credit line				$ 7,857,500

	December 31, 2017			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	USD	1.83%~2.65%	2018/1/3~2018/1/23	$ 4,904,771
Secured bank borrowing	RMB	4.35%	2018/9/20	137,199
Total				$ 5,041,970
Unused credit line				$ 5,330,240

	June 30, 2017			
	Currency	Interest rate collars	Expiration	Amount
Unsecured bank borrowings	USD	1.71%~2.42%	2017/7/3~2017/9/26	$ 7,152,460
Unused credit line				$ 2,134,796

For the collateral for short-term borrowing, please refer to note 8.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Long-term borrowing

The details of the Group's for long-term borrowing were as follows:

	June 30, 2018			
	Currency	Interest rate collars	Expiration	Amount
Unsecured syndicated bank borrowing	USD	3.3286%	2021/5/27	$ 1,818,007
Less: current portion				-
Total				$ 1,818,007
Unused credit line				$ 3,660,000

As of April 20, 2018, the Group entered into a three-year syndicated loan agreement with Yuanta Commercial Bank and other thirteen banks. The total credit line under this borrowing agreement is USD $180,000 thousand and is due in three years when the first draw on the borrowing. The first draw on the borrowing must be within six months after the date of the contract signed. Every draw on the borrowing, the period must be more than two months and within six months. The borrowing can be revolving under credit line.

The related financial covenants and restrictions for the syndicated loans mentioned above were as follows:

(i) Current ratio (current assets/current liabilities): shall not be lower than 100%.

(ii) Net financial liability ratio [(financial liabilities-cash and cash equivalents)/tangible net assets value]: shall not be higher than 120%. The financial liabilities include long-term and short-term borrowings (include current portion of long-term borrowings), short-term notes and bills payable and bonds payable (include convertible bond).

(iii) Interest coverage ratio [(income before tax + depreciation + amortization+ interest expense)/interest expense]: shall not be lower than 3 time.

(iv) Tangible net assets value (equity minus intangible assets): shall not be lower than 5,000,000 thousand during 2018 and shall not be lower than 6,000,000 thousand during 2019.

According to the Group's syndicated loan agreement with the bank, during the credit term, the Group is committed to maintain the financial ratios. If a breach of covenant occurs, the Group may have to pay the penalty to the bank.

The aforementioned ratio and criteria shall be reviewed semi-annually from 2019 based on the year-end consolidated financial statements audited by certified public accountant, and the semi-annual consolidated financial statements reviewed by certified public accountant. The first review will be based on the consolidated financial statements for the year ended December 31, 2018.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Provisions – current

	January 1 to June 30, 2017
Balance at January 1	$ 46,481
Provision made	297,354
Provision used	(222,681)
Balance at December 31	$ 121,154

The provision of warranty mainly relates to the selling of products. The provision for warranties represents the estimate basing on historical warranty trends of business, the return of damage products and the warranty term.

(l) Operating leases

There were no significant change in operating lease for the six months ended June 30, 2018 and 2017. Please refer to note 6(j) of the consolidated financial statements for the year ended December 31 for other related information.

(m) Employee benefits

(i) Defined benefit plans

At the end of the prior fiscal year, there was no material volatility of the market, as well as reimbursement and settlement, or other material one-time events. As a result, pension costs in the interim consolidated financial statements were measured and disclosed on a year-to-date basis by using the actuarially determined pension cost rate of December 31, 2017.

The expenses recognized in expense for the Group were as follows:

	For the six months ended June 30	
	2018	2017
Operating expense	$ 36	-

(ii) Defined contribution plans

The pension costs incurred from the contributions amounted to $11,611 thousand and $9,446 thousand for the six months ended June 30, 2018 and 2017, respectively.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(n) Income Taxes

(i) Income tax expense

The components of income tax expense for the six months ended June 30, 2018 and 2017, were as follows:

	For the six months ended June 30	
	2018	**2017**
Current tax expense		
Current period	$ 782,126	137,104

(ii) There were no income tax expense recognized in other comprehensive income for the six months ended June 30, 2018 and 2017.

(iii) The Company's income tax returns for the years through 2015 were examined and approved by the tax authorities.

(o) Capital and other equity

Except for the following disclosures, there was no significant difference in capital and other equity for the six months ended June 30, 2018 and 2017. For the related information, please refer to the note 6(m) of the consolidated financial statements for the year ended December 31, 2017.

(i) Issue of common shares

On December 21, 2017, the Company's board of directors approved a resolution to distribute the cash subscription amounted to $200,000 thousand, which consisted of 20,000 thousand shares, with a par value of $120 in New Taiwan dollars. The base date for capital subscription was set on March 19, 2018, and all related registration procedures had been completed.

On June 22, 2018, the Company's shareholders meeting approved a resolution to distribute the retained earnings with the amounts of $255,193 thousand, which consisted of 25,519 thousand shares. The base date for capital increase was set on August 1, 2018, and the related registration procedures were not yet completed.

On May 31, 2017, the Company's shareholders meeting approved a resolution to distribute the retained earnings with the amounts of $133,251 thousand, which consisted of 13,325 thousand shares. The base date for capital increase was set on July 8, 2017, and the related registration procedures had been completed.

The Company issued 363 thousand and 158 thousand new shares of common shares with the amounts of $5,396 thousand and $1,675 thousand for the execution of employee stock options for the six months ended June 30, 2018 and 2017. The related registration procedures had been completed.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2018	December 31, 2017	June 30, 2017
A premium issuance of common shares for cash	$ 2,666,622	466,622	467,853
Employee stock options	156,497	63,114	5,338
others	16,185	16,185	16,185
	$ 2,839,304	545,921	489,376

(iii) Retained earnings

The Company's article of incorporation stipulate that if the Company has a profit as a result of the yearly accounting closing, ten percent of the profit net of tax and the amount for making up of any accumulated loss shall be set aside as legal reserve, and thereafter an amount, including the reserved special reserve, shall be set aside, along with any undistributed profits accumulated from previous years to be identified as profits to be distributed. The amount of dividends to shareholders shall not less than ten percent of profit from the currency year.

1) Legal reserve

According to the R.O.C. Company Act, the Company must retain 10 % of its after-tax annual earnings as legal reserve until such retention equals the amount of total capital. When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

In accordance with Permit No. 1010012865 as issued by the Financial Supervisory Commission on April 6, 2012, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Dividends

As the Company is a technology and capital-intensive enterprise and is in its growth phase, it has adopted a more prudent approach in the appropriation of its remaining earnings as its dividend policy, in order to sustain its long-term capital needs and thereby maintain continuous development and steady growth. Under this approach, the distribution of cash dividend is not lower than 10% of total distribution of dividends.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Earnings distribution

The appropriation of 2017 and 2016 earnings that were approved by the shareholders' meeting on June 22, 2018 and May 31, 2017, respectively, were as follows:

		2017	2016
Dividends distributed to ordinary shareholders			
Cash	$	510,386	88,834
Shares		255,193	133,251
	$	765,579	222,085

(iv) Other equity (net of tax)

		Exchange differences on translation of foreign financial statements
Balance at January 1, 2018		(8,137)
Exchange differences on translation of foreign finical statements	$	141,572
Balance at June 30, 2018	$	133,435

		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total
Balance at January 1, 2017	$	(1,264)	127	(1,137)
Exchange differences on translation of foreign finical statements		(2,515)	-	(2,515)
Unrealized gains (losses) on available-for-sale financial assets		-	(127)	(127)
Balance at June 30, 2017	$	(3,779)	-	(3,779)

(p) Share-based payment transactions

There were no significant differences in share-based payment transactions for the six months ended June 30, 2018 and 2017. For the related information, please refer to note 6(n) of the consolidated financial statements for the year ended December 31, 2017.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Earnings per share

The calculation of basic and diluted earnings per share is as follows:

	For the six months ended June 30	
	2018	**2017**
Basic earnings per share:		
Profit attributable to common shareholders of the Company	$ 2,785,474	459,680
Weighted-average common stock outstanding (in thousands)	146,079	126,834
	$ 19.07	3.62
Diluted earnings per share:		
Profit attributable to common shareholders of the Company	$ 2,785,474	459,680
Weighted-average common stock outstanding (in thousands)	146,079	126,834
Effect of potentially dilutive common stock (in thousands):		
Employee compensation	6,757	5,011
Employee stock options	1,436	352
Weighted average common stock outstanding plus the effect of potentially dilutive common stock (in thousands)	154,272	132,197
	$ 18.06	3.48

(r) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the six months ended June 30, 2018
Primary geographical markets	
Taiwan	17,533
America	58,551,544
Asia	6,266,972
Europe	18,117,416
Other	2,966,233
	85,919,698
Major products	
Hyperscale data center	$ 85,919,698

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balance

	June 30, 2018	January 1, 2018
Accounts receivable	$ 12,226,460	8,621,032
Accounts receivable - related parties	314,936	188,349
Less: loss allowance	-	-
	$ 12,541,396	8,809,381

	June 30, 2018	January 1, 2018
Contract liabilities-current - provisions for warranty	$ 358,881	188,226

For details on accounts receivable and loss allowance, please refer to note 6(c).

The major change in the balance of contract liabilities is the difference between the time frame of the performance obligation to be satisfied and the payment to be received. There was no significant changes during the period.

(s) Revenue

For the six months ended June 30, 2017, the detail of revenue were as flollows:

	For the six months ended June 30, 2017
Hyperscale data center	$ 31,596,830

(t) Non-operating income and expenses

(i) Other income

The details of the other income were as follows:

	For the six months ended June 30,	
	2018	2017
Interest income	$ 18,638	1,245
Rental income	38	27
	$ 18,676	1,272

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Other gains and losses

	For the six months ended June 30	
	2018	2017
Foreign exchange gains (losses), net	$ 227,439	41,609
Gains on disposal of investments	-	825
Losses on financial assets or liabilities at fair value through profit or loss, net	(26,164)	(69,594)
Others	7,359	6,649
	$ 208,634	(20,511)

(iii) Finance costs

	For the six months ended June 30	
	2018	2017
Interest expenses		
Bank loans	$ (113,343)	(63,273)

(u) Employee's and directors' compensation

According to the Company' s Article of Incorporation, if the Company has profit (which means income before tax excluding the amounts of employees' and directors' compensation) shall be contributed by the following rules. However, if the amount Company have accumulated deficit, it shall reserve the amount for offsetting deficit.

(i) No less than 5% of profit as employees' compensation. The Company may distributed in the form of shares or in cash, and the qualification requirements of employees, including the employees of subsidiaries of the Company meeting certain specific requirement shall be determined by the board of directors.

(ii) No more than 1% of profit as the compensation in cash to the directors

The Company accrued and recognized employees' amount to $350,317 thousand and $77,643 thousand and directors' compensation amounted to $3,400 thousand and $784 thousand, respectively, basing on the income before tax which excluding the amounts of employees' and directors' compensation and the ratio stipulated in the Company' s Article of Incorporation. The above are both accounted for under operating expense for the six months ended June 30, 2018 and 2017.

The Company accrued and recognized its employees' compensation of $146,530 thousand and $80,500 thousand, and directors' compensation of $6,800 thousand and $4,738 thousand for the years ended December 31, 2017 and 2016. There were no any difference between the actual distributed amount and those recognized in the financial statements. The related information can be available on the Market Observation Post System Website.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(s) of the consolidated financial statements for the year ended December 31, 2017.

(i) Credit risk

1) Concentration of credit risk

As of June 30, 2018, December 31 and June 30, 2017, 95.46%, 79.42% and 92.20% of the Group's accounts receivable were concentrated on 2 specific customers, respectively. Accordingly, concentrations of credit risk exist.

2) Receivable and debt securities

For credit risk exposure of accounts receivables, please refer to note 6(c).

Other financial assets at amortized cost includes other receivables. For the detail of loss allowance provision on June 30, 2018, December 31 and June 30, 2017, please refer to note 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. (Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(c).)

(ii) Liquidity risk

The followings table shows the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

	Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
As of June 30, 2018						
Non-derivative financial liabilities						
Variable-interest-rate instruments:						
Short-term borrowings	$ 138,543	140,074	140,074	-	-	-
Long-term borrowings	1,818,007	1,991,794	59,584	59,584	1,872,626	-
Non-interest-bearing liabilities:						
Accounts payable (including related parties)	13,238,449	13,238,449	13,238,449	-	-	-
Other payables (including related parties)	1,547,175	1,547,175	1,547,175	-	-	-
Total	$ 16,742,174	16,917,492	14,985,282	59,584	1,872,626	-

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Carrying amount	Contractual cash flow	Within 1 year	1-2 years	2-5 years	More than 5 years
December 31, 2017						
Non-derivative financial liabilities						
Variable-interest-rate instruments:						
Short-term borrowings	$ 5,041,970	5,050,103	5,050,103	-	-	-
Non-interest-bearing liabilities:						
Accounts payable (including related parties)	15,452,980	15,452,980	15,452,980	-	-	-
Other payables (including related parties)	762,007	762,007	762,007	-	-	-
Subtotal	21,256,957	21,265,090	21,265,090	-	-	-
Derivative financial liabilities						
Foreign currency swap contacts:						
Outflow	544	102,027	102,027	-	-	-
Inflow	-	(101,483)	(101,483)	-	-	-
Carrying amount	544	544	544	-	-	-
Foreign currency forward contacts:						
Outflow	3,502	3,502	3,502	-	-	-
Subtotal	4,046	4,046	4,046	-	-	-
Total	$ 21,261,003	21,269,136	21,269,136	-	-	-
As of June 30, 2017						
Non-derivative financial liabilities						
Variable-interest-rate instruments:						
Short-term borrowings	$ 7,152,460	7,155,302	7,155,302	-	-	-
Non-interest-bearing liabilities:						
Accounts payable (including related parties)	11,735,292	11,735,292	11,735,292	-	-	-
Other payables (including related parties)	628,696	628,696	628,696	-	-	-
Subtotal	19,516,448	19,519,290	19,519,290	-	-	-
Derivative financial liabilities						
Foreign currency swap contacts:						
Outflow	1,460	547,848	547,848	-	-	-
Inflow	-	(546,388)	(546,388)	-	-	-
Carrying amount	1,460	1,460	1,460	-	-	-
Foreign currency forward contracts:						
Outflow	1,568	1,568	1,568	-	-	-
Carrying amount	1,568	1,568	1,568	-	-	-
Subtotal	3,028	3,028	3,028	-	-	-
Total	$ 19,519,476	19,522,318	19,522,318	-	-	-

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Market risk

1) Currency risk

The Group's significant exposure to foreign currency risk was as follows:

	June 30, 2018			December 31, 2017			June 30, 2017		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	464,642	30.5	14,171,566	529,694	29.848	15,810,310	405,300	30.436	12,335,715
Financial liabilities									
Monetary items									
USD	337,375	30.5	10,289,934	476,693	29.848	14,228,344	333,192	30.436	10,141,018

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable (including related parties) and other receivables (including related parties), loans and borrowings, accounts payable and other payables (including related parties) that are denominated in foreign currency. A strengthening (weakening) 5 % of appreciation (depreciation) of the NTD against the USD for the six months ended June 30, 2018 and 2017, would increase (decrease) the net income by $155,265 thousand and $91,080 thousand, respectively. The analysis is performed on the same basis for 2018 and 2017.

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the six months ended June 30, 2018 and 2017, foreign exchange gains (including realized and unrealized portions) amounted to 227,439 thousand and 41,609 thousand, respectively.

2) Interest rate analysis

Please refer to the notes on liquidity risk management and interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding liabilities with variable rates, the analysis is based on the assumption that the liabilities were outstanding for lifetime on the reporting date.

If the interest rate increased / decreased by 1%, the Group's net income would have decreased / increased by $15,679 thousand and $45,532 thousand, respectively, for the six months ended June 30, 2018 and 2017, with all other variable factors that remain constant. This is mainly due to the Group's borrowings at floating variable rate.

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Fair value information

1) Categories and fair values of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It shall not include fair value information of the financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value and investments in equity instruments which do not have any quoted price in an active market in which the fair value cannot be reasonably measured.

	June 30, 2018				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets measured at amortized cost					
Cash and cash equivalents	$ 1,327,300	-	-	-	-
Accounts receivable(including related parties)	12,541,396	-	-	-	-
Other receivable (including related parties)	80,732	-	-	-	-
Other non-current assets	158,851	-	-	-	-
Subtotal	$ 14,108,279	-	-	-	-
Financial liabilities measured at amortized cost					
Short-term borrowings	$ 138,543	-	-	-	-
Long-term borrowings	1,818,007	-	-	-	-
Accounts payable (including related parties)	13,238,449	-	-	-	-
Other payables (including related parties)	1,547,175	-	-	-	-
Subtotal	$ 16,742,174	-	-	-	-

	December 31, 2017				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Loans and receivables					
Cash and cash equivalents	$ 6,399,143	-	-	-	-
Accounts receivable (including related parties)	8,809,381	-	-	-	-
Other receivable(including related parties)	843,542	-	-	-	-
Other non-current assets	155,244	-	-	-	-
Subtotal	$ 16,207,310	-	-	-	-

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2017				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 4,046	-	4,046	-	4,046
Financial liabilities measured at amortized cost					
Short-term borrowings	5,041,970	-	-	-	-
Accounts payable (including related parties)	15,452,980	-	-	-	-
Other payables (including related parties)	762,007	-	-	-	-
Subtotal	$ 21,256,957	-	-	-	-

	June 30, 2017				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Derivative financial assets	$ 1,970	-	1,970	-	1,970
Loans and receivables					
Cash and cash equivalents	4,040,209	-	-	-	-
Accounts receivable (including related parties)	8,136,941	-	-	-	-
Other receivable (including related parties)	164,426	-	-	-	-
Other non-current assets	3,710	-	-	-	-
Subtotal	$ 12,345,286	-	-	-	-
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 3,028	-	3,028	-	3,028
Financial liabilities measured at amortized cost					
Short-term borrowings	7,152,460	-	-	-	-
Accounts payable (including related parties)	11,735,292	-	-	-	-
Other payables (including related parties)	628,696	-	-	-	-
Subtotal	$ 19,516,448	-	-	-	-

(Continued)

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments measured at fair value

a) Derivative financial instruments

Measurement of the fair value of derivative instruments is based on the valuation techniques generally accepted by market participants such as the discounted cash flow or option pricing models. Fair value of foreign currency forward and swap contracts are usually determined by the forward currency exchange rate.

3) Transfers between Level 1 and Level 2.

The Group didn't have any transfer between levels for the six months ended June 30, 2018 and 2017.

4) Changes between Level 3: none.

(w) Financial risk management

There were no significant changes in the Group' s financial risk management and policies as disclosed in note 6(t) of the consolidated financial statements for the year ended December 31, 2017.

(x) Capital management

The Group' s objectives, policies and processes of capital management were the same as those described in the consolidated financial statements for the year ended December 31, 2017. For the related information, please refer to note 6(u) of the consolidated financial statements for the year ended December 31, 2017.

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

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes	
	January 1, 2018	Cash flows	Foreign exchange movement	June 30, 2018
Long-term borrowings	$ -	1,747,837	70,170	1,818,007
Short-term borrowings	5,041,970	(4,856,115)	(47,312)	138,543
Total liabilities from financing activities	$ 5,041,970	(3,108,278)	22,858	1,956,550

(7) Related-parties transactions:

(a) Parent company and ultimate controlling party

Wistron Corporation is both the parent company and the ultimate controlling party of the Group. As of June 30, 2018, it owns 51.21%, of all shares outstanding of the Company.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Names and relationship with related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated financial statements.

Name of related party	Retationship with the Group
Wistron Corporation (WHQ)	Parent Company
Wistron InfoComm (Czech). s.r.o. (WCZ)	Other related parties
Wistron Optronics (Kunshan) Co., Ltd. (WOK)	Other related parties
Wistron NeWeb corporation (WNC)	Other related parties
Wistron Mexico S.A. de C.V. (WMX)	Other related parties
Cowin Worldwide Corporation (COWIN)	Other related parties
ICT Sservice Management Solutions (India) Private Limited (WIN)	Other related parties
Wibase Industrial Solutions (WIS)	Other related parties
International Standards Labs. (ISL)	Other related parties
Wistron InfoComm (Zhongshan) Corporation (WZS)	Other related parties
SMS InfoComm Technology Services and Management Solutions Ltd. (WBR)	Other related parties
Wistron InfoComm (Kushan) Co., Ltd. (WAKS)	Other related parties
SMS Infocomm Corporation (WTX)	Other related parties
Wistron InfoCommon Technology (Texas) corporation (WITT)	Other related parties
Wistron InfoCommon Technology (America) corporation (WITX)	Other related parties
WiAdvance Technology Corporation (AGI)	Other related parties
Wistron K.K (WJP)	Other related parties

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales and outstanding balances between the Group and related parties were as follows:

	Sales		Receivables from related parties		
	For the six months ended June 30		June 30,	December	June 30,
	2018	2017	2018	31, 2017	2017
WHQ	$ 4,476	5,377	108	546	5,670
Other related parties：					
WIN	726,714	-	45	49,173	-
WBR	302,787	-	311,705	131,303	-
COWIN	3,298	168,155	2,897	4,990	53,565
Other related parties	1,694	21,243	181	2,337	6,587
	$ 1,038,969	194,775	314,936	188,349	65,822

The selling price and payment terms of sales to related parties depend on the economic environment and market competition, and are not significantly different from those with third-party customers.

(ii) Purchases

The amounts of significant purchase and outstanding balances between the Group and related parties were as follows:

	Purchases		Payables to related parties		
	For the six months ended June 30		June 30,	December	June 30,
	2018	2017	2018	31, 2017	2017
WHQ	$ 23,143,190	9,623,353	6,753,812	11,024,864	4,780,774
Other related parties：					
WCZ	18,571,504	4,084,786	511,060	2,818,902	3,733,166
Other related parties	9,291	409	10,156	-	41
	$ 41,723,985	13,708,548	7,275,028	13,843,766	8,513,981

Trading terms of purchase transactions with related parties are not significantly different from those with third-party vendors.

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Processing Fee

The amounts of processing and outstanding balance between the Group and related parties were as follows:

	Processing Fee		Payables to related parties		
	For the six months ended June 30		June 30	December	June 30,
	2018	2017	2018	2017	2017
WMX	$ 326,963	168,418	62,994	57,850	59

Trading terms of processing fee transactions with related parties are not significantly different from those with third-party venders.

(iv) Operating Expense

	For the six months ended June 30	
	2018	2017
WHQ	$ 534,721	302,221
Other related parties	28,102	2,406
	$ 562,823	304,627

(v) Other receivables

The Group purchased raw materials on behalf of related parties, post-employment benefit and etc. The outstanding balance were as follows:

	Other receivables from related parties		
	June 30, 2018	December 31, 2017	June 30, 2017
WHQ	$ 53,623	53,623	52,924
Other related parties:			
WCZ	8,451	40,876	-
COWIN	10,586	464,485	30,233
Others related parties	-	143	739
	$ 72,660	559,127	83,896

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(vi) Other payable

The Group purchased R&D materials and related parties paid traveling expenses on behalf of the Group, testing services and etc. The outstanding balance were as follows:

	Other payables to related parties		
	June 30, 2018	December 31, 2017	June 30, 2017
WHQ	$ 272,759	148,771	118,060
Other related parties:			
WMX	-	-	124,184
Others	13,124	6,849	1,024
	$ 285,883	155,620	243,268

(vii) Endorsements and guarantees

As of June 30, 2018, December 31 and June 30, 2017, the parent company provided endorsements and guarantees to the Group for fulfillment the obligation on an agreement and bank loans amounting to $3,355,000 thousand, $8,790,236 thousand and $9,302,462 thousand, respectively.

(d) Transactions with key management personnel

Key management personnel compensation were comprised as follows:

	For the six months ended June 30	
	2018	2017
Short-term employee benefits	$ 62,860	18,549
Post-employment enefits	467	294
	$ 63,327	18,843

(8) Pledged assets:

The carrying amounts of pledged assets were as follow:

Pledged assets	Object	June 30, 2018	December 31, 2017	June 30, 2017
Other non-current assets	Custom guarantee	$ 3,000	3,000	1,000
Other non-current assets	Bank loans	152,500	149,240	-
		$ 155,500	152,240	1,000

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(9) Significant commitments and contingencies:

Alacritech Inc. had filed an action against the Company patent infringement in East Texas Court in the US on June 2016. The Company has appointed a lawyer to handle the case, and the case is still pending in the court.

(10) Losses due to major disasters: None.

(11) Subsequent events:None.

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization by function, is as follows:

By function / By item	For the six months ended June 30					
	2018			2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	-	597,659	597,659	-	287,171	287,171
Labor and health insurance	-	24,512	24,512	-	19,904	19,904
Pension	-	11,647	11,647	-	9,446	9,446
Remuneration of directors	-	3,640	3,640	-	784	784
Others	114	8,826	8,940	-	9,560	9,560
Depreciation	2,432	13,374	15,806	698	15,646	16,344
Amortization	-	2,419	2,419	34	2,246	2,280

(b) Seasonality of operations

The Group's operations were not affected by seasonality or cyclicality factors.

WIWYNN CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2018:

(i) Loans to other parties: None

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement: Name	Counter-party of guarantee and endorsement: Relationship with the Company (Note 3)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 2)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date (Note 4)	Actual usage amount during the period (Note 4)	Property pledged for guarantees and endorsements	Ratio of accumulated amounts of endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to subsidiary in mainland China
0	The Company	WYKS	3	2,379,035	152,500	152,500	152,500	-	1.92 %	3,965,059	Y	N	Y

(Note 1) The total amount for guarantees and endorsements provided by the Company to other entities shall not exceed 50% of the Company's latest net worth, which was audited or reviewed by Certified Public Accountant.
(Note 2) The total amount for guarantees and endorsements provided by the Company to any individual entity shall not exceed 30% of the Company's latest net worth, which was audited or reviewed by Certified Public Accountant.
(Note 3) Relationship with the Company:
1. Ordinary business relationship.
2. Subsidiary which owned more than 50% by the quarantors.
3. An investee owned more than 50% in total by both the guarantor and its subsidiary.
4. An investee owned more than 50% by the guarantor or its subsidiary.
5. Fulfillment of contractual obligations by providing mutual endorsements and guarantees for peer or joint builders in order to undertake a construction project.
(Note 4)The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(iii) Securities held as of June 30, 2018 (excluding investment in subsidiaries, associates and joint ventures): None.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance		Note
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount	
The Company	WYUDE/ Stock	Investment accounted for using equity method	Cash subscription	The Company's subsidiary	9,010	319,416	160,000	4,749,328	-	-	-	-	169,010	5,239,425	(Note)

(Note)The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	WYUDE	The Company's subsidiary	Sale	7,800,510	22.47%	OA120	-	-	1,818,234	16.20%	(Note)
〃	WYJP	The Company's subsidiary	Sale	1,403,791	4.04%	OA90	-	-	673,421	6.00%	(Note)
〃	WYKR	The Company's subsidiary	Sale	993,824	2.86%	OA90	-	-	438,599	3.91%	(Note)
〃	WYHK	The Company's subsidiary	Sale	869,125	2.50%	OA90	-	-	281,801	2.51%	(Note)
〃	WYKS	The Company's subsidiary	Sale	349,213	1.01%	OA90	-	-	335,167	2.99%	(Note)
〃	WIN	Other related company	Sale	724,029	2.09%	OA90	-	-	-	-%	-
〃	WCZ	Other related company	Purchase	18,300,527	64.50%	OA60	-	-	(295,275)	8.43%	-
〃	WHQ	The Company's parent company	Purchase	10,002,502	35.25%	OA90	-	-	(3,011,039)	85.94%	-
WYUDE	WBR	WYUDE's other related company	Sale	302,787	0.51%	OA90	-	-	311,705	8.22%	-

(Continued)

WIWYNN CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
"	WHQ	The Company's parent company	Purchase	13,140,688	20.81%	OA90	-	-	(3,742,773)	18.58%	(Note 1)
"	WCZ	WYUDE's other related company	Purchase	270,977	0.43%	OA90	-	-	(215,785)	2.04%	-
"	The Company	WYUDE's parent company	Purchase	7,800,510	11.24%	OA120	-	-	(1,818,234)	24.71%	(Note)
"	WMX	WYUDE's other related company	Processing fee	326,963	0.51%	OA90	-	-	(62,994)	0.60%	-
WYJP	The Company	WYJP's parent company	Purchase	1,403,791	100.00%	OA90	-	-	(673,421)	100.00%	(Note)
WYKR	The Company	WYKR's parent company	Purchase	993,824	100.00%	OA90	-	-	(438,599)	100.00%	(Note)
WYHK	The Company	WYHK's parent company	Purchase	869,125	100.00%	OA90	-	-	(281,801)	100.00%	(Note)
WYKS	The Company	WYKS's parent company	Purchase	349,213	97.39%	OA90	-	-	(335,167)	100.00%	(Note)

(Note) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.
(Note 1) The Company purchased from WHQ on the behalf of WYUDE.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Allowance for bad debts
					Amount	Action taken		
The Company	WYUDE	The Company's subsidiary	1,818,234	526.22%	-	-	-	(Note)
"	WYJP	The Company's subsidiary	673,421	646.29%	-	-	-	(Note)
"	WYKR	The Company's subsidiary	438,599	466.36%	-	-	-	(Note)
"	WYHK	The Company's subsidiary	281,801	391.71%	-	-	-	(Note)
"	WYKS	The Company's subsidiary	335,167	145.35%	224	collecting	224	(Note)
WYUDE	WBR	WYUDE's other related company	311,705	280.35%	-	-	-	-
Other Receivables								
The Company	WYUDE	The Company's subsidiary	2,763,147	-%	-	-	-	(Note)

(Note) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to note 6(b)

(x) Significant intercompany transactions and business relationships between parent company and its subsidiaries:

No.	Name of company	Name of counter-party	Nature of relationship (Note 1)	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets (Note 3)
0	The Company	WYUDE	1	Sales	7,800,510	OA120	9.08%
0	"	WYJP	1	Sales	1,403,791	OA90	1.63%
0	"	WYKR	1	Sales	993,824	OA90	1.16%
0	"	WYHK	1	Sales	869,125	OA90	1.01%
0	"	WYKS	1	Sales	349,213	OA90	0.41%
0	"	WYUDE	1	Accounts Receivable	1,818,234	OA120	6.82%
0	"	WYJP	1	Accounts Receivable	673,421	OA90	2.53%
0	"	WYKR	1	Accounts Receivable	438,599	OA90	1.64%
0	"	WYHK	1	Accounts Receivable	281,801	OA90	1.06%
0	"	WYKS	1	Accounts Receivable	335,167	OA90	1.26%

Note1: relationship:
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note2: The section only discloses the information of sales and accounts receivable of inter-company transactions, as well as is not disclosed the purchase and accounts payable of counter-party due to duplicate.

Note3: Calculated by using the transaction amount, divided by the consolidated net revenues and total assets.

WIWYNN CORPORATION AND ITS SUBSIDIARIES
Notes to Consolidated Financial Statements

(b) Information on investments:

The following are the information on investees for the six months ended June 30, 2018 (excluding information on investees in mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2018			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2018	December 31, 2017	Shares	Percentage of ownership	Carrying value			
The Company	WYJP	Japan	Sales of electronic products	6,620	6,620	-	100.00 %	65,642	33,981	33,981	(Note)
"	WYUDE	U.S.A	Sales of electronic products	5,021,581	272,253	169,010	100.00 %	5,239,425	32,004	32,004	(Note)
"	WYHK	Hong Kong	Investing and holding	12,181	12,181	400	100.00 %	69,607	29,012	29,012	(Note)
"	WYKR	South Korea	Sales of electronic products	2,903	2,903	20	100.00 %	46,723	30,303	30,303	(Note)
"	WYMY	Malaysia	Sales of electronic products	15,109	15,109	2,050	100.00 %	15,395	(77)	(77)	(Note)

(Note) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(c) Information on investment in mainland China:

(i) The names of investees in mainland China, the main businesses and products, and other information:

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2018	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period	Note
					Outflow	Inflow							
WYKS	Sales of electronic products	10,659	2	(Note 1)	-	-	-	6,459	100.00%	6,459	29,268	-	(Note 5)

(ii) Limitation on investment in mainland China:

Accumulated Investment in Mainland China as of June 30, 2018 (Note 1)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 4)
-	-	4,758,071

(Note1) Wiwynn Technology Service Hong Kong Limited used its own capital to invest in WYKS.
(Note2) Ways to invest in Mainland China:
1.Direct investment in mainland China.
2.Reinvestment in mainland China through third place.
3.Others
(Note3) The three categories of investment income (losses) recognized were as follows:
1. The financial statements of the investee company were reviewed by the global accounting firm in cooperation with R.O.C. accounting firm.
2. The financial statements of the investee company were reviewed by the same auditor of the Taiwan parent company.
3. Others
(Note4) Amount of upper limit on investment was the higher between sixty percent of total equity or total consolidated equity.
(Note5) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(iii) Significant transactions:

For the six months ended June 30, 2018, the significant inter-company transactions with the subsidiary in mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

WIWYNN CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

The accounting policies of the operating segments are the same as those described in note 4 of consolidated financial statements for the year ended December 31, 2017. The Group evaluates the performance of operating segment on the basis of operating income but not including any extraordinary activity and foreign exchange gains or losses. The information relating to profit or loss data of the reporting segment (including specific revenues and expenses), assets and liabilities of the segment are the same as those described in the consolidated financial statements. Please refer to the consolidated balance sheets and the consolidated statements of comprehensive income.