Stock Code:3563

MACHVISION INC. CO., LTD.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For January 1 to March 31, 2019 and 2018

Address: No. 2-3, Gongye East 2nd Road, Hsinchu Science Park,
Hsinchu 30075, Taiwan, R.O.C

Telephone: (03)563-8599

The independent auditors' 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' report and consolidated financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of Machvision Inc. Co., Ltd.:

Preface

The consolidated balance sheet of Machvision Inc. Co., Ltd. and its subsidiary (the Group) for March 31, 2019 and 2018, and the consolidated income and loss statement, consolidated equity change statement and consolidated cash flow statement between January 1 to March 31, 2019 and 2018, and the consolidated financial report notes (including a summary of significant accounting policies) have been approved by the accountant. In accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the "Financial Supervisory Commission" to endorse and issue the entry into force of the IAS34 (Interim Financial Reporting) of the International Financial Reporting Standards (IFRSs), the preparation of permissible expression of the consolidated financial reporting is the responsibility of department management, the accountant's responsibility is based on the results of the audit to make a conclusion on the consolidated financial report.

Range

The accountant performs the review work in line with the "Review of Financial Statement" of the "Statements on Auditing Standards (SASs) No.65, except the persons mentioned in the basis of the reservation conclusion. The procedures to be implemented in the review of consolidated financial reports include enquiries (mainly to persons responsible for financial and accounting matters), analytical procedures and other review procedures. The scope of the review is significantly less than the scope of the verification exercise; therefore the accountant may not be able to detect all the significant matters that can be identified by checking the work, so it is not possible to express the verification opinion.

Basis of the Reservation Conclusion

As mentioned in note IV (II) of the consolidated financial report, the inclusion of non-essential subsidiaries of the consolidated financial reports is based on the financial reports that the invested companies have asked in the same period without the approval of the accountants for the capital of March 31, 2018 and 2019; the total amount of capital was NT$414,342,000 and 231,600,000 respectively, accounting for 11% and 10% of the total consolidated assets respectively; The total liabilities were NT$78,247,000 and NT$ 30,787,000 respectively, accounting for 3% and 4% of the total consolidated liabilities respectively; the consolidated profits and losses between January 1 to March 31, 2019 and 2018 were NT$(7,300,000) and NT$53,000,000 respectively, accounting for (3)% and 0% of the consolidated profit and loss respectively.

Retention of Conclusions

Based on the results of the accountant's review, the financial reports of the invested companies, as described in the basis of the retention of the conclusions, may be subject to adjustments to the consolidated financial reports, if approved by the accountant, and do not find that the consolidated financial reports are not in all significant respects in line with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the "Financial Supervisory Commission" for IAS34 (Interim Financial Reporting) of the International Financial Reporting Standards which are approved by the Financial Supervisory Commission and issued in force, therefore it is not possible to express properly the consolidated financial condition of Machvision Inc. Co. , Ltd and its subsidiaries (the Group) in March 31, 2019 and 2018, and the consolidated financial performance and consolidated cash flows between January 1 to March 31, 2019 and 2018.

KPMG

CPAs: Po-Shu Huang and Ann Tien Yu

Securities Competent Authority: Tai-Chai-Jeng-Liu-Zi No. 0920122026

Approved Verification No.: (88) Tai-Chai-Jeng-(Liu)-Zi No. 18311

Date: April 17, 2019

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

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2019		December 31, 2018		March 31, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 1,816,989	47	1,764,842	51	891,634	39
1151	Notes receivable (note 6(b))	10,828	-	18,379	1	3,342	-
1170	Accounts receivable, net (note 6(b))	1,243,298	33	1,076,197	31	902,016	39
130x	Inventories (note 6(c))	279,644	7	234,001	7	243,566	11
1410	Prepayments	8,590	-	8,785	-	7,039	-
1479	Other current assets	17,267	1	7,178	-	9,926	-
	Total current assets	3,376,616	88	3,109,382	90	2,057,523	89
	Non-current assets:						
1510	Financial assets at fair value through profit or loss—non-current (note 6(d))	9,644	-	9,644	-	9,644	-
1543	Financial assets carried at cost — non-current (note 6(e))	247,271	7	238,607	7	211,890	9
1600	Property, plant and equipment (note 6(f))	69,819	2	-	-	-	-
1780	Intangible assets (note 6(g))	275	-	303	-	455	-
1840	Deferred income tax assets	25,686	1	25,686	1	13,730	1
1920	Refundable deposits	8,141	-	5,285	-	3,477	-
1932	Long-term receivables (notes 6(b))	91,938	2	80,951	2	14,725	1
1995	Other non current assets (note 8)	2,767	-	2,189	-	2,187	-
	Total non-current assets	455,541	10	362,665	10	256,098	11
	Total assets	**$ 3,832,157**	**100**	**3,472,047**	**100**	**2,313,621**	**100**

See accompanying notes to consolidated financial statements.

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

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2019		December 31, 2018		March 31, 2018	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2130	Current contract liabilities (note 6(o))	$ 32,241	2	82,716	2	60,269	3
2150	Notes payable	584	-	1,358	-	360	-
2170	Accounts payable	333,914	9	318,692	9	249,143	11
2209	Other payables (note 6(p))	456,005	12	457,106	14	259,884	14
2216	Dividend payable (note 6(m))	1,150,422	30	-	-	-	-
2230	Current tax liabilities	335,295	9	271,716	8	109,314	5
2250	Provisions — current (note 6(i))	46,887	1	45,353	1	25,170	1
2280	Lease Liabilities – Flow (note 6(h))	6,654	-	-	-	-	-
2399	Other current liabilities	10,872	-	13,498	1	7,492	1
	Total current liabilities	2,372,874	62	1,190,439	35	711,632	31
	Non-Current liabilities:						
2570	Deferred income tax liabilities	780	-	780	-		-
2640	Net defined benefit liabilities – Non-mobile	9,497	-	9,497		8,757	
2580	Lease liabilities – Non-mobile (note 6(h))	63,274	2	-	-	-	-
	Total liabilities	2,446,425	64	1,200,716	35	720,389	31
	Equity attributable to shareholders of the company (note 6(m)):						
3100	Ordinary shares	426,082	11	426,082	12	426,082	18
	Capital surplus:						
3211	Additional paid-in capital	59,485	1	59,485	2	59,485	3
3235	Changes in equities of subsidiaries	4	-	4	-	4	-
3280	Other capital surplus	23	-	3	-	3	-
		59,512	2	59,492	2	59,492	3
	Retained earnings:						
3310	Legal reserve	309,915	8	180,274	5	134,000	6
3320	Special reserve	2,957	-	2,507	-	2,041	-
3350	Inappropriate retained earnings	525,640	14	1,544,754	44	923,042	40
		838,512	22	1,727,535	49	1,059,083	46
	Other equity interest:						
3410	Foreign currency translation differences for foreign operations	(2,259)	-	(2,957)	-	(2,374)	-
	Total equity attributable to shareholders of the company	1,321,847	34	2,210,152	63	1,542,283	67
36xx	Non-controlling interests	63,885	2	61,179	2	50,949	2
	Total Equity	1,385,732	36	2,271,331	65	1,593,232	69
	Total liabilities and equity	**3,832,157**	**100**	**3,472,047**	**100**	**2,313,621**	**100**

(Please read the attached notes to the consolidated financial report)

Chairman: Guang Shiah Wang Manager: Chen Fuh Seng Accounting Officer: Tsai Gia Feng

See accompanying notes to consolidated financial statements.

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

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For January 1 to March 31, 2019 and 2018

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

Unit: NT$ 1,000

		January to March 2019			January to March 2018	
			Amount	%	Amount	%
4000	**Operating revenue (notes 6(o))**	$	670,772	100	566,038	100
5000	**Operating costs (notes 6(c), (e), (f), (k), (p) and 7)**		215,337	32	190,191	34
5900	**Gross profit from operations**		455,435	68	375,847	66
6000	**Operating expenses (notes 6(b), (e), (f), (k), (p) and 7):**					
6100	Selling expenses		53,020	8	51,827	9
6200	Administrative expenses		30,214	5	44,427	8
6300	Research and development expenses		47,633	7	26,039	4
6450	Expected credit losses for bad debt expense		7,785	1	1,156	-
	Total operating expenses		138,652	21	123,449	21
	Net operating income		316,783	47	252,398	45
7000	**Non-operating income and expenses (note 6(h)&(q)):**					
7010	Other income		2,387	1	1,447	-
7020	Other gains and losses		9,052	1	(8,115)	(1)
7050	**Financial costs**		(242)	-	-	-
	Total non-operating income and expenses		11,197	2	(6,638)	(1)
7900	**Profit from continuing operations before income tax**		327,980	49	245,760	44
7950	**Less: income tax expenses (note 6(l))**		63,857	10	43,505	8
	Profit		264,105	39	202,255	36
8300	**Other consolidated gains and losses:**					
8360	**Subsequent items that may be reclassified to profit and loss**					
8361	**Redemption difference of financial statement conversion of foreign operating institutions**		698	-	133	-
8399	**Less: Income tax related to items that may be reclassified**		-	-	-	-
	Total subsequent items that may be reclassified to profit and loss		698	-	133	-
8300	**Other comprehensive income, net of tax**		698	-	133	-
	Total comprehensive income		**$ 264,803**	**39**	**$ 202,388**	**36**
	Net income attributable to:					
	Shareholders of the parent		$ 261,399	39	201,170	36
8620	Non-controlling interests		2,706	-	1,085	-
			$ 264,105	**39**	**202,255**	**36**
	Total comprehensive income attributable to:					
	Shareholders of the parent	$	262,097	39	201,303	36
	Non-controlling interests		2,706	-	1,085	-
			$ 264,803	**39**	**202,388**	**36**
9750	**Earnings per share (note 6(n)):**					
9710	Basic earnings per share (in New Taiwan dollars)	**$**		**6.13**		**4.72**
9810	Diluted earnings per share (in New Taiwan dollars)	**$**		**6.10**		**4.71**

(Please read the attached notes to the consolidated financial report)

Chairman: Guang Shiah Wang Manager: Chen Fuh Seng Accounting Officer: Tsai Gia Feng

See accompanying notes to consolidated financial statements.

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

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For January 1 to March 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Unit: NT$ 1,000

	Equity attributable to owners of parent									
			Retained earnings				Total other equity interest			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Inappropriate earnings	Total	Exchange differences on translation of foreign financial statements	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2018	$ 426,082	59,489	134,000	2,041	721,872	857,913	(2,507)	1,340,977	49,864	1,390,841
Appropriation and distribution of retained earnings:					-	-	-	3	-	3
Net income	-	-	-	-	201,170	201,170	-	201,170	1,085	202,255
Other comprehensive income	-	-	-	-	-	-	133	133	-	133
Total comprehensive income	-	-	-	-	201,170	201,170	133	201,303	1,085	202,388
Balance at March 31, 2018	**$ 426,082**	**59,492**	**134,000**	**2,041**	**923,042**	**1,059,083**	**(2,374)**	**1,542,283**	**50,949**	**1,593,232**
Balance at January 1, 2019	$ 426,082	59,492	180,274	2,507	1,544,754	1,727,535	(2,957)	2,210,152	61,179	2,271,331
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	129,641	-	(129,641)	-	-	-	-	
Special reserve appropriated	-	-	-	450	(450)	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(1,150,422)	(1,150,422)	-	(1,150,422)	-	(1,150,422)
Other changes in capital surplus	-	20	-	-	-	-	-	20	-	20
Net income	-	-	-	-	261,399	261,399	-	261,399	2,706	264,105
Other comprehensive income	-	-	-	-	-	-	698	698	-	698
Total comprehensive income	-	-	-	-	261,399	261,399	698	262,097	2,706	264,803
Balance at March 31, 2019	**$ 426,082**	**59,512**	**309,915**	**2,957**	**525,640**	**838,512**	**(2,259)**	**1,321,847**	**63,885**	**1,385,732**

(Please read the attached notes to the consolidated financial report)

Chairman: Guang Shiah Wang Manager: Chen Fuh Seng Accounting Officer: Tsai Gia Feng

See accompanying notes to consolidated financial statements.

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

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For January 1 to March 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

Unit: NT$ 1,000

	January to March 2019	January to March 2018
Cash flows from operating activities:		
Net income before tax	$ 327,980	245,760
Adjustments:		
Adjustments to reconcile profit and loss:		
Depreciation	3,916	2,214
Amortization	28	121
Expected credit loss / Provision for bad debt expense	7,785	1,156
Interest income	242	-
Loss on disposal of property, plant and equipment	(2,298)	(1,409)
Total adjustments to reconcile profit	9,673	2,082
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Notes receivable	7,551	(389)
Accounts receivable	(174,886)	(194,224)
Inventories	(45,643)	(57,015)
Prepayments	195	(3,783)
Other current assets	(10,043)	(4,494)
Long-term accounts receivable	(10,882)	1,339
Total changes in operating assets, net	(233,708)	(258,566)
Net changes in operating liabilities:		
Contract liabilities	(50,475)	42,055
Notes payable	(774)	(164)
Accounts payable	15,222	63,248
Other payables	(1,101)	41,346
Provisions	1,534	4,982
Other current liabilities	(2,626)	(4,142)
Net defined benefit liability	(38,220)	147,325
Total changes in operating liabilities, net	(271,928)	(111,241)
Total changes in operating assets / liabilities, net	(262,255)	(109,159)
Total adjustments	65,725	136,601
Cash provided by operating activities	2,147	1,383
Interest income received		
Income tax paid	(296)	(2)
Net cash provided by operating activities	67,576	137,982
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(11,068)	(190)
Increase (decrease) in refundable deposits	(2,856)	2,290
Increase in (decrease) other non-current assets	-	(1)
Net cash used in investing activities	(13,924)	2,099
Cash flows from financing activities:		-
Cash dividends paid	(1,662)	
Surplus not paid due to overdue	20	3
Net cash used in financing activities	(1,642)	3
Effect of exchange rate changes on cash and cash equivalents	137	81
Net increase in cash and cash equivalents	52,147	140,165
Cash and cash equivalents at beginning of period	1,764,842	751,469
Cash and cash equivalents at end of period	**$ 1,816,989**	**891,634**

(Please read the attached notes to the consolidated financial report)

Chairman: Guang Shiah Wang Manager: Chen Fuh Seng Accounting Officer: Tsai Gia Feng

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the first quarter, 2019 and 2018

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

(1) History and organization

MACHVISION INC. CO., LTD. (the Company) was incorporated in June 9, 1998 as a company limited by shares under the laws of (ROC). The address of the Company’s registered office is No. 2-3, Gongye East 2nd Road, Hsinchu Science Park, Hsinchu 30075, Taiwan, R.O.C. The consolidated entities in the consolidated financial statements dated March 31, 2019 include the Company and its subsidiaries (the Group). The Group is mainly engaged in the manufacturing and trading of optical inspection machinery equipment.

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

The consolidated financial statements were approved by the Board of Directors and published on April 17, 2019.

(3) New standards, amendments and interpretations adopted:

(A) The impact of the newly issued and revised standards and interpretations approved by Financial Supervisory Commission
Since 2019, the Group has fully adopted the International Financial Reporting Standards ("IFRSs") approved by the Financial Supervisory Commission, R.O.C. (hereinafter referred to as the “FSC”) and coming into force in 2019 to prepare consolidated financial reports. The differences between this version and the previous version are summarized as follows:

New/Revised/Amended Standards and Interpretations	Effective date per IASB
IFRS 16 about “Leases”	January 1, 2019
IFRIC 23 about “Uncertainty over Income Tax Treatments”	January 1, 2019
Amendments to IFRS 9 about “Prepayment Features with Negative Compensation”	January 1, 2019
Amendments to IAS 19 about “Plan Amendment, Curtailment or Settlement”	January 1, 2019
Amendments to IAS 28 about “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019

The application of the newly recognized International Financial Reporting Standards mentioned above will not result in significant changes to the consolidated financial reporting, except for the following items. The nature and impact of those who cause significant changes are described below:

1. International Financial Reporting Standards 16 "Leases"
International Financial Reporting Standards 16 "Leases" (hereinafter referred to as IFRSs 16) replaces the current International Accounting Standards 17 "Leases" (hereinafter referred to as IAS17), International Financial Reporting Interpretations 4 "Determining Whether an Arrangement Contains a Lease"(hereinafter referred to as IFRIC 4), Interpretation Notice No. 15,"Business Lease: Inducement", and Interpretation Notice No. 27, "Assessment Relates to the Substance of the Transaction in the Legal Form of Leasing".

(Continued)

MACHVISION INC. CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Transition of the formal traceability method adopted by the Group to the IFRS 16 will be the cumulative impact of the initial application to adjust the retained surplus of January 1, 2019, the nature and impact of the changes in the relevant accounting policies are as follows:

(1) Definition of Lease

The Group previously based on international financial reports 4 to explain whether an agreement belongs to or contains a lease. And the change of accounting policy on the date of commencement of the contract the evaluation contract is based on IFRS 16 lease definition to assess whether or contains the lease and accounting policy detailed note IV (III).

In the transition to IFRS 16, the Group adopts an expedient exemption method to assess whether the transaction for the prior date of initial application was a lease, that is, to apply the provisions of IFRS 16 directly to the contract previously identified as a lease; which has previously been approved under IAS17 and IFRIC 4 to identify non-tenancy contracts without re-evaluating whether it is a lease or not. Therefore, the definition of lease provided for IFRS 16 applies only to the signing or alteration of contracts on and after the date of initial application.

(2) Lessee

The Group as a lessee is previously based on the classification of almost all risks and rewards that the lease contract has transferred to the ownership of the underlying asset. Under IFRS 16, the right to use assets and lease liabilities is recognized in the statement of liability for lease contracts. The Group will rent office equipment and other options applicable to short-term leases or low-value recognition exemptions.

At the time of the transition, the contract previously classified as a business lease under IAS17, the lease liability is measured by the present value of the remaining lease payment and is discounted using the Group's increase borrowing rate for the first applicable day. The right to use assets is measured in one of the following amounts:

A. The carrying amount of the right-to-use asset, as in the IFRS 16 has been applied since the beginning of the day, but is discounted using the lessee's increased borrowing rate for the first applicable day. The Group shall apply this method to its large real estate lease; or
B. The amount of the lease liability, the amount of all prepaid or payable lease payments in connection with the lease, and the Group applies this method to all leases other than the foregoing ·

In addition, the Group used the following expedient approach to the transition to IFRS 16:
A For leasing combinations with similar characteristics, the present rate of hope 10 percent is used.
B. As an alternative to the assessment of impairment of right-to-use assets, in accordance with the results of the assessment of loss-related contracts based on IAS37, "Provisions, Contingent Liabilities and Contingent Assets", prior to the date of initial application.
C. Leasing and application of exemptions for lease period within 12 months of the date of initial application and non-recognition of right to use assets and lease liabilities.
D The original direct cost is not included in the measurement of the right to use assets for the first applicable day.
E. When the lease contract includes the extension or termination of the option of the lease, the decision is made when the lease period is asked.

(3) Impact on financial reporting

At the time of the transition to IFRS 16, the amount of the Group's recognition of the right to use assets and the lease liability on the date of its initial application was NT$ 71,348,000. The lease liability is to consolidate the Group’s initial applicable day increase borrowing rate will be the lease payment analysis, the interest rate used for its weighted average of 1.5%.

The amount of the business lease commitment disclosed in one year prior to the first applicable date is reconciled with the amount of the lease liability recognized on the date of initial application:

	January 1, 2019
Consolidated Financial report disclosure of Business lease commitment Amount on 12.31, 2018	$ 700
May reasonably determine the option to extend or terminate the lease to be exercised	93,003
	$ 93,703
Amount after discounting at the increase borrowing rate as of 1.1, 2019	$ 71,348
Amount of financial lease liabilities recognition on 12.31, 2018	-
Amount of lease liability recognition on 1.1, 2019	**$ 71,348**

(B) New release and amendment criteria and explanations not yet endorsed by the FSC
The following table shows the criteria and explanations issued and amended by the International Accounting Standards Board (IASB) which have not yet been endorsed by the FSC.

New/Revised/Amended Standards and Interpretations	Effective date of issuance by the IASB
Revision of IFRS3, about "Definition of Business"	January 1, 2020
IFRS10 and IAS28, about "sale or investment of investors and their affiliates or jointly aske assets"	Investment still held by the IASB decision
IFRS17 about "Insurance contracts"	January 1, 2021
Revision of IFRS1 and IAS8, about "Definition of Significance"	January 1, 2020

The Group is continuously evaluating the impact of the above criteria and explanations on the effects of the Group's financial condition and operating results to be disclosed upon completion of the assessment.

(4) Summary of significant accounting policies

Except as described below, the summary statement of the significant accounting policies for this consolidated financial report is the same as the consolidated financial report for 2018, please refer to the related information 2018 Consolidated Financial Statements Note 4.

(a) Statement of compliance

This consolidated financial report is prepared in line with the guidelines for the preparation of financial reports of issuers of securities (hereinafter referred to as "The Preparation of Guidelines") and the International Accounting Standards 34, about "Interim Financial Reports", which are approved and issued in force by the FSC. This consolidated financial report does not include all the necessary information to be disclosed in the entire annual consolidated financial report prepared in accordance with the international Financial Reporting Standards, International Accounting Standards, Interpretation and Interpretation notices (hereinafter referred to as the "International Financial

Reporting Standards approved by the FSC"), which are approved by the FSC and issued in force.

(b) Basis of consolidation

(i) Principles of preparation of consolidated financial statements

The consolidated financial statements comprise the Company and its subsidiaries. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(ii) List of subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

			Percentage of ownership			
Investor	**Subsidiary**	**Nature of business**	**March 31, 2018**	**December 31, 2017**	**March 31, 2017**	**Notes**
The Company	Machvision Inc.	Investment	100.00%	100.00%	100.00%	
The Company	Autovision Technology Inc.	Manufacturing of computer peripheral products	45.00%	45.00%	45.00%	Note 1
The Company	Sigold Optics Inc.	Manufacturing of machinery equipment	49.47%	49.47%	49.47%	Note 2
Machvision Inc.	Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	100.00%	100.00%	100.00%	

Note 1: In March 2017, Sigold Optics Inc. had a capital increase in cash, wherein the Company did not acquire these new common shares proportionally, resulting in the Company's shares in Sigold Optics Inc. to decrease to 45%. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

Note 2: In March 2017, Sigold Optics Inc. had a capital increase in cash, wherein the Company did not acquire these new common shares proportionally, resulting in the Company's shares in Sigold Optics Inc. to decrease to 49.47%. However, it remains to be a subsidiary since the Company retains control of its financial and operational policy decision.

(C) Leasing (applicable as of January 1, 2019)

1. The Judgment of Leasing

The Group is based on the date of establishment of the contract to assess whether the contract belongs to or contains a lease, and if the contract transfers control over the use of the identified assets for a period of time to ask for a different price, the contract is or includes the lease. To assess whether the contract is a lease, the Group evaluates the following items:

(1) The contract relates to the use of a recognized asset which is expressly designated in the contract or is implicitly designated by the time it is available for use, and its entity may distinguish or represent all capacity in substance. If the supplier has substantial rights to replace the asset, the asset is not an identified asset; and

(2) With the right to obtain almost all the economic benefits from the use of identified assets throughout the period of use; and

(3) To acquire the right to dominate the use of identified assets when one of the following conditions is met:

• Customers have the right to dominate the use of identified assets and the purpose for which they are used throughout their use.

• The decision on the manner and purpose of use of the asset is predetermined and: a customer asks about the right to operate the asset throughout the period of use and the supplier does not have the right to change such operational instructions, or the manner in which the asset is designed by a customer has predetermined the manner in which it was used and the purpose for which it was used throughout its use. When the lease is established or whether the contract includes a lease, the Group shares the price in the contract to the individual tenancy component on the basis of a relatively separate price.

2. The Lessee

The Group recognizes the right to use assets and lease liabilities on the commencement date of the lease, which is based on the cost of the original street quantity, which includes the original measure amount of the lease liability, adjusts any lease payment paid on or before the lease start date, and takes into account the original direct cost incurred and remove the underlying asset and the estimated cost of restoring its location or underlying asset, while deducting any lease incentives charged.

The right to use assets is renewed at the beginning of the lease until the expiry of the durable life of the right-to-use asset or at the end of the lease period. In addition, the Group regularly assesses whether the right to use assets has been derogated from and handles any impairment losses that have occurred, and has cooperated with the adjustment of the right to use assets in the event of a further measurement of the lease liability. The lease liability is the original measure of the present value of the lease payment that has not been paid at the start date of the lease. If the implied interest rate on the lease is easy to determine, the discount rate is that rate and, if it is not easy to determine, the increase in the borrowing rate of the Group. In general, the Group adopts its increase borrowing rate as the discount rate.
Lease payments that take into account the volume of tenancy liabilities include:
(1) Fixed payment, including substantive due payment;
(2) If the lease payment depends on a change in an index or rate, the index or rate of the start date of the lease is used as the original measure;
(3) The amount of the residual value guarantee expected to be paid; and
(4) To reasonably determine the exercise price or the fine to be paid for the exercise of the right to purchase an opt-in or the lease to terminate the choice.

The lease liability is followed by interest on the effective interest method and the amount is measured when the following conditions occur two

(1) The index or rate change used to determine the lease payment results in a change in the future lease payment;
(2) There is a change in the amount of the residual value guarantee expected to be paid;
(3) There is a change in the evaluation of the choice of the underlying asset purchase;
(4) A change in the estimate of whether to exercise the extension or termination of the right of option and an assessment of the lease period;
(5) Modification of the subject matter, scope or other terms of the lease.

When the lease liability is again measured by the changes in the index or rate used to determine the lease payment, the change in the amount of the residual value guarantee and the change in the assessment of the purchase, extension or termination of the option, the carrying amount of the right to use the asset shall be adjusted to the carrying amount of the 0 o'clock asset in use, and the remaining amount of the re-measurement.
For lease changes that reduce the scope of the lease, it is to reduce the carrying amount of the right to use the asset to reflect the partial or total termination of the lease, and the difference between it and the amount of the lease liability is recognized in the profit and loss.
The Group shall express the right-to-use assets and lease liabilities that do not meet the definition of investment real estate in a single-line project in the statement of liability.

For short-term leases such as office equipment or low-value asset leases, the Group chooses not to recognize the right to use assets and lease liabilities, but to identify the relevant lease payments as a fee based on a straight-line basis in the lease period.

(4) Employee benefits

In the interim, the benefit scheme pension department uses the previous year's reporting date to determine the pension cost rate on an actuarial basis, based on the end of the reclassified period at the beginning of the year, and to adjust for major market fluctuations, major downsizing, liquidation or other major one-off matters.

(5) Income tax

The Group is measured and exposed for income tax expenses during the interim period in line with the paragraph B12 of interim financial report of the International Accounting Standards bulletin No. 34.

The income tax fee is in order to multiply the pre-tax net profit by the management during the reporting period by the best estimated street volume of the expected effective tax rate for the whole year, and is fully recognized as the current income tax fee.

The income tax fee, which is directly recognized as an equity item or other consolidated profit and loss item, is a temporary difference between the carrying amount of the relevant assets and liabilities for the purpose of reporting and its tax base, which is measured by the applicable tax rate at the time of expected realization or liquidation.

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

Management shall, in accordance with the preparation criteria and the interim financial report of IAS34 as approved by the FSC, make judgments, estimates and assumptions in the preparation of the consolidated financial reports, which will have an impact on the adoption of accounting policies and the amount of assets, liabilities, benefits and expenses reported. Actual results may differ from estimates·

In the preparation of consolidated financial reports, the management adopts the uncertainty of significant judgment and estimation of the consolidation of corporate accounting policies, the main source of which is consistent with the consolidated Financial Report Note 5 of 2018.

(6) Explanation of significant accounts

(a) Cash and cash equivalents

	March 31, 2019	Dec. 31, 2018	March 31, 2018
Cash on hand	$ 1,326	1,013	1,019
Saving deposits	520,231	327,667	285,830
Checking deposits	-	500	-
Foreign currency deposits	114,982	141,532	115,862
Time deposits	1,180,450	1,294,130	488,923
Cash and cash equivalents per statements of cash flow	$ 1,816,989	1,764,842	892,634

The expiry date of three months to a year on deposit satisfy the highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

Please refer to note 6(r) for the interest rate risk and the fair value sensitivity analysis of the financial assets and liabilities of the Group.

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(b) Notes, accounts and long-term accounts receivable

	March 31, 2019	Dec. 31, 2018	March 31, 2018
Notes receivable	$ 10,828	18,379	3,342
Accounts receivable	1,263,606	1,088,717	906,846
Long-term accounts receivable	92,868	81,776	14,886
Less: allowance for impairment	20,308	12,520	4,830
unrealized interest income	930	825	161
	$ 1,346,064	1,175,527	920,083

The Group uses a simplified approach to estimating the expected credit loss for all notes receivable and receivables, that is, the use of the expected credit loss of the street at the lifetime, for which purpose the notes and accounts receivable are grouped according to the common credit risk characteristics that represent the client's ability to pay all amounts due under the terms of the contract and have been incorporated into the prospective Information, including information on the general economy and related industries. The expected credit loss analysis of the consolidated company's notes receivable and Accounts receivable is as follows:

	March 31, 2019		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 914,112	0%	-
1 to 90 days past due	253,649	0.08%	203
91 to 180 days past due	148,535	1.003%	1,534
181 to 270 days past due	31,616	3.533%	1,117
271 to 365 days past due	3,001	66.478%	1,995
Past due over 365 days	15,459	100.000%	15,459
	$ 1,366,372		20,308

	December 31, 2018		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 879,030	0%	-
1 to 90 days past due	232,506	0.069%	161
91 to 180 days past due	47,205	0.966%	456
181 to 270 days past due	7,935	2.974%	236
271 to 365 days past due	16,474	41.096%	6,770
Past due over 365 days	4,897	100.000%	4,897
	$ 1,188,047		12,520

	March 31, 2018		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 766,832	0%	-

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1 to 90 days past due	122,172	0.005%	7
91 to 180 days past due	22,491	1.003%	6
181 to 270 days past due	7,219	0.298%	22
271 to 365 days past due	2,672	47.476%	1,268
Past due over 365 days	3,527	100.000%	3,527
	$ 924,913		4,830

The statement of changes in the allowance for Notes receivable and Accounts receivable of the Group is as follows:

	January to March, 2019	January to March, 2018
Opening Balance	$ 12,520	3,674
Impairment of loss is included	7,785	1,156
Number of exchange rate impacts	3	-
Closing balance	20,308	4,830

The Group notes receivable, accounts receivable and long-term receivables were not discounted or offered as collateral short maturity period to ask the flow of the combined company notes receivable, accounts receivable and long-term receivables have not discounted its carrying amount is the fair value assessment of approximation.

(c) Inventories

The components of the Group's inventories were as follows:

	March 31, 2019	Dec. 31, 2018	March 31, 2018
Finished goods	$ 32,357	42,284	28,604
Work in process	91,664	48,961	43,878
Raw material	155,623	142,756	170,084
	$ 279,644	234,001	243,566

The Group inventories were not provided as pledged assets.

Except for operating costs arising from the ordinary sale of inventories, other gains and losses directly recorded under operating cost were as follows:

	January to March, 2019	January to March, 2018
Losses on decline in market value of inventory	$ 3,757	5,336

(d) Financial assets at fair value through profit or loss－non-current

	March 31, 2019	Dec. 31, 2018	March 31, 2018
Mandatorily measured at fair value through profit or loss:			
Unlisted stocks (domestic)－Yayatech Co., Ltd.	$ 9,644	$ 9,644	$ 9,644

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(e) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were as follows:

	House & Buildings		Machinery &equipment	Office & Other equipment	Construction in progress	Total
Cost:						
Balance as of January 1, 2019	$	235,761	4,357	11,378	27,874	279,370
Additions		-	114	2,067	8,887	11,068
Re-organized		-	-	357	(935)	(578)
Disposals		-	(557)	(786)	-	(1,343)
Effect of movement in exchange rates		791	-	49	-	840
Balance as of March 31, 2019	**$**	**236,552**	**3,914**	**13,065**	**35,826**	**289,357**
Balance as of January 1, 2018	$	235,624	3,957	10,609	-	250,190
Additions		-	-	190	-	190
Disposals		-	-	(200)	-	(200)
Effect of movement in exchange rates		69	-	2	-	71
Balance as of March 31, 2018	**$**	**235,693**	**3,957**	**10,601**	**-**	**250,251**
Depreciation and impairment losses:						
Balance as of January 31, 2019	$	34,022	1,162	5,579	-	40,763
Depreciation		1,630	223	534	-	2,387
Disposals		-	(557)	(786)	-	(1,343)
Effect of movement in exchange rates		265	-	14	-	279
Balance as of March 31, 2019	**$**	**35,917**	**828**	**5,341**	**-**	**42,086**
Balance as of January 1, 2018	$	27,967	3,141	5,220	-	36,328
Depreciation		1,586	115	513	-	2,214
Disposals		-	-	(200)	-	(200)
Effect of movement in exchange rates		19	-	-	-	19
Balance as of December 31, 2018	**$**	**29,572**	**3,256**	**5,533**	**-**	**38,361**
Carrying amounts:						
January 1, 2019	**$**	**201,739**	**3,195**	**5,799**	**27,874**	**238,607**
March 31, 2019	**$**	**200,635**	**3,086**	**7,724**	**35,826**	**247,271**
January 1, 2018	**$**	**207,657**	**816**	**5,389**	**-**	**213,862**
March 31, 2018	**$**	**206,121**	**701**	**5,068**	**-**	**211,890**

(f) The right to use assets

	Land, House & Buildings		Other equipment	Total
Cost of the right to use assets:		-	-	-
Balance as of January 1, 2019 (as of impact of IFRS16)	**$**	**62,107**	**9,241**	**71,348**
Balance as of January 1, 2019 (Balance as of March 31, 2017)	**$**	**62,107**	**9,241**	**71,348**
Depreciation and impairment loss of the right to use assets				
Balance as of January 1, 2019		-	-	-
Current period depreciation		435	1,094	1,529
Balance as of March 31, 2019	**$**	**435**	**1,094**	**1,529**
Carrying amounts:				
March 31, 2019	**$**	**61,672**	**8,147**	**69,819**

(g) Intangible assets

The intangible assets of the Group between January 1 to March 31, 2019 and 2018 were without significant additions, dispositions, derogations or forced turns, please refer to note 12 (a) for the amount of the current period, and other relevant information should be found in note VI (VII) to the consolidated financial report of 2018.

(h) Lease liabilities

The Grouplease liabilities are as follows:

	March 31, 2019		
	Future minimum rent payment	Interest	Minimum rent payment present value
Within a year	6,654	-	6,654
One year to five years	13,278	485	12,793
More than five years	72,107	21,626	50,481
Flow	**$ 92,039**	**22,111**	**69,928**
Non-Mobile	**$ 6,654**	**-**	**6,654**
The amounts recognized as gains and losses are as follows:	**$ 85,385**	**22,111**	**63,274**

	January to March 2019
Interest charges on lease liabilities	**$ 242**
Short term lease fee	**$ 1,198**
Cost of low-value leased assets (low value leases that do not include short-term leases)	**$ 196**

The amounts recognized in the statement of cash flows are as follows:

	January to March 2019
Total cash outflow from the lease	**$ 3,056**

(i) Preparation of liabilities

	March 31, 2019	Dec. 31, 2018	March 31, 2018
Warranty preparation	**$ 46,887**	**45,353**	**25,170**

There is no significant change in the liability reserve of the Group between January 1 to March 31, 2019 and 2018. For information, please refer to Note 6 (8) of the consolidated financial report of 2018.

(j) Operating leases

There are no significant new business lease contracts between January 1 to March 31, 2019 and 2018. For information, please refer to Note 6 (9) of the consolidated financial report of 2018.

(k) Employee benefits

1. Determining benefit plans

In the event that no major market fluctuations, significant downsizing, liquidation or other major one-off matters were reported in the previous year, the Group adopted the pension cost measures of the December 31, 2018 and 2017 actuarial decisions the pension costs during the browning period.

The breakdown of the Company's presentation as a fee is as follows:

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		January to March 2019	January to March 2018
Operating costs	$	6	5
Operating expenses		10	9
Total	**$**	**16**	**14**

2. Determining the allocation plan

The cost of pensions under the proposed pension scheme for the Group is as follows: it has been allocated to the labour insurance bureau and the local government for overall payment:

		January to March 2019	January to March 2018
Operating costs	$	1,345	758
Operating expenses		1,569	1,405
Total	**$**	**2,914**	**2,163**

(l) Income tax

The income tax expense is estimated by the pretax net profit during the reporting period, which is multiplied by the best estimate of the effective tax rate of the management for the whole year.

The company's income tax expense is as follows:

		January to March 2019	January to March 2018
Current income tax expense			
Current period incurred	$	63,875	43,505
Income tax expenses	**$**	**63,875**	**43,505**

The income tax settlement report of the Company's profit-making business has been approved by the tax authorities to 2016.

(m) Capital and other equity

Except for the following terms, there is no significant change in capital and other rights for the group between January 1 to March 31, 2019 and 2018 and the relevant liability is referred to in note 6 (12) of the consolidated financial report of 2018.

1. Reserve surplus

In accordance with the provisions of the articles of association of the Company, the Company's profit or loss shall be allocated every six months. If there is any surplus in the final accounts of each half fiscal year, the taxable contributions shall be retained, the deficit shall be made up according to the law, and 10% of the surplus shall be the statutory surplus reserve; however, when the accumulated amount of the statutory surplus has reached the total capital of the Company, it shall not be restricted, and the special surplus shall be allocated according to the law or the competent authority. The surplus shall be allocated by the board of directors when the balance is added to the accumulated undistributed surplus of the previous quarter. In the case of cash, the resolution shall be made by the

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Board of Directors, and shall be sent to the shareholders' meeting after the resolution is issued.

On February 13, 2019, decided by the Board of Directors on the surplus distribution in 2018 and on May 29, 2018 by the shareholders' regular resolution on the surplus distribution in 2017. The amount of dividends paid to the owners is as follows:

	2018			2017		
	Amount per share (NTD)		Total Amount	Amount per share (NTD)		Total Amount
Dividends distributed to ordinary stockholders:						
Cash (earnings)	$	27.00	1,150,422	$	10.00	426,082

(n) Earnings per share

The calculation of the Company's basic and diluted earnings per is as follows:

(i) Basic earnings per share

	January to March 2019	January to March 2018
Net income attributable to ordinary shareholders of the Company	$ 261,399	201,170
Weighted-average number of ordinary shares	42,608	42,608
Basic earnings per share (in NTD)	$ 6.13	4.72

(ii) Diluted earnings per share

	January to March 2019	January to March 2018
Net income attributable to ordinary shareholders of the Company (diluted)	$ 261,399	201,170
Weighted-average number of ordinary shares (basic)	42,608	42,608
Effect of potential ordinary shares		
Employee's stock bonus	275	132
Weighted-average number of ordinary shares (diluted)	42,883	42,740
Diluted earnings per share (in NTD)	$ 6.10	4.71

(o) Revenue from contracts with customers

(i) Disaggregation of revenue

	January to March 2019		
	Taiwan	China	Total
Primary geographical markets:			
Taiwan	$ 346,230	-	$ 346,230
China	242,227	50,045	292,272
Others	32,270	-	32,270
	$ 620,727	50,045	670,772
Primary merchandises / Services lines:			
Sale of optical inspection	$ 608,139	40,566	$ 648,705

machinery equipment			
Revenue from services	12,588	9,479	22,067
	$ 620,727	50,045	670,772

	January to March 2018		
	Taiwan	**China**	**Total**
Primary geographical markets:			
Taiwan	$ 247,818	-	$ 247,818
China	245,335	41,043	286,378
Others	31,842	-	31,842
	$ 524,995	41,043	566,038
Primary merchandises / Services lines:			
Sale of optical inspection machinery equipment	$ 500,116	30,981	$ 531,097
Revenue from services	24,879	10,062	34,941
	$ 524,995	41,043	566,038

(ii) Contract balance

	March 31, 2019	Dec. 31, 2018	March 31, 2018
Revenue from services	$ 32,241	82,716	60,269

For details on accounts receivable and allowance for impairment, please refer to note 6(b).

On January 1, 2019 and 2018, the amount of revenue recognized between January 1 to March 31, 2019 and 2018 that was included in the contract liability balance at the beginning of the period were 82,716,000 and $18,166,000.

The contract liability is mainly due to advance receipts, wherein the Company will recognize revenue when the product is delivered to the customer.

(p) Remuneration to employees, directors and supervisors

The Company's articles of incorporation, which were authorized by the Board of Directors but has yet to be approved by the shareholders, require that earnings shall first be offset against and deficit, then, a minimum of 5% will be distributed as employee remuneration, and a maximum of 3% will be allocated as remuneration to directors and supervisors.

The Company estimated its employee remuneration amounting to $35,259,000 and $27,159,000 between January 1 to March 31, 2019 and 2018, and directors' and supervisors' remuneration amounting to $7,059,000 and $5,434,000, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles.

In 2018 and 2017, the amount of employee remuneration is NT$161,623,000 and NT$57,820,000 respectively, and that of directors and supervisors is NT$32,037,000 and NT$12,505,000 respectively. There is no difference from the distribution of board resolutions. Relevant information can be consulted at the Public Information Observatory.

(q) Non-operating income and expenses

(i) Other income

		January to March 2019	January to March 2018
Interest income	$	2,298	1,409
Other income, Others		89	68
Total Other income	$	2,387	1,477

(ii) Other gains and losses

		January to March 2019	January to March 2018
Gains on disposals of investments		-	906
Foreign exchange gains (losses)		9,052	(9,021)
Other gains and losses, net	$	9,052	(8,115)

(r) Financial instruments

Credit risk

Except for the following, there is no significant change in the fair value of the financial instruments and the exposure to credit risks and market risks due to financial instruments. Please refer to note 6 (18) of the consolidated financial report of 2018.

1. the credit receivable account of the credit risk Group in March 31, 2019, December 31 and March 31, 2018 was concentrated on single customers, accounting for 24%, 15% and 20% of the receivable and accounts receivable (including long-term receivables) respectively.

2. Liquidity risk

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

		Carrying amount	Contractual cash flows	Within a year	1-2 years	2-5 years	Over 5 years
March 31, 2019							
Non-derivative financial liabilities							
Notes payable	$	584	584	584	-	-	-
Accounts payable		333,914	333,914	333,914	-	-	-
Other payables		75,466	75,466	75,466	-	-	-
	$	409,964	409,964	409,964	-	-	-
December 31, 2017							
Non-derivative financial liabilities							
Notes payable	$	1,358	1,358	1,358	-	-	-
Accounts payable		318,692	318,692	318,692	-	-	-
Other payables		105,122	105,122	105,122	-	-	-
	$	425,172	425,172	425,172	-	-	-
March 31, 2017							
Non-derivative financial liabilities							
Notes payable	$	360	360	360	-	-	-

Accounts payable	249,143	249,143	249,143	-	-	-
Other payables	68,135	68,135	68,135	-	-	-
	$ 317,638	317,638	317,638	-	-	-

The Group is not expecting the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

3. Currency risk

(1)Exposure to foreign currency risk

The Group's financial assets and liabilities exposed to significant currency risk was as follows:

		Foreign currency	Exchange rate	NTD
March 31, 2019				
Financial assets:				
Monetary items:				
USD	$	28,426	30.8180	876,028
JPY	$	86,901	0.2789	24,237
CNY	$	50,535	4.5800	231,448
Financial liabilities:				
Monetary items:				
USD	$	3,058	30.8180	94,247
CNY	$	6,680	4.5800	30,593

		Foreign currency	Exchange rate	NTD
December 31, 2018				
Financial assets:				
Monetary items:				
USD	$	27,942	30.7100	858,114
JPY	$	87,286	0.2783	24,292
CNY	$	49,529	4.4700	221,393
Financial liabilities:				
Monetary items:				
USD	$	3,507	30.7100	107,694
CNY	$	5,585	4.4700	24,965

March 31, 2018				
Financial assets:				
Monetary items:				
USD	$	27,922	29.1060	812,699
JPY	$	90,575	0.2741	24,827
CNY	$	22,711	4.6460	105,514
Financial liabilities:				
Monetary items:				
USD	$	1,996	29.1060	58,091

CNY	$	3,902	4.6460	18,128

The exchange rate risk of a Group is mainly derived from foreign currency denominated cash and cash, receivables and payables and so on, which will generate foreign currency exchange gains and losses in conversion. In March 31, 2019 and 2018 when the NT dollar depreciated or appreciated by 3% compared to the US dollar, Japanese currency and RMB exchange rate, and all other factors remained unchanged; the net profit after tax will increase or decrease by 24,165,000 and 20,804,000 respectively between January 1 to March 31, 2019 and 2018.

Due to the wide variety of trading currencies of Group, the exchange and profit and loss information of monetary items was disclosed by collecting and consolidation methods. The net profit (loss) net (including realized and unrealized) of foreign currency exchange between January 1 to March 31, 2019 and 2018 were 9,052,000 and (9,021,000).

(2) Interest rate analysis

The detail of interest rate exposure was as follows:

	Carrying amount		
	March 31, 2019	**Dec. 31, 2018**	**March 31, 2018**
Assets with variable interest rates converted to cash:			
Cash in banks	$ 1,815,663	1,763,329	890,615

The following sensitivity analysis is determined by the interest rate storm risk of derivative and non-derivative instruments in the reporting day. For floating rate liabilities, the way of analysis is to assume that the amount of debt in circulation outside the reporting day is in circulation throughout the year. The rate of change used to report interest rates to key management within the Group is an increase or loss of 1% per cent in interest rates, which also represents an assessment by management of the extent to which interest rates may vary reasonably.

If interest rates increase or decrease by 1%, in the event that all other variables remain unchanged, the Group of tax net profit will increase or decrease 3,631,000 and 1,781,000 between January 1 to March 31, 2019 and 2018.

4. Information of fair value

(1)Categories and fair value of financial instruments

To consolidate the carrying amount and fair value of the Group's financial assets and financial liabilities (including fair value grade information, but not to measure the reasonable approximate value of the carrying amount of a financial instrument at fair value, and to invest in equity instruments that are not quoted in the market and whose fair value cannot be reliably measured, The requirement not to disclose fair value information is set out below:

	March 31, 2019				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Financial assets mandatorily	$ 9,644	-	-	9,644	9,644

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	Carrying amount	Level 1	Level 2	Level 3	Total
measured at fair value through profit or loss					
Financial assets measured at amortized cost					
Cash and cash equivalents	1,816,989	-	-	-	-
Accounts, notes and long-term receivables	1,346,064	-	-	-	-
Refundable deposits	8,141	-	-	-	-
Other non-current assets	2,189	-	-	-	-
Subtotal	3,173,383	-	-	-	-
Total	**$ 3,183,027**	**-**	**-**	**9,644**	**9,644**
Financial liabilities measured at amortized cost					
Notes payable	$ 584	-	-	-	-
Accounts payable	333,914	-	-	-	-
Other payables	75,466	-	-	-	-
Total	$ **409,964**	**-**	**-**	**-**	**-**

	December 31, 2018				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	$ 9,644	-	-	9,644	9,644
Financial assets measured at amortized cost					
Cash and cash equivalents	1,764,842	-	-	-	-
Accounts, notes and long-term receivables	1,175,527	-	-	-	-
Refundable deposits	5,285	-	-	-	-
Other non-current assets	2,189	-	-	-	-
Subtotal	2,947,843	-	-	-	-
Total	**$ 2,957,487**	**-**	**-**	**9,644**	**9,644**
Financial liabilities measured at amortized cost					
Notes payable	$ 1,358	-	-	-	-
Accounts payable	318,692	-	-	-	-
Other payables	105,122	-	-	-	-
Total	$ **425,172**	**-**	**-**	**-**	**-**

	March 31, 2018				
		Fair Value			
	Carrying amount	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Financial assets mandatorily measured at fair value through profit or loss	$ 9,644	-	-	9,644	9,644

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Financial assets measured at amortized cost					
Cash and cash equivalents	891,634	-	-	-	-
Accounts, notes and long-term receivables	920,083	-	-	-	-
Refundable deposits	3,477	-	-	-	-
Other non-current assets	2,187	-	-	-	-
Subtotal	1,817,381	-	-	-	-
Total	**$ 1,827,025**	**-**	**-**	**9,644**	**9,644**
Financial liabilities measured at amortized cost					
Notes payable	$ 360	-	-	-	-
Accounts payable	249,143	-	-	-	-
Other payables	68,135	-	-	-	-
Total	$ **317,638**	**-**	**-**	**-**	**-**

(2) Valuation techniques for financial instruments measured at fair value－Non-derivative financial instruments

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. Whether transactions are taking place 'regularly' is a matter of judgment and depends on the facts and circumstances of the market for the instrument.

Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, the market is not well-established, only small volumes are traded, or bid-ask spreads are very wide. Determining whether a market is active involves judgment.

If the financial instruments have no quoted market price in an active market, the Group shall use the market comparison approach to evaluate the fair value. The main assumption used in computing the market price is based on the investee's equity and the quoted price from a competitor. The estimated price has been discounted due to the lack of liquidity in the price of securities.

(3) Fair value hierarchy

The Group used the fair value that can be observed in the market to measure the value of assets and liabilities. Fair value levels are based on the degree in which the fair value can be observed and grouped in to Levels 1 to 3 as follows:

A. Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

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

C. Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

(4) Reconciliation of Level 3 fair values

	Unquoted equity instruments
Balance at March 31, 2019 (Balance at January 1, 2019)	**$ 9,644**
Balance at March 31, 2018 (Balance at January 1, 2018)	**$ 9,644**

(5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss - equity investments without an active market	Comparative listed company	*Price book ratio (As of March 31, 2019, December 31, 2018, March 31, 2018 were 3.79, 3.79 and 3.33) *P/E ratio (As of March 31, 2019, December 31, 2018, March 31, 2018 were 12.47, 12.47 and 24.98) *Market illiquidity discount rate (As of March 31, 2019, December 31, 2018, March 31, 2018 were all 20%)	*The price book ratio and the P/E ratio the were higher, the fair value is higher *The market illiquidity discount were higher, the fair value is lower

(6) Fair value measurements in Level 3- sensitivity analysis of reasonably possible alternative assumptions

For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

			Other comprehensive income	
	Input	**Assumptions**	**Favorable**	**Unfavorable**
March 31, 2019				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	1,368	(1,368)
December 31, 2018				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	1,368	(1,368)
March 31, 2018				
Financial assets at fair value through profit or loss				
Equity investments without an active market	Market illiquidity discount rate	10%	1,206	(1,206)

The favorable and unfavorable effects represent the changes in fair value and the fair value are based on a variety of unobservable inputs calculated using a valuation technique.

(s) Financial Risk Management

Consolidation of corporate financial risk management objectives and policies there were no significant changes in the disclosure of Notes VI (19) to the 2018 consolidated financial report.

(t) Capital Management

The Group’s capital management objectives, policies and procedures are consistent with those revealed in the 2018 consolidated financial report; there have also been no significant changes in the aggregate quantitative data for the capital management project and in the consolidated financial report of 2018. For information, please refer to note VI (20) of the consolidated financial report of 2018.

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(7) Related-party transactions

The compensation of the key management personnel comprised the following:

	January to March 2019	January to March 2018
Short-term employee benefits	$ 15,131	7,944
Post-employment benefits	57	57
	$ 15,188	8,001

(8) Pledged assets

The carrying values of pledged assets were as follows:

Pledged assets	Object	March 31, 2019	Dec. 31, 2018	March 31, 2018
Other non-current sets:				
Time deposits	Guarantee for customs	506	506	504
Time deposits	Guarantee for rent the land from the	1,683	1,683	1,683
		$ 2,189	2,189	2,187

(9) Commitments and contingencies: None.

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other

(1)The following is a summary statement of employee benefits, depreciation and amortization expensed by function:

By function / By item	2018 Operating costs	2018 Operating expenses	2018 Total	2017 Operating costs	2017 Operating expenses	2017 Total
Employee benefits						
Salary	27,495	72,927	100,422	16,039	61,395	77,434
Labor and health insurance	2,420	2,791	5,211	1,589	2,292	3,881
Pension	1,351	1,579	2,930	763	1,414	2,177
Directors' remuneration	-	7,167	7,167	-	3,695	3,695
Others	5,998	7,146	13,144	2,525	4,215	6,740
Depreciation	1,665	2,251	3,916	1,227	987	2,214
Amortization	-	28	28	-	121	121

(2) Seasonality of operations:

The operation of the Group is not affected by seasonal or cyclical factors.

(13) Other disclosures:

(a) Information on significant transactions:

In line with the provisions of the guidelines for the preparation of financial reports for securities, the relevant responsibilities of major transactions of the Group as of 2019 January 1 to March 31 should be disclosed as follows:

(i) Loans to other parties: None.
(ii) Guarantees and endorsements for other parties: None.
(iii) Securities held as of December 31, 2018 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Nature and name of security	Relationship with the security issuer	Account name	Ending balance				Notes
				Number of shares	Book value	Holding percentage	Market value	
The Company	Yayatech Co., Ltd.	-	Financial assets at fair value through profit or loss	884,000	9,644	5.00 %	9,644	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.
(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: None.
(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of related party	Counter-party	Relationship	Balance of receivables from related party (note 3)	Turnover rate	Past-due receivables from related party		Subsequently received amount of receivable from related party	Allowance for bad debts
					Amount	Action taken		
The Company	Machvision (Dongguan) Inc.	Subsidiary	199,884	0.50	55,158	Dependent on capital budgeting	- (Until April 17, 2019)	-

(ix) Trading in derivative instruments: None.
(x) Business relationships and significant inter-company transactions:

No. (Note 1)	Name of company	Name of counter-party	Existing relationship with the counter-party (Note 2)	Transaction details for 2019 Q1			
				Account name	Amount (Note 5)	Trading terms	Percentage of the total consolidated revenue or total assets
0	The Company	Machvision (Dongguan) Inc.	1	Operating revenue	24,321	Not significantly differences	3.63%
0	The Company	Sigold Optics Inc.	1	Operating cost	9,600	Not significantly differences	1.43%
0	The Company	Machvision (Dongguan) Inc.	1	Accounts receivable－related parties (including long-term accounts receivable)	199,884	Dependent on capital budgeting	5.22%
0	The Company	Machvision (Dongguan) Inc.	1	Other payables－related parties	42,117	Dependent on capital budgeting	1.10%

Note 1: Company numbering is as follows:

(1) Parent company is 0.

(2) Subsidiary starts from 1.

Note 2: The number of the relationship with the transaction counterparty represents the following:

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(1) 1 represents downstream transactions.

(2) 2 represent upstream transactions.

Note 3: For balance sheet items, over 1% of total consolidated assets, and for profit or loss items, over 1% of total consolidated revenue was selected for disclosure.

(b) Information on investees:

The following is the information on investees for January 1 to March 31, 2019 (excluding information on investees in China):

Unit: NT$1,000

Name of investor	Name of investee	Address	Scope of business	Original cost December 31, 2018	Original cost December 31, 2017	Ending balance Shares	Ending balance Percentage of ownership	Ending balance Book value (Note 1)	Net income of investee (Note 1)	Investment income (losses) (Note 3)	Notes
The Company	Machvision Inc.	Samoa	Investment	50,114	50,114	1,607,276	100.00%	13,923	(13,336)	(13,336)	Note 1, 2
The Company	Autovision Technology Inc.	Taiwan	Manufacturing of computer peripheral products	2,250	2,250	225,000	45.00%	2,878	194	87	Note 2
The Company	Sigold Optics Inc.	Taiwan	Manufacturing of machinery equipment	49,470	49,470	4,947,000	49.47%	59,102	5,144	2,545	Note 2
The Company	Machvision Korea Co., Ltd.	Korea	Maintenance and wholesale of machinery equipment	21,542	-	10,000	100.00%	21,542	-	-	Note 2

Note 1: The company is a limited company.

Note 2: The transactions within the Group were eliminated in the consolidated financial statements.

Note 3: The investment income was recognized under the equity method and based on the financial statements audited by the auditor of the Company.

(c) Information on investment in China:

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

Unit: NT$1,000

Name of investee investment in China	Major operations	Issued capital	Method of investment (Note 1)	Beginning remittance balance - cumulative investment (amount) from Taiwan	Current remittance / recoverable investment (amount) Invested amount	Current remittance / recoverable investment (amount) Returned amount	Ending remittance balance-cumulative investment (amount) from Taiwan	Net income of investee	Direct / indirect shareholdings or investments (%) in the Company	Current investment gains and losses (Notes 4)	Book value	Remittance of investment income in current period
Machvision (Dongguan) Inc.	Maintaining and trading of machinery equipment	50,042	(2)	50,042	-	-	50,042	(13,336)	100%	(13,336)	17,744	-

Note 1: The method of investment is divided into the following four categories:

(1) Remittance from third region companies to invest in China.

(2) Through the establishment of third region companies then investing in China.

(3) Through transferring the investment to third region existing companies then investing in China.

(4) Other methods EX: delegated investments.

Note 2: Re-investing in China. through Machvision Inc. Samoa.

Note 3: The transactions within the Group were eliminated in the consolidated financial statements.

Note 4: The recognition of investment gains and losses in this period is based on the same period that the invested company prepares its own financial reports that have not been approved by the accountant, and the evaluation of the rights and interest's method is adopted.

(ii) Limitation on investment in China:

Company name	Accumulated investment amount in China as of December 31, 2018	Investment (amount) approved by Investment Commission, Ministry of Economic Affairs	Maximum investment amount set by Investment Commission, Ministry of Economic Affairs
The Company	50,042	111,399	793,108 (Note)

Note: It represents 60% of the Company's net equity.

(iii) Major trading matters with mainland invested companies

For the Group's directly or indirectly significant transactions with mainland invested companies as of January 1 to March 31, 2019, please refer to the description at "Business relationships and significant inter-company transactions" mentioned above.

(14) Department Information

The company operates a single industry, mainly engaged in optical testing machinery and equipment manufacturing, sales and testing business. The end use of its products is similar, and the operating decision maker is the Company's overall assessment of performance and allocation of resources, identified by the company only a single reporting department.

Information on reportable departments and reconciliation for the Group is as follows:

January 1 to March 31, 2019	**Taiwan**	**China**	**Adjustments or elimination**	**Total**
Revenue:				
Revenue from external customers	$ 620,727	50,045	-	670,772
Inter-segment revenues	40,501	-	(40,501)	-
Total revenue	**$ 661,228**	**50,045**	**(40,501)**	**670,772**
Reportable segment profit or loss	**$ 330,673**	**(13,890)**	**-**	**316,783**

January 1 to March 31, 2018	**Taiwan**	**China**	**Adjustments or elimination**	**Total**
Revenue:				
Revenue from external customers	$ 524,995	41,043	-	566,038
Inter-segment revenues	36,449	-	(36,449)	-
Total revenue	**$ 561,444**	**41,043**	**(36,449)**	**566,038**
Reportable segment profit or loss	**$ 259,127**	**(6,729)**	**-**	**252,398**

Between January 1 to March 31, 2019 and 2018, the inter-department revenues are $40,501,000 and $36,449,000, respectively, and should be eliminated from total department revenue.