TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
SEPTEMBER 30, 2017 AND 2016

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

PWCR17000113

To the Board of Directors and Shareholders of Teco Image Systems Co., Ltd.

We have reviewed the accompanying consolidated balance sheets of Teco Image Systems Co., Ltd. and its subsidiaries as of September 30, 2017 and 2016, and the related consolidated statements of comprehensive income for the three months and nine months then ended, as well as the statements of changes in equity and of cash flows for the nine months then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

We conducted our reviews in accordance with the Statement of Auditing Standards No. 36, "Engagements to Review Financial Statements" in the Republic of China. A review consists primarily of inquiries of company personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

Huang, Shih Chun　　　　　　　　　　Wu, Yu Lung

For and on behalf of PricewaterhouseCoopers, Taiwan

November 7, 2017

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

	Assets	Notes	September 30, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%	September 30, 2016 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 882,331	32	$ 725,081	26	$ 591,483	22
1110	Financial assets at fair value through profit or loss - current	6(2)	348,597	13	360,925	13	353,562	13
1150	Notes receivable, net		3,940	-	3,607	-	4,971	-
1170	Accounts receivable, net	6(4)	449,230	16	555,346	20	563,818	21
1180	Accounts receivable - related parties	7(2)	8	-	-	-	310	-
1200	Other receivables		7,645	-	8,382	-	67,862	2
1220	Current income tax assets	6(18)	12,738	-	39,964	2	39,953	1
130X	Inventories, net	6(5)	136,567	5	127,021	5	164,785	6
1410	Prepayments	7(2)	33,275	1	93,410	3	96,841	4
1470	Other current assets	6(1)	31,939	1	32,005	1	32,142	1
11XX	**Current Assets**		1,906,270	68	1,945,741	70	1,915,727	70
	Non-current assets							
1523	Available-for-sale financial assets - noncurrent	6(3)	835,930	30	775,153	28	755,303	28
1600	Property, plant and equipment, net	6(6)	22,731	1	29,021	1	32,253	1
1780	Intangible assets		6,907	-	5,354	-	5,817	-
1840	Deferred income tax assets		24,044	1	31,598	1	35,936	1
1900	Other non-current assets		4,050	-	4,057	-	3,395	-
15XX	**Non-current assets**		893,662	32	845,183	30	832,704	30
1XXX	**Total assets**		$ 2,799,932	100	$ 2,790,924	100	$ 2,748,431	100

(Continued)

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of September 30, 2017 and 2016 are reviewed, not audited)

	Liabilities and Equity	Notes	September 30, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%	September 30, 2016 AMOUNT	%
	Current liabilities							
2120	Financial liabilities at fair value through profit or loss - current	6(7)	$ 1,652	-	$ -	-	$ -	-
2170	Accounts payable		461,342	17	407,067	15	417,271	15
2180	Accounts payable - related parties	7(2)	1,157	-	797	-	3,413	-
2200	Other payables	6(8) and 7(2)	262,233	9	257,726	9	269,171	10
2230	Current income tax liabilities	6(18)	16,015	1	14,913	1	16,991	1
2250	Provisions for liabilities - current	6(11)	58,394	2	59,115	2	59,032	2
2300	Other current liabilities	6(9)	67,650	2	144,336	5	134,592	5
21XX	**Current Liabilities**		868,443	31	883,954	32	900,470	33
	Non-current liabilities							
2570	Deferred income tax liabilities		258	-	5,277	-	1,056	-
2600	Other non-current liabilities		33,645	1	40,412	1	46,134	1
25XX	**Non-current liabilities**		33,903	1	45,689	1	47,190	1
2XXX	**Total Liabilities**		902,346	32	929,643	33	947,660	34
	Equity attributable to owners of parent							
	Share capital	6(12)						
3110	Share capital - common stock		1,125,365	40	1,125,365	40	1,125,365	41
	Retained earnings	6(13)						
3310	Legal reserve		334,178	12	316,278	12	316,278	12
3350	Unappropriated retained earnings	6(18)	347,310	13	314,978	11	276,038	10
	Other equity interest							
3400	Other equity interest		90,733	3	36,430	1	16,362	-
31XX	**Equity attributable to owners of the parent**		1,897,586	68	1,793,051	64	1,734,043	63
36XX	**Non-controlling interest**		-	-	68,230	3	66,728	3
3XXX	**Total equity**		1,897,586	68	1,861,281	67	1,800,771	66
	Significant contingent liabilities and unrecognized contract commitments	9						
3X2X	**Total liabilities and equity**		$ 2,799,932	100	$ 2,790,924	100	$ 2,748,431	100

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

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)
(UNAUDITED)

			Three months ended September 30				Nine months ended September 30			
			2017		2016		2017		2016	
	Items	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%	AMOUNT	%
4000	**Sales revenue**	7(2)	$ 670,575	100	$ 651,505	100	$ 1,748,110	100	$ 1,812,888	100
5000	**Operating costs**	6(5)(16)(17), 7(2)(3)	(503,485)	(75)	(464,284)	(71)	(1,278,183)	(73)	(1,315,448)	(73)
5900	**Net operating margin**		167,090	25	187,221	29	469,927	27	497,440	27
	Operating expenses	6(16)(17), 7(2)(3)								
6100	Selling expenses		(18,322)	(3)	(21,979)	(4)	(55,541)	(3)	(63,295)	(4)
6200	General and administrative expenses		(48,484)	(7)	(46,104)	(7)	(130,512)	(8)	(127,916)	(7)
6300	Research and development expenses		(52,379)	(8)	(58,779)	(9)	(147,663)	(8)	(164,514)	(9)
6000	**Total operating expenses**		(119,185)	(18)	(126,862)	(20)	(333,716)	(19)	(355,725)	(20)
6900	**Operating profit**		47,905	7	60,359	9	136,211	8	141,715	8
	Non-operating income and expenses									
7010	Other income	6(14)	62,008	9	69,492	11	65,515	4	74,074	4
7020	Other gains and losses	6(15)	3,153	1	(24,894)	(4)	4,878	-	(56,354)	(3)
7000	**Total non-operating income and expenses**		65,161	10	44,598	7	70,393	4	17,720	1
7900	**Profit before income tax**		113,066	17	104,957	16	206,604	12	159,435	9
7950	Income tax expense	6(18)	(9,076)	(2)	(4,380)	-	(21,328)	(1)	(15,467)	(1)
8200	**Profit for the period**		$ 103,990	15	$ 100,577	16	$ 185,276	11	$ 143,968	8
	Other comprehensive income									
	Components of other comprehensive income (loss) that will be reclassified to profit or loss									
8361	Financial statements translation differences of foreign operations		$ 1,680	-	($ 5,620)	(1)	($ 8,846)	-	($ 9,510)	-
8362	Unrealized gain (loss) on valuation of available-for-sale financial assets	6(3)	2,772	1	19,288	3	60,777	3	(65,867)	(4)
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**		4,452	1	13,668	2	51,931	3	(75,377)	(4)
8300	**Total other comprehensive income (loss) for the period**		$ 4,452	1	$ 13,668	2	$ 51,931	3	($ 75,377)	(4)
8500	**Total comprehensive income for the period**		$ 108,442	16	$ 114,245	18	$ 237,207	14	$ 68,591	4
	Profit (loss), attributable to:									
8610	Owners of the parent		$ 103,990	16	$ 100,577	15	$ 185,276	11	$ 143,968	8
8620	Non-controlling interest		$ -	-	$ -	-	$ -	-	$ -	-
	Comprehensive income attributable to:									
8710	Owners of the parent		$ 108,442	16	$ 115,760	18	$ 241,082	14	$ 71,108	4
8720	Non-controlling interest		$ -	-	($ 1,515)	-	($ 3,875)	-	($ 2,517)	-
9750	**Basic earnings per share**	6(19)	$ 0.93		$ 0.89		$ 1.65		$ 1.28	
9850	**Diluted earnings per share**	6(19)	$ 0.93		$ 0.89		$ 1.65		$ 1.28	

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

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Equity attributable to owners of the parent						Non-controlling interest	Total equity
			Retained earnings		Other equity interest				
		Share capital - common stock	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total		
Nine months ended September 30, 2016									
Balance at January 1, 2016		$ 1,125,365	$ 298,095	$ 285,297	$ 12,275	$ 76,947	$ 1,797,979	$ 69,245	$ 1,867,224
Appropriations and distribution of 2015 retained earnings	6(13)								
Legal reserve appropriated		-	18,183	(18,183)	-	-	-	-	-
Cash dividends from earnings		-	-	(135,044)	-	-	(135,044)	-	(135,044)
Profit for the period		-	-	143,968	-	-	143,968	-	143,968
Other comprehensive loss for the period		-	-	-	(6,993)	(65,867)	(72,860)	(2,517)	(75,377)
Balance at September 30, 2016		$ 1,125,365	$ 316,278	$ 276,038	$ 5,282	$ 11,080	$ 1,734,043	$ 66,728	$ 1,800,771
Nine months ended September 30, 2017									
Balance at January 1, 2017		$ 1,125,365	$ 316,278	$ 314,978	$ 5,500	$ 30,930	$ 1,793,051	$ 68,230	$ 1,861,281
Appropriations and distribution of 2016 retained earnings	6(13)								
Legal reserve appropriated		-	17,900	(17,900)	-	-	-	-	-
Cash dividends from earnings		-	-	(135,044)	-	-	(135,044)	-	(135,044)
Profit from liquidation of subsidiary		-	-	-	(1,503)	-	(1,503)	(64,355)	(65,858)
Profit for the period		-	-	185,276	-	-	185,276	-	185,276
Other comprehensive (loss) profit for the period		-	-	-	(4,971)	60,777	55,806	(3,875)	51,931
Balance at September 30, 2017		$ 1,125,365	$ 334,178	$ 347,310	($ 974)	$ 91,707	$ 1,897,586	$ -	$ 1,897,586

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

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30, 2017	Nine months ended September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 206,604	$ 159,435
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(16)	9,105	10,059
Amortization	6(16)	2,547	3,566
Net (loss) income on financial assets and liabilities at fair value through profit or loss	6(15)	(21,807)	13,160
Gain on doubtful debt recoveries	6(4)	-	(44)
Loss on disposal of property, plant and equipment	6(15)	2	2
Gain on reversal of property, plant and equipment impairment loss	6(15)	(785)	-
Gain on disposal of available-for-sale financial assets	6(15)	-	(1,047)
Estimated warranty liabilities	6(11)	21	1,760
Interest income	6(14)	(639)	(560)
Dividend income	6(14)	(58,276)	(57,843)
Estimated litigation loss	6(15)	-	5,249
Prepayments for business facilities transferred to expenses		348	138
Profit from liquidation of subsidiary	6(15)	(14,229)	-
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets and liabilities held for trading		35,787	70,000
Notes receivable		(333)	(3,753)
Accounts receivable		106,116	238
Accounts receivable - related parties		(8)	(310)
Other receivables		737	5,584
Inventories		(9,540)	41,398
Prepayments		8,384	(50,162)
Other current assets		-	(1,315)
Changes in operating liabilities			
Accounts payable		54,275	(86,388)
Accounts payable - related parties		360	(175)
Other payables		4,507	(3,319)
Provisions - current		(367)	(632)
Other current liabilities		(76,686)	3,746
Other non-current liabilities		(6,767)	(38,369)
Cash inflow generated from operations		239,356	70,418
Interest received		639	1,304
Interest paid		-	(1)
Income tax paid		(19,665)	(21,396)
Income tax refund received		29,288	-
Net cash flows from operating activities		249,618	50,325

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TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Nine months ended September 30, 2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease in other current assets		$ 66	$ 1,056
Proceeds from disposal of available-for-sale financial assets		-	1,047
Acquisition of property, plant and equipment	6(6)	(2,214)	(9,476)
Acquisition of intangible assets		(4,122)	(5,257)
(Increase) decrease in refundable deposits		(711)	160
Increase in prepayments for business facilities		-	(35)
Dividends received	6(14)	58,276	57,843
Decrease in other non-current assets		180	194
Net cash flows from investing activities		51,475	45,532
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings		-	(1,000)
Cash dividends paid	6(13)	(135,044)	(135,044)
Net cash used in financing activities		(135,044)	(136,044)
Effect of exchange rate changes on cash and cash equivalents		(8,799)	(9,172)
Net increase (decrease) in cash and cash equivalents		157,250	(49,359)
Cash and cash equivalents at beginning of period		725,081	640,842
Cash and cash equivalents at end of period		$ 882,331	$ 591,483

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

TECO IMAGE SYSTEMS CO., LTD. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2017 AND 2016

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

(UNAUDITED)

1. HISTORY AND ORGANIZATION

   (1) Teco Image Systems Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C) on September 8, 1997 and has begun its operations in the same year. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in designing, manufacturing and trading of multi-function printers, fax machines, scanner, etc.

   (2) The Company's shares have been listed on the Taipei Exchange since June 2000.

2. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

   These consolidated financial statements were authorized for issuance by the Board of Directors on November 7, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortization (amendments to IAS 16 and IAS 38)	January 1, 2016

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
Disclosure initiative (amendments to IAS 7)	January 1, 2017

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, ‘Foreign currency transactions and advance consideration’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, ‘First-time adoption of International Financial Reporting Standards’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, ‘Disclosure of interests in other entities’	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, ‘Investments in associates and joint ventures’	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 9, ‘Financial instruments’:

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

B. The impairment losses of debt instruments are assessed using an ‘expected credit loss’ approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Prepayment features with negative compensation (amendments to IFRS 9)	January 1, 2019
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 16, ‘Leases’	January 1, 2019
IFRS 17, ‘Insurance contracts’	January 1, 2021
Long-term interests in associates and joint ventures (amendments to IAS 28)	January 1, 2019
IFRIC 23, ‘Uncertainty over income tax treatments’	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, ‘Leases’:

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2)Basis of preparation

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

(a) Financial assets at fair value through profit or loss.

(b) Available-for-sale financial assets measured at fair value.

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

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

(3)Basis of consolidation

A. Basis for preparation of consolidated financial statements

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)			
Name of investor	Name of subsidiary	Main business activities	September 30, 2017	December 31, 2016	September 30, 2016	Description
The Company	Atlas Tech Investment Co., Ltd. (Atlas)	Professional investment company	100	100	100	-
The Company	Image Holding Limited (IHL)	Professional investment company	-	100	100	Note 1

Name of investor	Name of subsidiary	Main business activities	Ownership (%) September 30, 2017	December 31, 2016	September 30, 2016	Description
Atlas	All-In-One International Co., Ltd. (All-In-One)	Professional investment company	100	100	100	-
Atlas	Image Systems International Limited (ISI)	Professional investment company	100	100	100	-
Atlas	Teco Pro-Systems (JiangXi) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	100	100	100	Note 2
All-In-One	TECO Image Systems (Suzhou) Co., Ltd.	Research, technical service, manufacturing and sales of multi-function printers and related products	100	100	100	Note 3
ISI	Teco Image Systems (DongGuan) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	100	100	100	-
IHL	TIS KARRIE TECHNOLOGIES (H.K) COMPANY LIMITED	Research, development, manufacturing and sales of multi-function printers and related products	-	51	51	Note 4

The financial statements of the abovementioned subsidiaries included in the consolidated financial statements for the nine months ended September 30, 2017 and 2016 have been reviewed by the Company's independent accountants.

Note 1: On March 15, 2016, the Board of Directors resolved for the Company to liquidate and cease the business of its wholly-owned subsidiary, Image Holding Limited. The liquidation has been completed in the first half of 2017. Details of the profit from liquidation of subsidiary are provided in Note 6(15).

Note 2: On August 6, 2014, the Board of Directors resolved for the Company to liquidate and cease the business of Teco Pro-Systems (JiangXi) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, Atlas Tech Investment Co., Ltd.. As of November 7, 2017, the liquidation process is still ongoing.

Note 3: On March 15, 2016, the Board of Directors resolved for the Company to liquidate and cease the business of TECO Image Systems (Suzhou) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, All-In-One International Co., Ltd.. As of November 7, 2017, the liquidation process is still ongoing.

Note 4: On January 15, 2013, the Board of Directors resolved for the Company to liquidate and cease the business of TIS KARRIE TECHNOLOGIES (H.K) COMPANY LIMITED, a 51% owned subsidiary held by the Company's wholly-owned subsidiary, Image Holding Limited. The liquidation has been completed in the first half of 2017.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4)Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan dollars (NTD), which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income under "other gains and losses".

B. Translation of foreign operations

(a) The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and libilities for each balance sheet presented are translated at the exchange rate prevailing at the dates of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period;

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group still retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5)Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6)Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7)Financial assets at fair value through profit or loss

A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if acquired principally for the purpose of sale in the short-term.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using settlement date accounting.

C. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(8)Available-for-sale financial assets

A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using settlement date accounting.

C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income.

(9)Accounts receivable

Accounts receivable are loans and receivables originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

However, short-term accounts receivable which are non-interest bearing are subsequently measured at initial invoice amount as the effect of discounting is insignificant.

(10)Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the issuer or debtor;

(b) A breach of contract, such as a default or delinquency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(e) The disappearance of an active market for that financial asset because of financial difficulties;

(f) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(g) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(h) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

C. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows:

(a) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(b) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(11) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(12) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Machinery and equipment	3~5 years
Mold equipment	2 years
Testing equipment	4~5 years
Transportation equipment	5 years
Office equipment	3~4 years
Leasehold improvements	3~5 years
Others	3 years

(14) Leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(15) Intangible assets

Intangible assets mainly refer to computer software which is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Financial liabilities at fair value through profit or loss

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. Financial liabilities at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognised in profit or loss.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20) Provisions

Provisions for warranty are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

ii. Remeasurement arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

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

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(22) <u>Income tax</u>

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and liability simultaneously. Deferred tax assets is offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

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

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

The Group manufactures and sells multi-function printers, fax machines, scanner and etc. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(26) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker. The Group's Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

After assessment, the Group's accounting policies have no significant uncertainty.

(2)Critical accounting estimates and assumptions

Evaluation of inventories:

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of September 30, 2017, the carrying amount of inventories was $136,567.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1)Cash and cash equivalents

	September 30, 2017	December 31, 2016	September 30, 2016
Cash on hand	$ 369	$ 918	$ 910
Checking accounts and demand deposits	881,962	723,107	589,517
Time deposits	-	1,056	1,056
	$ 882,331	$ 725,081	$ 591,483

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

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

C. As of September 30, 2017, December 31, 2016 and September 30, 2016, the Group’s deposits with original maturity between 3 months and 1 year (shown as other current assets) amounted to $31,939, $32,005 and $32,142, respectively.

(2)Financial assets at fair value through profit or loss

	September 30, 2017	December 31, 2016	September 30, 2016
Current items:			
Financial assets held for trading			
Domestic open-end funds	$ 197,915	$ 197,915	$ 197,915
Listed stocks	67,614	67,614	67,614
Foreign open-end funds	-	88,724	88,724
	265,529	354,253	354,253
Valuation adjustment	83,068	6,672	(691)
	$ 348,597	$ 360,925	$ 353,562

A. The Group recognised net gain (loss) of $5,257, $2,364, $22,256 and ($13,160) on financial assets held for trading for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively.

B. The Group has no financial assets at fair value through profit or loss pledged or collateralised.

(3)Available-for-sale financial assets

	September 30, 2017	December 31, 2016	September 30, 2016
Non-current items:			
Listed stocks	$ 736,223	$ 736,223	$ 736,223
Unlisted stocks	16,567	16,567	16,567
	752,790	752,790	752,790
Valuation adjustment	91,707	30,930	11,080
Accumulated impairment	(8,567)	(8,567)	(8,567)
	$ 835,930	$ 775,153	$ 755,303

A. The Group recognised $2,772, $19,288, $60,777 and ($65,867) in other comprehensive income for fair value change for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively. There were no reclassification from equity to profit or loss for the periods then ended.

B. The Group has no available-for-sale financial assets pledged or collateralised.

(4)Accounts receivable

	September 30, 2017	December 31, 2016	September 30, 2016
Accounts receivable	$ 449,230	$ 576,966	$ 585,438
Less: Allowance for bad debts	-	(21,620)	(21,620)
	$ 449,230	$ 555,346	$ 563,818

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

	September 30, 2017	December 31, 2016	September 30, 2016
Neither past due nor impaired	$ 449,230	$ 555,338	$ 563,754

B. The ageing analysis of financial assets that were past due but not impaired is as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Up to 30 days	$ -	$ 8	$ 64

The above ageing analysis was based on past due date.

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

(a) As of September 30, 2017, December 31, 2016, and September 30, 2016, the Group's accounts receivable that were impaired amounted to $0, $21,620 and $21,620, respectively.

(b) Movements in provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ 21,620	$ -	$ 21,620
Write-offs during the period	(21,620)	-	(21,620)
At September 30	$ -	$ -	$ -

	2016		
	Individual provision	Group provision	Total
At January 1	$ 21,664	$ -	$ 21,664
Reversal of impairment	(44)	-	(44)
At September 30	$ 21,620	$ -	$ 21,620

D. The Group does not hold any collateral as security for the abovementioned accounts receivable.

(5) Inventories

	September 30, 2017		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 120,428	($ 24,439)	$ 95,989
Work in process	7,074	(121)	6,953
Finished goods	7,221	(230)	6,991
Merchandise	30,212	(3,578)	26,634
	$ 164,935	($ 28,368)	$ 136,567

	December 31, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 116,122	($ 24,342)	$ 91,780
Work in process	7,896	(21)	7,875
Finished goods	14,456	(2,841)	11,615
Merchandise	13,972	(484)	13,488
Inventory in transit	2,263	-	2,263
	$ 154,709	($ 27,688)	$ 127,021

	September 30, 2016		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 144,073	($ 31,110)	$ 112,963
Work in process	18,039	(241)	17,798
Finished goods	23,553	(6,504)	17,049
Merchandise	17,356	(381)	16,975
	$ 203,021	($ 38,236)	$ 164,785

A. Abovementioned inventories were not pledged or collateralised.

B. The cost of inventories recognised as expense for the period:

	Three months ended September 30,	
	2017	2016
Cost of goods sold	$ 506,591	$ 468,179
Gain from reversal on decline in market value (Note)	(3,106)	(11,815)
Retirement loss	-	7,924
Revenue from scrap sales	-	(4)
	$ 503,485	$ 464,284

	Nine months ended September 30,	
	2017	2016
Cost of goods sold	$ 1,277,525	$ 1,318,044
Loss (gain from reversal) on decline in market value (Note)	673	(10,516)
Retirement loss	-	7,924
Revenue from scrap sales	-	(4)
Gain on physical inventory	(15)	-
	$ 1,278,183	$ 1,315,448

Note: By scrapping or selling inventories for which losses on market value decline had been recognised, the gain from reversal of inventory valuation was recognised as a result of a decrease in allowance for inventory valuation losses.

(6)Property, plant and equipment

	Machinery and equipment	Mold equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1, 2017								
Cost	$ 4,983	$ 2,932	$ 25,964	$ 900	$ 37,517	$ 33,084	$ 8,598	$ 113,978
Accumulated depreciation and impairment	(3,713)	(2,327)	(25,691)	(900)	(31,898)	(15,022)	(5,406)	(84,957)
	$ 1,270	$ 605	$ 273	$ -	$ 5,619	$ 18,062	$ 3,192	$ 29,021
2017								
Opening net book amount as at January 1	$ 1,270	$ 605	$ 273	$ -	$ 5,619	$ 18,062	$ 3,192	$ 29,021
Additions	545	-	181	-	1,225	-	263	2,214
Disposals	-	-	(1)	-	(1)	-	-	(2)
Reversal of impairment	383	-	182	-	209	-	11	785
Depreciation charge	(527)	(194)	(193)	-	(2,418)	(4,363)	(1,410)	(9,105)
Reclassifications (Note)	-	-	-	-	-	-	175	175
Net exchange differences	(13)	-	-	-	(8)	(337)	1	(357)
Closing net book amount as at September 30	$ 1,658	$ 411	$ 442	$ -	$ 4,626	$ 13,362	$ 2,232	$ 22,731
At September 30, 2017								
Cost	$ 3,650	$ 2,932	$ 25,753	$ 900	$ 38,378	$ 32,677	$ 9,037	$ 113,327
Accumulated depreciation and impairment	(1,992)	(2,521)	(25,311)	(900)	(33,752)	(19,315)	(6,805)	(90,596)
	$ 1,658	$ 411	$ 442	$ -	$ 4,626	$ 13,362	$ 2,232	$ 22,731

	Machinery and equipment	Mold equipment	Testing equipment	Transportation equipment	Office equipment	Leasehold improvements	Others	Total
At January 1, 2016								
Cost	$ 4,726	$ 2,155	$ 25,959	$ 900	$ 34,690	$ 24,373	$ 8,287	$ 101,090
Accumulated depreciation and impairment	(3,361)	(2,155)	(25,508)	(800)	(28,633)	(9,260)	(3,931)	(73,648)
	$ 1,365	$ -	$ 451	$ 100	$ 6,057	$ 15,113	$ 4,356	$ 27,442
2016								
Opening net book amount as at January 1	$ 1,365	$ -	$ 451	$ 100	$ 6,057	$ 15,113	$ 4,356	$ 27,442
Additions	584	778	-	-	2,901	4,226	987	9,476
Disposals	-	-	-	-	-	-	(2)	(2)
Depreciation charge	(475)	(108)	(197)	(100)	(2,850)	(4,902)	(1,427)	(10,059)
Reclassifications (Note)	54	-	-	-	-	6,636	-	6,690
Net exchange differences	(90)	-	(5)	-	(40)	(1,159)	-	(1,294)
Closing net book amount as at September 30	$ 1,438	$ 670	$ 249	$ -	$ 6,068	$ 19,914	$ 3,914	$ 32,253
At September 30, 2016								
Cost	$ 5,051	$ 2,933	$ 25,896	$ 900	$ 37,325	$ 33,552	$ 9,228	$ 114,885
Accumulated depreciation and impairment	(3,613)	(2,263)	(25,647)	(900)	(31,257)	(13,638)	(5,314)	(82,632)
	$ 1,438	$ 670	$ 249	$ -	$ 6,068	$ 19,914	$ 3,914	$ 32,253

Note: Reclassification was transferred from prepayments for business facilities.

Abovementioned property, plant and equipment was neither pledged nor collaterised and no interest was capitalised.

(7)Financial liabilities at fair value through profit or loss

	September 30, 2017	December 31, 2016	September 30, 2016
Current items:			
Financial liabilities held for trading			
Non-hedging derivatives	$ 1,652	$ -	$ -

A. The Group recognised net income (loss) of $53, $0, ($449) and $0 on financial liabilities held for trading for the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, respectively.

B. The non-hedging derivative instruments transaction and contract information are as follows:

	September 30, 2017	
Derivative financial liabilities	Contract amount (Notional principal)	Contract period
Current items:		
Foreign exchange swap	USD 1,000	2017.08.15~2017.10.13
Foreign exchange swap	USD 2,000	2017.08.16~2017.10.17
Foreign exchange swap	USD 2,000	2017.08.28~2017.10.30
Foreign exchange swap	USD 2,000	2017.09.06~2017.11.06
Foreign exchange swap	USD 2,000	2017.09.22~2017.11.27
Foreign exchange swap	USD 2,000	2017.09.25~2017.11.27
Foreign exchange swap	USD 2,000	2017.09.28~2017.11.28

(a) As of December 31 and September 30, 2016, there were no transactions in terms of non-hedging derivative financial liabilities.

(b) The cross currency swap contracts which the Group entered into are foreign exchange swap between currencies to hedge exchange rate risk. However, these contracts are not accounted for under hedging accounting.

(8)Other payables

	September 30, 2017	December 31, 2016	September 30, 2016
Salaries and bonuses payable	$ 164,911	$ 155,316	$ 155,977
Employees' compensation and directors' and supervisors' remuneration	39,735	24,732	35,267
Research and development expense payable	7,857	17,489	20,625
Service charge payable	9,749	12,508	9,242
Others	39,981	47,681	48,060
	$ 262,233	$ 257,726	$ 269,171

(9) Other current liabilities

	September 30, 2017	December 31, 2016	September 30, 2016
Sales revenue received in advance	$ 65,971	$ 143,339	$ 133,657
Other advance receipts	1,679	997	935
	$ 67,650	$ 144,336	$ 134,592

(10) Pensions

A. Defined benefit pension plans

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions to cover the deficit by next March.

(b) For the aforementioned pension plan, the Group recognised pension costs of $477, $826, $1,430 and $2,141 for the three months ended September 30, 2017 and 2016, and the nine months ended September 30, 2017 and 2016, respectively.

(c) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2018 amounts to $3,000.

B. Defined contribution pension plan

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

(b) The Company's consolidated subsidiaries, Atlas, All-In-One, ISI and IHL do not have employee retirement plans and there is no requirement according to local regulations. TECO Image Systems (Suzhou) Co., Ltd., Teco Image Systems (DongGuan) Co., Ltd., TIS KARRIE TECHNOLOGIES (H.K) COMPANY LIMITED and Teco Pro-Systems (JiangXi) Co., Ltd. have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with local regulations are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) The pension costs under the defined contribution pension plans of the Group for the three months ended September 30, 2017 and 2016, and the nine months ended September 30, 2017 and 2016, were $2,875, $3,148, $8,980 and $9,512, respectively.

(11) Provisions

	Product warranty	Legal claims	Total
At January 1, 2017	$ 32,897	$ 26,218	$ 59,115
Additional provisions	21	-	21
Used during the period	(367)	-	(367)
Net exchange differences	-	(375)	(375)
At September 30, 2017	$ 32,551	$ 25,843	$ 58,394

	Product warranty	Legal claims	Total
At January 1, 2016	$ 31,256	$ 22,769	$ 54,025
Additional provisions	1,760	5,249	7,009
Used during the period	(632)	-	(632)
Net exchange differences	(2)	(1,368)	(1,370)
At September 30, 2016	$ 32,382	$ 26,650	$ 59,032

Analysis of total provisions:

	September 30, 2017	December 31, 2016	September 30, 2016
Current - product warranty	$ 32,551	$ 32,897	$ 32,382
Current - legal claims	25,843	26,218	26,650
	$ 58,394	$ 59,115	$ 59,032

A. The Group provides warranties on multi-function printers sold. Provision for product warranty is estimated based on history warranty data of multi-function printers. It is expected that provision for product warranty will be used in the following years.

B. The Group's provision for legal claims relates to the fire which broke out at the Company's sub-subsidiary, Teco Image Systems (DongGuan) Co., Ltd., on December 29, 2014. The neighboring company, Global Brands Manufacture Ltd., was affected by the fire and its plant equipment and inventories were destroyed. Details are provided in Note 9(1).

(12) Share capital

A. As of September 30, 2017, the Company's authorised capital was $1,710,000, consisting of 171 million shares of ordinary stock, and the paid-in capital was $1,125,365 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. For the nine months ended September 30, 2017 and 2016, the number of ordinary shares outstanding at the beginning of the period was consistent with the number at the end of the period which amounted to 112,536,565 shares.

(13) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following order: (a) Pay all taxes; (b) Offset prior years' losses; (c) Set aside 10% as legal reserve; (d) Set aside or reverse special reserve; and (e) The remainder along with the beginning unappropriated earnings and reversal of special reserve is the shareholders' accumulated distributable earnings. The appropriation of the accumulated distributable earnings shall be proposed by the Board of Directors and resolved by the shareholders as the shareholders' bonus.

B. The Company's dividends policy is summarised below: The Company operates in a steady growth environment with investment made in developing business. In consideration of possible plant expansion and investment, the residual dividend policy is adopted. Cash dividends shall account for at least 5% of the total dividends distributed.

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

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

E. Appropriation of the Company's earnings is as follows:

Details of appropriation of 2016 and 2015 earnings as resolved by the shareholders on June 21, 2017 and June 21, 2016, respectively, are as follows:

	Years ended December 31,			
	2016		2015	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve appropriated	$ 17,900		$ 18,183	
Cash dividends	135,044	$ 1.20	135,044	$ 1.20
	$ 152,944		$ 153,227	

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(17).

(14) Other income

	Three months ended September 30,	
	2017	2016
Payables over 2 years transferred to revenue	$ -	$ -
Interest from bank deposits	127	115
Dividend revenue	58,276	57,843
Others	3,605	11,534
	$ 62,008	$ 69,492

	Nine months ended September 30,	
	2017	2016
Payables over 2 years transferred ro revenue	$ 2,200	$ -
Interest from bank deposits	639	560
Dividend revenue	58,276	57,843
Others	4,400	15,671
	$ 65,515	$ 74,074

(15) Other gains and losses

	Three months ended September 30, 2017	Three months ended September 30, 2016
Net gains on financial assets / liabilities at fair value through profit or loss	$ 5,310	2,364
Net currency exchange losses	(1,302)	(22,712)
Reversal of impairment loss recognised in profit or loss, property, plant and equipment	4	-
Losses on disposal of property, plant and equipment	(2)	-
Gains on disposal of available-for-sale financial assets	-	1,047
Litigation losses	-	(5,249)
Others	(857)	(344)
	$ 3,153	($ 24,894)

	Nine months ended September 30, 2017	Nine months ended September 30, 2016
Net gains (losses) on financial assets / liabilities at fair value through profit or loss	$ 21,807	($ 13,160)
Net currency exchange losses	(28,077)	(38,459)
Reversal of impairment gain recognised in profit or loss, property, plant and equipment	785	-
Profit from liquidation of subsidiary	14,229	-
Losses on disposal of property, plant and equipment	(2)	(2)
Gains on disposal of available-for-sale financial assets	-	1,047
Litigation losses	-	(5,249)
Others	(3,864)	(531)
	$ 4,878	($ 56,354)

(16) Expenses by nature

	Three months ended September 30, 2017	Three months ended September 30, 2016
Employee benefit expense	$ 110,771	$ 113,833
Depreciation charge	$ 3,045	$ 3,202
Amortisation charge	$ 959	$ 740

	Nine months ended September 30,	
	2017	2016
Employee benefit expense	$ 306,292	$ 313,242
Depreciation charge	$ 9,105	$ 10,059
Amortisation charge	$ 2,547	$ 3,566

(17) Employee benefit expense

	Three months ended September 30,	
	2017	2016
Wages and salaries	$ 85,297	$ 88,479
Employees' compensation and directors' and supervisors' remuneration	12,965	12,444
Labour and health insurance fees	4,854	4,460
Pension costs	3,352	3,974
Other employee benefit expense	4,303	4,476
	$ 110,771	$ 113,833

	Nine months ended September 30,	
	2017	2016
Wages and salaries	$ 247,674	$ 256,496
Employees' compensation and directors' and supervisors' remuneration	23,246	18,903
Labour and health insurance fees	12,494	13,080
Pension costs	10,410	11,653
Other personnel expenses	12,468	13,110
	$ 306,292	$ 313,242

A. According to the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall be 5%~15% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.

B. For the three months ended September 30, 2017 and 2016, and nine months ended September 30, 2017 and 2016, employees' compensation was accrued at $8,644, $8,296, $15,498 and $12,602, respectively; while directors' and supervisors' remuneration was accrued at $4,321, $4,148, $7,748 and $6,301, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on 7.07% and 3.53% of distributable profit of current year as of the end of reporting period.

Employees' compensation and directors' and supervisors' remuneration for 2016 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2016 financial statements. For the year ended December 31, 2016, employees' compensation will be distributed in the form of cash, but has not yet been distributed.

Information about employees' compensation and directors' and supervisors' remuneration of the Company as approved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(18) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended September 30,	
	2017	2016
Current tax:		
Current income tax assets	$ 14,089	($ 7,771)
Current income tax liabilities	1,594	(2,477)
Receivables on receipts from income tax in prior years that have not yet been received	(14,089)	-
Withholding and provisional tax	2,191	13,113
Offshore income tax expense	1,641	1,037
Current tax on profit for the period	5,426	3,902
Prior year income tax underestimation	54	-
Total current tax	5,480	3,902
Deferred tax:		
Origination and reversal of temporary differences	3,720	478
Others:		
Net exchange differences	(124)	-
Income tax expense	$ 9,076	$ 4,380

	Nine months ended September 30,	
	2017	2016
Current tax:		
Current income tax assets	($ 12,738)	($ 39,953)
Current income tax liabilities	16,015	16,991
Receivables on receipts from income tax in prior years that have not yet been received	12,738	32,182
Payables on payments from income tax in prior years that have not yet been paid	(7,616)	(16,991)
Withholding and provisional tax	2,214	16,756
Offshore income tax expense	5,329	4,640
Tax on undistributed surplus earnings	(2,996)	(2,492)
Current tax on profit for the period	12,946	11,133
Prior year income tax underestimation	3,057	3,326
Total current tax	16,003	14,459
Deferred tax:		
Origination and reversal of temporary differences	2,534	(1,484)
Others:		
Tax on undistributed surplus earnings	2,996	2,492
Net exchange differences	(205)	-
Income tax expense	$ 21,328	$ 15,467

(b) For the three months ended September 30, 2017 and 2016, and the nine months ended September 30, 2017 and 2016, the Company has no income tax relating to other comprehensive income and income tax (charged)/credited to equity during the period.

B. The Company’s income tax returns through 2015 have been assessed and approved by the Tax Authority.

C. Unappropriated retained earnings:

	September 30, 2017	December 31, 2016	September 30, 2016
Earnings generated in and before 1997	$ -	$ -	$ -
Earnings generated in and after 1998	347,310	314,978	276,038
	$ 347,310	$ 314,978	$ 276,038

D. As of September 30, 2017, December 31, 2016 and September 30, 2016, the balance of the imputation tax credit account was $28,109 $35,195 and $23,177, respectively. The creditable tax rate was 15.33% for the year ended December 31, 2015 and is estimated to be 13.06% for the year ended December 31, 2016.

(19) Earnings per share

	Three months ended September 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic (diluted) earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 103,990	112,537	$ 0.93

	Three months ended September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic (diluted) earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 100,577	112,537	$ 0.89

	Nine months ended September 30, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic (diluted) earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 185,276	112,537	$ 1.65

	Nine months ended September 30, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic (diluted) earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 143,968	112,537	$ 1.28

(20) Operating leases

The Group leases in offices and warehouses under non-cancellable operating lease agreements. The lease terms are between 1 and 4 years, and all these lease agreements are renewable at the end of the lease period. The Group recognised rental expenses of $9,113, $7,255, $25,577 and $21,822 for abovementioned transactions in profit or loss for the three months ended September 30, 2017 and 2016, and the nine months ended September 30, 2017 and 2016, respectively. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Within one year	$ 18,937	$ 20,370	$ 16,723
Later than one year but not later than five years	10,303	5,098	6,632
	$ 29,240	$ 25,468	$ 23,355

7. RELATED PARTY TRANSACTIONS

(1)Names and relationship of related parties

Names of related parties	Relationship with the Group
Creative Sensor Inc.	Common chairman.
Multilite International Co., Ltd.	Common chairman.
Lien Chang Electronic Enterprise Co., LTD.	Common chairman.
TECO ELECTRIC & MACHINERY CO., LTD.	Common chairman.
TECNOS INTERNATIONAL CONSULTANT CO., LTD	The chairman of the securities holding company and the Company's chairman are within second degree of kinship.
Tong An Assets Management & Development Co., Ltd.	The chairman of the securities holding company and the Company's chairman are within second degree of kinship.
Karrie Technologies Co., Ltd. (Note)	Joint venture relationship with the Company.
All directors, president and key management	The Group's key management and governing body.

Note: The joint venture has completed the liquidation and was dissolved in the first half year of 2017, and the joint partnership was therefore ended.

(2)Significant related party transactions and balances

A. Sales

The amounts of sales transactions between the Group and the related parties are not disclosed since it is not significant and did not reach $3,000.

B. Purchases

(a) Purchases

The details of purchases from the related parties are as follows:

	Three months ended September 30,			
	2017		2016	
Entities with significant influence to the Group	$	1,159	$	3,999
Other related parties		128		-
	$	1,287	$	3,999

	Nine months ended September 30,			
	2017		2016	
Entities with significant influence to the Group	$	3,421	$	13,022
Other related parties		51		-
	$	3,472	$	13,022

Goods are bought from associates on normal commercial terms and conditions. The terms are approximately the same as those to third-party suppliers which is from 30 days after the purchase to 105 days after monthly billing while to related parties is 45 days to 105 days after monthly billing.

(b) Payables

	September 30, 2017		December 31, 2016		September 30, 2016	
Entities with significant influence to the Group	$	1,157	$	797	$	3,413
	$	1,157	$	797	$	3,413

C. Leases / Operating Expense / Other payables

(a) The Group leases offices from the entities with related parties (shown as operating expense):

	Three months ended September 30,			
	2016		2015	
Other related parties	$	3,686	$	3,685

	Nine months ended September 30,			
	2017		2016	
Other related parties	$	11,056	$	11,035

The Group leases offices from the related parties with an agreed price. The rent is paid regularly under the leasing contract.

(b) The Group's other payables generated from the abovementioned transactions:

	September 30, 2017		December 31, 2016		September 30, 2016	
Other related parties	$	359	$	106	$	3,548

D. Transactions of the liquidation of subsidiary company / Prepayments

The Group is preparing for liquidation proceedings of a subsidiary company. As a result, the Group returned share capital to other related parties in advance (shown as other prepayments). The amounts of prepayment from related party transactions mentioned above are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Karrie Technologies Co., Ltd.	$ -	$ 65,263	$ 62,055

E. Transaction of payment on behalf of others / other payables

The amounts of advance money (shown as other payables) in relation to other transactions from the entities with the related parties are as follows:

	September 30, 2017	December 31, 2016	September 30, 2016
Entities with significant influence to the Group	$ 14	$ 466	$ 393
Other related parties	2,533	1,670	3,376
	$ 2,547	$ 2,136	$ 3,769

(3)Key management compensation

	Three months ended September 30,	
	2017	2016
Short-term employee benefits	$ 12,290	$ 8,155
Post-employment benefits	119	129
	$ 12,409	$ 8,284

	Nine months ended September 30,	
	2017	2016
Short-term employee benefits	$ 31,493	$ 28,662
Post-employment benefits	358	398
	$ 31,851	$ 29,060

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1)Contingencies

On December 29, 2014, a fire broke out at the Company’s sub-subsidiary, Teco Image Systems (DongGuan) Co., Ltd.. The neighboring company, Global Brands Manufacture Ltd., was affected by the fire and its plant equipment and inventories were destroyed. After paying the insurance proceeds to Global Brands Manufacture Ltd. and acquiring the subrogation right, PICC Property and Casualty Company Limited initiated litigation against Teco Image Systems (DongGuan) Co., Ltd.. On August 19, 2016, Dongguan People's Court in Guangdong Province, Mainland China rendered a judgment that Teco Image Systems (DongGuan) Co., Ltd. indemnify PICC Property and Casualty Company Limited for insurance compensation and interest. Teco Image Systems (DongGuan) Co. has filed for an appeal. The court has not rendered a decision as of November 7, 2017. As of September 30, 2017, December 31, 2016 and September 30, 2016, the Group recognised provision for litigation losses of $25,843, $26,218 and $26,650, respectively (shown as provisions - current).

(2)Commitments

A. Operating lease agreements

As of September 30, 2017, December 31, 2016 and September 30, 2016, details of the future aggregate minimum lease payments under non-cancellable operating lease are provided in Note 6(20).

B. The Group entered into a royalty contract for the use of software and font with system vendors and royalty was paid based on the sales volume every month.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1)Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the debt to assets ratio. This ratio is calculated as total debt divided by total assets.

During 2017, the Group’s strategy was unchanged from 2016. As of September 30, 2017, December 31, 2016 and September 30, 2016, the Group’s debt to assets ratio was 32%, 33% and 34%, respectively.

(2) Financial instruments

A. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable, accounts receivable-related parties, other receivables, other current assets (time deposits and other financial assets), other non-current assets (refundable deposits), accounts payable, accounts payable - related parties and other payables) are approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the management. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. Foreign exchange risk

(i) The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

(ii) Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

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

	September 30, 2017		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 24,803	30.2600	$ 750,539
USD : RMB	9,244	6.6369	279,723
Investments Accounted for Using Equity Method			
RMB : NTD	27,662	4.5510	125,888
Financial liabilities			
Monetary items			
USD : NTD	13,363	30.2600	404,364
USD : RMB	9,057	6.6369	274,065

	December 31, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 23,668	32.2500	$ 763,293
USD : RMB	6,735	6.9370	217,204
Non-monetary items			
USD : NTD	1,109	32.2500	35,760
Investments Accounted for Using Equity Method			
RMB : NTD	20,552	4.6170	94,889
HKD : NTD	10,488	4.1580	43,609
Financial liabilities			
Monetary items			
USD : NTD	10,594	32.2500	341,657
USD : RMB	7,518	6.9370	242,456

	September 30, 2016		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	$ 32,591	31.3600	$ 1,022,054
USD : RMB	5,844	6.6778	183,268
Non-monetary items			
USD : NTD	11,485	31.3600	360,170
Investments Accounted for Using Equity Method			
RMB : NTD	17,236	4.6930	80,889
HKD : NTD	25,525	4.0440	103,223
Financial liabilities			
Monetary items			
USD : NTD	10,391	31.3600	325,862
USD : RMB	8,040	6.6778	252,134

(iv) Total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the three months ended September 30, 2017 and 2016, and the nine months ended September 30, 2017 and 2016 amounted to ($1,302), ($22,712), ($28,077) and ($38,459), respectively.

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

	Nine months ended September 30, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income (loss)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 7,505	$ -
USD : RMB	1%	2,797	-
Financial liabilities			
Monetary items			
USD : NTD	1%	($ 4,044)	-
USD : RMB	1%	(2,741)	-

	Nine months ended September 30, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income (loss)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD : NTD	1%	$ 10,221	$ -
USD : RMB	1%	1,833	-
Financial liabilities			
Monetary items			
USD : NTD	1%	($ 3,259)	-
USD : RMB	1%	(2,521)	-

ii. Price risk

(i) The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

(ii) The Group’s investments in equity securities comprise domestic listed and unlisted stocks. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the nine months ended September 30, 2017 and 2016 would have increased by $3,486 and $3,536, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $8,359 and $7,553, respectively, as a result of gains/losses on equity securities classified as available-for-sale.

iii. Interest rate risk

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions at specified intervals to verify that the maximum loss potential is within the limit given by the management.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the management. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

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

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

iv. The ageing analysis of financial assets that are neither past due nor impaired and that are past due but not impaired is provided in Note 6(4).

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

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times. Such forecasting takes into consideration the Group’s debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, time deposits and marketable securities.

iii. The Group’s non-derivative financial liabilities are analyzed based on the remaining period at the balance sheet date to the contractual maturity date and they are all financial liabilities due for repayment within one year.

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

(3)Fair value information

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

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

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

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

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in unlisted stocks is included in Level 3.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

September 30, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss - stocks and funds	$ 348,597	$ -	$ -	$ 348,597
Available - for - sale financial assets - stocks	835,930	-	-	835,930
	$ 1,184,527	$ -	$ -	$ 1,184,527
Liabilities				
Recurring fair value measurements				
Cross currency swap	$ -	$ 1,652	$ -	$ 1,652
	$ -	$ 1,652	$ -	$ 1,652

December 31, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss - stocks and funds	$ 360,925	$ -	$ -	$ 360,925
Available - for - sale financial assets - stocks	767,153	-	8,000	775,153
	$ 1,128,078	$ -	$ 8,000	$ 1,136,078

September 30, 2016	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss - stocks and funds	$ 353,562	$ -	$ -	$ 353,562
Available - for - sale financial assets - stocks	747,303	-	8,000	755,303
	$ 1,100,865	$ -	$ 8,000	$ 1,108,865

D. The methods and assumptions the Group used to measure fair value are as follows:

(a) The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

i. The fair value of listed shares is the closing price at the balance sheet date.

ii. The fair value of open-end fund is the net asset value at the balance sheet date.

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments.

(c) When assessing non-standard and low-complexity financial instruments, for example, debt instruments without active market, interest rate swap contracts, foreign exchange swap contracts and options, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

(d) The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the nine months ended September 30, 2017 and 2016, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the nine months ended September 30, 2017 and 2016:

	2017		2016	
	Non-derivative equity instrument		Non-derivative equity instrument	
At January 1	$	8,000	$	8,000
Gains and losses recognised in other comprehensive income		-		-
At September 30	$	8,000	$	8,000

G. For the nine months ended September 30, 2017 and 2016, there was no transfer into or out from Level 3.

H. Financial function is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other sources and represented as the exercisable price.

I. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

(a) September 30, 2017

	Fair value		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instrument:						
Unlisted shares	$	8,000	Net asset value	N/A	-	N/A

(b) December 31, 2016

	Fair value		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instrument:						
Unlisted shares	$	8,000	Net asset value	N/A	-	N/A

(c) September 30, 2016

	Fair value		Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instrument:						
Unlisted shares	$	8,000	Net asset value	N/A	-	N/A

J. The Group has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in different measurement. As of September 30, 2017, December 31, 2016 and September 30, 2016, there is no significant effect on financial assets categorised within Level 3 if the net assets had increased/decreased by 0.1%.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 2.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(7) and 12(3).

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

14. SEGMENT INFORMATION

(1) General information

The Group operates business only in a single industry. The Chief Operating Decision-Maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2)Measurement of segment information

The profit or loss of the Group's operation segments is measured by profit before tax and on which the performance is assessed.

(3)Information about segment profit or loss and assets and liabilities

In addition, the accounting policies and accounting estimates adopted by reportable segments are consistent with the summary of significant accounting policies in Note 4 and critical accounting estimates and assumption mentioned in Note 5.

(4)Reconciliation for segment income (loss)

A. The revenue from external customers provided to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. No reconciliation is needed as the Group's reportable segments income (loss) is equal to the income (loss) before tax.

B. The amounts provided to the Chief Operating Decision-Maker with respect to total assets are measured in a manner consistent with that of the balance sheets. No reconciliation is needed as the Group's assets of reportable segments are equal to total assets.

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Teco Image Systems Co., Ltd. and its subsidiaries
Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)
Nine months ended September 30, 2017

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

				As of September 30, 2017				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
Teco Image Systems Co., Ltd.	Fuh Hwa You Li Money Market Fund	None	Financial assets at fair value through profit or loss - current	1,491,299	$ 19,973	-	$ 19,973	-
"	Capital Money Market Fund	"	"	5,638,027	90,342	-	90,342	-
"	Mega Diamond Money Market Fund	"	"	7,261,969	90,424	-	90,424	-
"	Creative Sensor Inc.	Associates	"	5,950,000	147,858	4.68	147,858	-
"			Total		$ 348,597		$ 348,597	
	Creative Sensor Inc.	Associates	Available-for-sale financial assets - non-current	15,978,260	$ 397,060	12.58	$ 397,060	-
"	Koryo Eletronic Co., Ltd.	"	"	9,994,000	237,857	19.29	237,857	-
"	TECO ELECTRIC & MACHINERY CO., LTD.	"	"	5,000,000	137,000	0.25	137,000	-
"	International United Technology Co., Ltd.	None	"	309,389	-	1.54	-	-
"	KROM Eletronics Co., Ltd.	"	"	622,408	8,000	1.86	8,000	-
"	Convergence Tech Venture II Ltd.	"	"	420,000	-	5.71	-	-
"	Taiwan Pelican Express Co., Ltd.	Associates	"	1,781,000	56,013	1.87	56,013	-
			Total		$ 835,930		$ 835,930	

Note: The fair value of listed stocks and closed-end funds is based on the closing price at the end of the period; the fair value of open-end funds is based on the net fund value at the end of the period; the unlisted stocks are measured at fair value.

Teco Image Systems Co., Ltd. and its subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Nine months ended September 30, 2017

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes / accounts receivable (payable)		
Purchaser / seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes / accounts receivable (payable)	Footnote
Teco Image Systems Co., Ltd.	Teco Image Systems (DongGuan) Co.,Ltd	Subsidiary	Purchases	$ 890,188	54	60 days after next monthly billings	NA	NA	($ 283,373)	(68)	-
Teco Image Systems (DongGuan) Co., Ltd.	Teco Image Systems Co., Ltd.	Parent Company	Sales	(890,188)	(99)	60 days after next monthly billings	NA	NA	283,373	99	-

Teco Image Systems Co., Ltd. and its subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Nine months ended September 30, 2017

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at September 30, 2017	Turnover rate	Overdue receivables Amount	Overdue receivables Action taken	Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
Teco Image Systems (DongGuan) Co., Ltd.	Teco Image Systems Co., Ltd.	Parent Company	$ 283,373	4.78	$ -	Not applicable	$ 169,092	$ -

Teco Image Systems Co., Ltd. and its subsidiaries

Significant inter-company transactions during the reporting period

Nine months ended September 30, 2017

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

				Transaction				
Number (Note 2)	Company name	Counterparty	Relationship (Note 1)	General ledger account		Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Teco Image Systems Co., Ltd.	Teco Image Systems (DongGuan) Co., Ltd.	Parent company to subsidiary	Purchases	$	890,188	Approximately the same as those to third-party suppliers	51%
0	"	Teco Image Systems (DongGuan) Co., Ltd.	Parent company to subsidiary	Accounts payable		283,373	60 days after monthly billings	10%

Note 1: Individual transactions not reaching $10,000 and the corresponding transactions of transactions disclosed by presenting parent company's transactions will not be disclosed.

Note 2: Parent company is '0'.

Note 3: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Teco Image Systems Co., Ltd. and its subsidiaries
Information on investees
Nine months ended September 30, 2017

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Notes 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at September 30, 2017	Initial investment amount: Balance as at December 31, 2016	Shares held as at September 30, 2017: Number of shares	Shares held as at September 30, 2017: Ownership (%)	Shares held as at September 30, 2017: Book value	Net profit (loss) of the investee for the nine months ended September 30, 2017	Investment income (loss) recognised by the Company for the nine months ended September 30, 2017	Footnote
Teco Image Systems Co., Ltd.	Atlas Tech Investment Co., Ltd.	British Virgin Islands	Professional investment company	$ 196,096	$ 196,096	6,248,313	-	$ 126,066	$ 31,923	$ 31,923	Subsidiary
"	Image Holding Limited	Samoa	"	-	133,059	-	-	-	-	-	Subsidiary (Note 1)
Atlas Tech Investment Co., Ltd.	All-In-One International Co., Ltd.	"	"	83,648	83,648	2,410,000	100	9,042	(796)	-	Sub-subsidiary (Note 2)
"	Image System International Limited	"	"	148,304	148,304	4,812,423	100	99,218	32,724	-	Sub-subsidiary (Note 2)
Image Holding Limited	TIS KARRIE TECHNOLOGIES (H.K) COMPANY LIMITED	Hong Kong	Research, development, manufacturing and sales of multi-functional printers and related products	-	133,059	-	-	-	-	-	Sub-subsidiary (Notes 2 and 3)

Note 1: On March 15, 2016, the Board of Directors resolved for the Company to liquidate and cease the business of its wholly-owned subsidiary, Image Holding Limited. The liquidation process was completed in the first half of 2017.
Note 2: The investment income was recognized by a subsidiary company.
Note 3: On January 15, 2013, the Board of Directors resolved for the Company to liquidate and cease the business of TIS KARRIE TECHNOLOGIES (H.K) COMPANY LIMITED, a 51% owned subsidiary held by the Company's wholly-owned subsidiary, Image Holding Limited. The liquidation process was completed in the first half of 2017.

Teco Image Systems Co., Ltd. and its subsidiaries
Information on investments in Mainland China
Nine months ended September 30, 2017

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017 (Note 4)	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the nine months ended September 30, 2017: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Net income of investee for the nine months ended September 30, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the nine months ended September 30, 2017 (Note 2)	Book value of investments in Mainland China as of September 30, 2017	Accumulated amount of investment income remitted back to Taiwan as of September 30, 2017	Footnote
TECO Image Systems (Suzhou) Co., Ltd.	Research, technical service, manufacturing and sales of multi-function printers and related products	$ 81,528	2	$ 81,528	$ -	$ -	$ 81,528	($ 789)	100	($ 789)	$ 8,934	$ -	Note 5
Teco Pro-Systems (JiangXi) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	32,710	2	32,710	-	-	32,710	-	100	-	17,746	-	Note 4
Teco Image Systems (DongGuan) Co., Ltd.	Research, development, manufacturing and sales of multi-function printers and related products	88,647	2	88,647	-	-	88,647	32,724	100	32,724	99,208	-	Note 3

Note 1: Investment methods are classified into the following three categories:
(1) Directly invest in a company in Mainland China.
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Others
Note 2: The financial statements were audited by R.O.C. parent company's CPA.
Note 3: On December 25, 2012, the Board of Directors resolved for the Company to establish Teco Image Systems (DongGuan) Co., Ltd. in Mainland Area through Image Systems International Limited, the subsidiary is wholly-owned by Atlas Tech Investment Co., Ltd. The shareholding ratio was 100% and the total investment amount was USD3,000 thousand. The registration for the establishment of the investee company had been completed in January 2013.
Note 4: On August 6, 2014, the Board of Directors resolved for the Company to liquidate and cease the business of Teco Pro-Systems (JiangXi) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, Atlas Tech Investment Co., Ltd. As of November 7, 2017, the liquidation process is still ongoing.
Note 5: On March 15, 2016, the Board of Directors resolved for the Company to liquidate and cease the business of TECO Image Systems (Suzhou) Co., Ltd., a wholly-owned subsidiary held by the Company's wholly-owned subsidiary, All-In-One International Co., Ltd. As of November 7, 2017, the liquidation process is still ongoing.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of September 30, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 6)
Teco Imagc Systems Co., Ltd.	$ 202,885	$ 343,443	$ 1,138,552

Note 6: The limitation is $80,000 or 60% of net worth.

Teco Image Systems Co., Ltd. and its subsidiaries

Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

Nine months ended September 30, 2017

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

	Sale (purchase)		Property transaction		Accounts receivable (payable)		Provision of endorsements/guarantees or collaterals		Financing				
Investee in Mainland China	Amount	%	Amount	%	Balance at September 30, 2017	%	Balance at September 30, 2017	Purpose	Maximum balance during the nine months ended September 30, 2017	Balance at September 30, 2017	Interest rate	Interest during the nine months ended September 30, 2017	Others
Teco Image Systems (DongGuan) Co., Ltd.	($ 890,188)	(54)	$ -	-	($ 283,373)	(68)	$ -	-	$ -	$ -	-	$ -	-