Stock Code:1711

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Three Months Ended March 31, 2018 and 2017

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

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Independent Auditors' Review Report

To the Board of Directors of Everlight Chemical Industrial Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of the Everlight Chemical Industrial Corporation and its subsidiaries of March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

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

Basis for Qualified Conclusion

As stated in note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to $410,162 thousand and $359,396 thousand, constituting 2.97% and 2.68% of consolidated total assets at March 31, 2018 and 2017, respectively, total liabilities amounting to $36,228 thousand and $20,781 thousand, constituting 0.65% and 0.39% of consolidated total liabilities at March 31, 2018 and 2017, respectively, and total comprehensive (loss) income amounting to $(6,034) thousand and $1,000 thousand, constituting (3.55)% and 1.76% of consolidated total comprehensive income for the three months ended March 31, 2018 and 2017, respectively.

Furthermore, as stated in note 6(e), the other equity accounted investments of the Everlight Chemical Industrial Corporation and its subsidiaries in its investee companies of $140,846 thousand and $70,298 thousand as of March 31, 2018 and 2017, respectively, and its equity in net earnings on these investee companies of $(3,802) thousand and $(5,747) thousand for the three months ended March 31, 2018 and 2017, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Everlight Chemical Industrial Corporation and its subsidiaries as of March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditors’ review report are Ya-Ling Chen and Chun-Hsiu Kuang.

KPMG

Taipei, Taiwan (Republic of China)
May 10, 2018

Notes to Readers

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

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

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Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2018 and 2017

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2018, December 31, 2017, and March 31, 2017

(Expressed in thousands of New Taiwan Dollars)

		March 31, 2018		December 31, 2017		March 31, 2017	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 972,358	7	947,185	7	928,062	7
1110	Financial assets at fair value through profit or loss-current (note 6(b))	13,500	-	-	-	13	-
1150	Notes receivable, net (notes 6(c) and (r))	275,925	2	274,904	2	234,189	2
1170	Accounts receivable, net (notes 6(c) and (r))	1,486,763	11	1,532,710	11	1,476,567	11
130X	Inventories (note 6(d))	3,403,061	25	3,392,199	25	3,304,246	25
1476	Other current financial assets	19,098	-	17,143	-	16,397	-
1479	Other current assets (note 6(h))	139,710	1	137,506	1	174,784	1
	Total current assets	6,310,415	46	6,301,647	46	6,134,258	46
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income-non-current (notes 6(b), (c) and (v))	1,205,888	9	-	-	-	-
1523	Available-for-sale financial assets-non-current (notes 6(b) and (c))	-	-	1,038,813	7	1,080,161	8
1543	Financial assets measured at cost (notes 6(b) and (c))	-	-	89,200	1	125,592	1
1550	Investments accounted for using equity method (note 6(e))	140,846	1	143,035	1	70,298	1
1600	Property, plant and equipment (notes 6(g) and 9)	5,800,285	42	5,789,476	42	5,622,525	42
1780	Intangible assets (note 6(i))	121,903	1	119,020	1	32,086	-
1840	Deferred tax assets	103,395	1	103,989	1	101,549	1
1915	Prepayments for equipment (notes 6(c) and (r))	78,364	-	93,632	1	156,468	1
1980	Other non-current financial assets	3,897	-	5,480	-	30,203	-
1985	Long-term prepaid rents	23,785	-	23,524	-	23,152	-
1990	Other non-current assets	16,652	-	16,802	-	9,071	-
	Total non-current assets	7,495,015	54	7,422,971	54	7,251,105	54
	Total assets	$ 13,805,430	100	13,724,618	100	13,385,363	100

		March 31, 2018		December 31, 2017		March 31, 2017	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(j))	$ 2,081,983	15	2,063,876	15	2,603,000	19
2322	Long-term borrowings, current portion (note 6(k))	60,000	-	60,000	-	250,000	2
2120	Financial liabilities at fair value through profit or loss-current (note 6(b))	2,278	-	-	-	439	-
2150	Notes payable	181,410	1	238,797	2	170,351	1
2170	Accounts payable (note 7)	463,722	4	400,002	3	409,690	3
2209	Other payable (note 6(q))	372,951	3	512,701	4	359,337	3
2213	Payables on equipment	56,326	1	56,920	1	27,607	-
2230	Current tax liabilities	64,371	-	42,102	-	72,568	1
2399	Other current liabilities	56,125	-	40,582	-	27,165	-
	Total current liabilities	3,339,166	24	3,414,980	25	3,920,157	29
	Non-current liabilities:						
2540	Long-term borrowings (note 6(k))	1,893,230	14	1,913,228	14	1,032,533	8
2570	Deferred tax liabilities	54,561	1	55,064	1	52,345	-
2640	Net defined benefit liabilities	301,251	1	304,568	1	343,282	3
	Total non-current liabilities	2,249,042	16	2,272,860	16	1,428,160	11
	Total liabilities	5,588,208	40	5,687,840	41	5,348,317	40
	Equity attributable to owners of parent (notes 6(b), (e), (o) and (u)):						
3100	Common shares	5,477,522	40	5,477,522	40	5,477,522	41
3200	Capital surplus	473,558	3	473,558	3	473,558	4
3300	Retained earnings	1,777,750	13	1,673,952	12	1,663,822	12
3400	Other equity	176,750	2	99,054	2	104,081	1
	Total equity attributable to owners of parent:	7,905,580	58	7,724,086	57	7,718,983	58
36XX	Non-controlling interests (notes 6(f) and (o))	311,642	2	312,692	2	318,063	2
	Total equity	8,217,222	60	8,036,778	59	8,037,046	60
	Total liabilities and equity	$ 13,805,430	100	13,724,618	100	13,385,363	100

See accompanying notes to consolidated financial statements.

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2018 and 2017

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

		For the three months ended March 31			
		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenues (notes 6(r) and (s))**	$ 2,318,092	100	2,318,070	100
5000	**Operating costs (notes 6(d), (g), (i), (m), (q), 7 and 12)**	1,812,433	78	1,828,192	79
	Gross profit from operations	505,659	22	489,878	21
	Operating expenses (notes 6(c), (g), (i), (m), (q), 7 and 12):				
6100	Selling expenses	187,910	8	189,111	8
6200	Administrative expenses	88,150	4	87,820	4
6300	Research and development expenses	103,336	4	97,378	4
	Total operating expenses	379,396	16	374,309	16
	Net operating income	126,263	6	115,569	5
	Non-operating income and expenses (notes 6(b), (e), (g), (t) and (u)):				
7010	Other income	1,014	-	933	-
7020	Other gains and losses	26,310	1	21,520	1
7050	Finance costs	(19,882)	(1)	(16,661)	(1)
7060	Share of losses of associates accounted for using equity method	(3,802)	-	(5,747)	-
	Total non-operating income and expenses	3,640	-	45	-
7900	**Income before income tax**	129,903	6	115,614	5
7950	**Income tax expense (note 6(n))**	25,622	1	20,958	1
	Net income	104,281	5	94,656	4
8300	**Other comprehensive income (loss) (notes 6(b), (e), (f), (n), (o), (u) and (v)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8316	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	69,049	3	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	69,049	3	-	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(3,629)	(1)	(66,160)	(3)
8362	Unrealized gains (losses) on available-for-sale financial assets	-	-	29,207	1
8370	Share of other comprehensive income of associates accounted for using equity method	316	-	(792)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	(3,313)	(1)	(37,745)	(2)
8300	**Other comprehensive income**	65,736	2	(37,745)	(2)
8500	**Total comprehensive income**	$ 170,017	7	56,911	2
	Profit attributable to:				
8610	Owners of parent	$ 103,431	5	91,922	4
8620	Non-controlling interests	850	-	2,734	-
		$ 104,281	5	94,656	4
	Comprehensive income attributable to:				
8710	Owners of parent	$ 171,067	7	60,575	2
8720	Non-controlling interests	(1,050)	-	(3,664)	-
		$ 170,017	7	56,911	2
9750	**Basic earnings per share (note 6(p))(in New Taiwan Dollars)**	$	0.19		0.17
9850	**Diluted earnings per share (note 6(p))(in New Taiwan Dollars)**	$	0.19		0.17

See accompanying notes to consolidated financial statements.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
			Retained earnings				Other equity						
	Common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2017	$ 5,477,522	473,558	914,935	43,346	613,619	1,571,900	(26,120)	-	161,548	135,428	7,658,408	321,727	7,980,135
Net income	-	-	-	-	91,922	91,922	-	-	-	-	91,922	2,734	94,656
Other comprehensive income	-	-	-	-	-	-	(60,554)	-	29,207	(31,347)	(31,347)	(6,398)	(37,745)
Total comprehensive income	-	-	-	-	91,922	91,922	(60,554)	-	29,207	(31,347)	60,575	(3,664)	56,911
Balance at March 31, 2017	**$ 5,477,522**	**473,558**	**914,935**	**43,346**	**705,541**	**1,663,822**	**(86,674)**	**-**	**190,755**	**104,081**	**7,718,983**	**318,063**	**8,037,046**
Balance at January 1, 2018	$ 5,477,522	473,558	961,788	43,346	668,818	1,673,952	(57,203)	-	156,257	99,054	7,724,086	312,692	8,036,778
Effects of retrospective application	-	-	-	-	-	-	-	166,684	(156,257)	10,427	10,427	-	10,427
Balance at January 1, 2018 after adjustments	5,477,522	473,558	961,788	43,346	668,818	1,673,952	(57,203)	166,684	-	109,481	7,734,513	312,692	8,047,205
Net income	-	-	-	-	103,431	103,431	-	-	-	-	103,431	850	104,281
Other comprehensive income	-	-	-	-	-	-	(1,413)	69,049	-	67,636	67,636	(1,900)	65,736
Total comprehensive income	-	-	-	-	103,431	103,431	(1,413)	69,049	-	67,636	171,067	(1,050)	170,017
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	367	367	-	(367)	-	(367)	-	-	-
Balance at March 31, 2018	**$ 5,477,522**	**473,558**	**961,788**	**43,346**	**772,616**	**1,777,750**	**(58,616)**	**235,366**	**-**	**176,750**	**7,905,580**	**311,642**	**8,217,222**

See accompanying notes to consolidated financial statements.

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2018	**2017**
Cash flows from operating activities:		
Income before tax	$ 129,903	115,614
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	154,381	145,610
Amortization expense	3,155	622
Expected credit loss / provison for bad debt expense	729	2,239
Net gains on financial assets or liabilities at fair value through profit and loss	2,276	426
Interest expense	19,882	16,661
Interest income	(1,014)	(933)
Share of losses of associates accounted for using equity method	3,802	5,747
Gains on disposal of property, plant and equipment	(160)	(16,620)
Gains on disposal of investments	-	(17,392)
Total adjustments to reconcile profit	183,051	136,360
Changes in operating assets and liabilities:		
Changes in operating assets:		
Notes receivable	(457)	37,686
Accounts receivable and overdue receivable	48,093	(24,193)
Inventories	(3,086)	36,073
Other current assets	(5,278)	(2,635)
Other financial assets	(1,171)	25,980
Total changes in operating assets	38,101	72,911
Changes in operating liabilities:		
Notes payable	(57,388)	(56,478)
Accounts payable	61,079	(821)
Other payable	(133,891)	(143,166)
Other current liabilities	5,789	526
Net defined benefit liabilities	(3,317)	(1,630)
Total changes in operating liabilities	(127,728)	(201,569)
Total changes in operating assets and liabilities	(89,627)	(128,658)
Total adjustments	93,424	7,702
Cash inflow generated from operations	223,327	123,316
Interest received	1,012	850
Income taxes paid	(3,545)	(6,151)
Net cash flows from operating activities	220,794	118,015
Cash flows used in investing activities:		
Acquisition of financial assets at fair value through profit or loss	(41,500)	-
Proceeds from disposal of financial assets at fair value through profit or loss	28,002	-
Proceeds from disposal of available-for-sale financial assets	-	36,164
Proceeds from disposal of financial assets at fair vlaue through other comprehensive income	1,602	-
Acquisition of property, plant and equipment	(135,803)	(175,483)
Proceeds from disposal of property, plant and equipment	1,109	29,873
Acquisition of intangible assets	(5,957)	-
Decrease in other non-current financial assets	418	-
Decrease (increase) in other non-current assets	1,731	(1,421)
Increase in prepayments for equipment	(5,369)	(63,904)
Net cash flows used in investing activities	(155,767)	(174,771)
Cash flows used in financing activities:		
Increase in short-term borrowings	1,338,119	2,350,557
Decrease in short-term borrowings	(1,326,020)	(2,292,827)
Repayments of long-term borrowings	(20,000)	(18,540)
Interest paid	(21,933)	(17,865)
Change in non-controlling interests	-	(1,554)
Net cash flows used in (provided from) financing activities	(29,834)	19,771
Effect of exchange rate changes on cash and cash equivalents	(10,020)	(16,091)
Net increase (decrease) in cash and cash equivalents	25,173	(53,076)
Cash and cash equivalents at beginning of period	947,185	981,138
Cash and cash equivalents at end of period	**$ 972,358**	**928,062**

See accompanying notes to consolidated financial statements.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2018 and 2017

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

(1) Company history

Everlight Chemical Industrial Corporation (the "Company") was incorporated on September 7, 1972 as a Group limited by shares and registered in accordance with the ROC Company Act. Everlight Chemical Industrial Corporation and subsidiaries ("the Group") engage in manufacturing and selling of dye, UV absorber, specialty chemicals, toners, electronic chemicals, pharmaceutical product and material, chemical intermediary photoresistance, and etc. Please refer to note 14.

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

These consolidated financial statements were authorized for issuance by the board directors on May 10, 2018.

(3) New standards, amendments and interpretations adopted:

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(i) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces the existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”.

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

1) Sales of goods

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

2) Impacts on financial statements

The adoption of IFRS 15 did not have any significant adjustment on the financial statements:

(ii) IFRS 9 “Financial Instruments”

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

The Group adopted the consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but generally have not been applied to comparative information.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

1) Classification of financial assets and financial liabilities

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

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

2) Impairment of financial assets

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

3) Transition

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

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

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

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

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

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

(Continued)

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

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

	IAS 39		**IFRS 9**	
	Measurement categories	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Financial Assets				
Cash and equivalents	Loans and receivables (note 1)	947,185	Amortized cost	947,185
Equity instruments	Available-for-sale financial assets (equity instrument) (note 2)	1,038,813	Fair value through other comprehensive income	1,038,813
	Financial assets measured at cost (note 2)	89,200	Fair value through other comprehensive income	99,627
Trade and other receivables	Loans and receivables (note 1)	1,807,614	Amortized cost	1,807,614
Other financial assets (Refundable deposits and others)	Loans and receivables (note 1)	22,623	Amortized cost	22,623

Note 1: Cash and equivalents, notes receivable, accounts receivable, other receivables and other financial assets that were classified as loans and receivables under IAS 39 are now classified as financial assets at amortized cost.

Note 2: These equity securities (including financial assets measured at cost) represent investments that the Group intends to hold for the long-term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments at the date of initial application as measured at FVOCI. Accordingly, an increase of $10,427 thousand in those assets recognized, and a increase of $10,427 thousand in the other equity.

(iii) Amendments to IAS 7 "Disclosure Initiative"

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

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

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

Those which may be relevant to the Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease is amended as follows: • For a contract that is, or contains, a lease, the lessee shall recognize a right of use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right of-use asset during the lease term. • A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
June 7, 2017	IFRIC 23 "Uncertainty over Income Tax Treatments"	• In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity shall assume that a taxation authority will examine the amounts it has the right to examine and have a full knowledge on all related information when making those examinations. • If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment used or planned to be used in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

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

(4) Summary of significant accounting policies:

(a) Statement of compliance

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

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

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statement

			Shareholding percentage			
Name of investor	**Name of subsidiary**	**Principal activity**	**March 31, 2018**	**December 31, 2017**	**March 31, 2017**	**Note**
The Company (ECIC)	EVERLIGHT USA, INC. (EVUS)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	EVERLIGHT (HONG KONG) LIMITED (EVHK)	Selling chemical product and related raw materials	100.00	100.00	100.00	(note 3)
ECIC	EVERLIGHT CHEMICALS (SINGAPORE) PTE LTD. (EVSG)	Investing business	100.00	100.00	100.00	(note 3)
ECIC	EVERLIGHT EUROPE B.V. (EVEU)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
ECIC	TREND TONE IMAGING, INC. (TTI)	Manufacturing and selling toners of laser printer, copier and fax machine	76.15	76.15	76.15	-
ECIC	ELITE FOREIGN TRADING INCORPORATION (ELITE)	Selling chemical product and related raw materials	50.00	50.00	50.00	(note 1)
ECIC	DAILYCARE BIOMEDICAL INC. (DCBM)	Manufacturing of medical supplies and providing service of biological technology	91.26	91.26	77.82	(note 2) (note 3)
EVSG	ETHICAL INTERNATIONAL TRADING & WAREHOUSING (SHANGHAI) CO., LTD. (ETSH)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
EVSG	GUANGZHOU ETHICAL TRADING CO., LTD. (ETGZ)	Selling chemical product and related raw materials	100.00	100.00	100.00	(note 3)
EVSG	SHANGHAI EVERLIGHT TRADING CO., LTD. (EVSH)	Selling chemical product and related raw materials	100.00	100.00	100.00	-
EVSG	EVERLIGHT (SUZHOU) ADVANCED CHEMICALS LTD. (EVSZ)	Manufacturing and selling color chemical, toners and electronic high-tech chemical product	100.00	100.00	100.00	-
EVSG	ANDA SEMICONDUCTOR TECHNOLOGY (SUZHOU) CO., LTD. (ANDA)	Selling electronic high-tech chemical product	56.25	56.25	56.25	(note 3)
EVUS	EVERLIGHT HONDUARS S.A. de C.V. (EVHOSH)	Selling chemical product and related raw materials	51.00	51.00	51.00	-
ANDA	SHANGHAI ANDA INTERNATIONAL TRADING CO., LTD. (ADSH)	Selling electronic high-tech chemical product	100.00	100.00	100.00	(note 3)
ECIC	GREATLIGHT INVESTMENT COPRORATION (GLTP)	Investing business	100.00	100.00	100.00	(note 3)

(note 1): The Company has the right to appoint more than half of members of board of directors and has control over the board of directors. The subsidiary is deemed to be consolidated.

(note 2): DCBM had deducted 48% of its capital in June 2017 and the Company increased its investment in DCBM amounting to $42,000 thousand simultaneously, resulting in an increase of its shareholding percentage in DCBM.

(note 3): The Company is an non-significant subsidiary, its financial statements have not been reviewed.

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

(Continued)

(c) Financial instruments

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

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

(Continued)

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

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

3) Fair value through profit or loss (FVTPL)

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

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

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, refundable deposit and other financial assets).

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

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

Loss allowance for accounts receivable is always measured at an amount equal to lifetime ECL.

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

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

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

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

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 365 days past due or the borrower is unlikely to pay its credit obligations to the Group in full.

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

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;

- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

5) Derecognition of financial assets

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

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

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

(Continued)

(ii) Derivative financial instruments and hedge accounting

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

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

(d) Revenue from contracts with customers

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

(i) Sale of goods

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

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

(ii) Financing components

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

(Continued)

(e) Contract costs

(i) Incremental costs of obtaining a contract

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

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

(ii) Costs to fulfil a contract

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

- the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

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

(f) Employee benefits

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

(Continued)

(g) Income taxes

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

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

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

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

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

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

(6) Explanation of significant accounts:

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

(a) Cash and cash equivalents

	March 31, 2018	December 31, 2017	March 31, 2017
Cash on hand	$ 2,467	2,324	5,220
Cash in bank	878,112	855,104	833,428
Time deposits	61,779	89,757	59,414
Short-term notes	30,000	-	30,000
Cash and cash equivalents	**$ 972,358**	**947,185**	**928,062**

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Notes to the Consolidated Financial Statements

(b) Financial assets and liabilities

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

	March 31, 2018	December 31, 2017	March 31, 2017
Financial assets mandatorily measured at fair value through profit or loss:			
Monetary market fund	$ 13,500	-	-
Financial assets held-for-trading:			
Option contracts	-	-	13
Total	$ 13,500	-	13

	March 31, 2018	December 31, 2017	March 31, 2017
Financial liabilities held-for-trading:			
Option contracts	$ 2,278	-	439

The Group holds derivative financial instruments to hedge its foreign exchange risk that the Group is exposed to, arising from its operating, financing and investing activities. The following derivative instruments not applied hedge accounting were classified as financial assets and liabilities held-for-trading on March 31, 2018 and 2017:

	March 31, 2018		
	Contract amount (in thousand)	Currency	Period
Option contracts	$ 2,500	EUR	2018/5/22~2018/12/31
Option contracts	$ 86,750	YEN	2018/4/27~2018/8/29

	March 31, 2017		
	Contract amount (in thousand)	Currency	Period
Option contracts	$ 2,300	EUR	2017/4/28~2017/7/25
Option contracts	$ 22,000	YEN	2017/5/2

(ii) Financial assets at fair value through other comprehensive income

	March 31, 2018
Stocks listed on domestic and foreign markets	$ 1,085,992
Domestic unlisted common shares	119,896
Total	$ 1,205,888

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes. These investments were classified as available-for-sale financial assets on December 31, 2017 and March 31, 2017.

For the three months ended March 31, 2018, the Group has sold financial assets at fair value through other comprehensive income. The shares sold had a fair value of $1,602 thousand and the Group realized a gain of $367 thousand, which is already included in other comprehensive income. The gain has been transferred to retained earnings.

(iii) Available-for-sale financial assets-non-current

	December 31, 2017	March 31, 2017
Stocks listed on domestic markets	$ 881,350	977,610
Stocks listed on foreign markets	157,463	102,551
Total	**$ 1,038,813**	**1,080,161**

The proceed from disposal of available-for-sale financial assets was amounted to $36,164 thousand for the three months ended March 31, 2017. Please refer to note note 6(t), for the gains on disposal of available-for-sale financial assets.

(iv) Financial assets measured at cost

	December 31, 2017	March 31, 2017
Domestic unlisted common shares	$ 89,200	89,200
Foreign unlisted common shares	-	36,392
Total	**$ 89,200**	**125,592**

The Group hold 40% shares of 3E Chemical (Suzhou) Co., Ltd. (3ESZ) and became the major shareholder in June, 2017. Because the Group has significant influence over 3ESZ, the investment was accounted for by using the equity method, resulting in a remeasurement gain of $4,853 thousand. However, since is shareholding and the members of its board of directors are less than 50%, the Group has no control over 3ESZ in substance. As a result, 3ESZ is not included in the consolidated financial statements of the Group.

The aforementioned stock investments held by the Group were measured by cost less impairment loss on reporting date. Though the reasonable estimated interval of fair value is significant and the probabilities of overy estimate cannot be measured reasonably, which make the management consider the fair value can't be measured reliably.

(v) For credit risk and market risk, please refer to note 6(v).

(vi) As March 31, 2018, December 31 and March 31, 2017, the aforementioned financial assets were not pledged.

(c) Receivables

	March 31, 2018	December 31, 2017	March 31, 2017
Notes receivable	$ 275,977	274,956	234,256
Accounts receivable	1,517,808	1,562,632	1,517,386
Overdue receivable (under other non-current financial assets)	86,575	87,757	80,938
Less: loss allowance	(117,672)	(117,731)	(97,668)
	$ 1,762,688	1,807,614	1,734,912

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables on March 31, 2018. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information. The loss allowance provision as of March 31, 2018 was determined as follows:

	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,599,541	0.01% ~ 0.65%	3,132
1 to 90 days past due	141,065	5.31%~20.17%	11,020
91 to 365 days past due	53,179	28.67%~100%	16,945
More than 365 days past due	86,575	100%	86,575
Total	$ 1,880,360		117,672

The detail of loss allowance were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Notes receivable	$ 52	52	67
Accounts receivable	31,045	29,922	40,819
Overdue receivable	86,575	87,757	56,782
	$ 117,672	117,731	97,668

As of December 31 and March 31, 2017, the Group applies the incurred loss model to consider the loss allowance provision of receivables, and the aging analysis of receivables, which were past due but not impaired, were as follows:

	December 31, 2017	March 31, 2017
Past due 1 to 90 days	$ 329,098	131,451
Past due 91 to 365 days	15,471	13,960
More than 365 days past due	-	16,300
	$ 344,569	161,711

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

The movement in the allowance for receivables were as follows:

		March 31, 2017		
	March 31, 2018	Individually assessed impairment	Collectively assessed impairment	Total
Balance at January 1, per IAS 39	$ 117,731	59,623	38,274	97,897
Adjustment on initial application of IFRS 9	-			
Balance at January 1, per IFRS 9	117,731			
Impairment losses recognized	729	705	1,534	2,239
Amounts written off	(859)	-	(344)	(344)
Effect of movements in exchange rates	71	(637)	(1,487)	(2,124)
Balance at March 31	$ 117,672	59,691	37,977	97,668

The aforementioned financial assets were not pledged.

(d) Inventories

	March 31, 2018	December 31, 2017	March 31, 2017
Raw materials	$ 900,723	859,303	898,956
Supplies	20,838	20,275	19,696
Work in progress	670,863	637,663	597,898
Finished goods	1,734,874	1,740,475	1,622,835
Materials in transit	75,763	134,483	164,861
	$ 3,403,061	3,392,199	3,304,246

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

	For the three month ended March 31	
	2018	2017
Losses (gains) on valuation of inventories	$ 2,015	(3,735)
Losses on inventory count	296	(383)
Unallocated production overheads	56,331	100,111
Scrap income	(827)	(551)
	$ 57,815	95,442

For the three months ended March 31, 2018 and 2017, the expense resulted from obtaining the certification of GMP for pharmaceuticals division was included in unallocated production overheads.

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

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(e) Investments accounted for using equity method

(i) The components of investments accounted for using the equity method at the reporting date were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Associates	$ 140,846	143,035	70,298

Summary of financial information for the individually insignificant investments in associates accounted for using the equity method were as follows. The aforementioned financial information was included in the consolidated financial statements of the Group.

	March 31, 2018	December 31, 2017	March 31, 2017
Carrying amount of individually insignificant associates	$ 140,846	143,035	70,298

	For the three month ended March 31	
	2018	2017
Attributable to the Group:		
Loss from continuing operations	$ (3,802)	(5,747)
Other comprehensive income	316	(792)
Total comprehensive income	$ (3,486)	(6,539)

(ii) The aforementioned investment accounted for using equity method were not pledged.

(iii) The unreviewed financial statements of investments accounted for using equity method

Investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(f) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

		Percentage of non-controlling interests		
Subsidiaries	**Main operation place**	**March 31, 2018**	**December 31, 2017**	**March 31, 2017**
TTI	Taiwan	23.85%	23.85%	23.85%

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The following information of the aforementioned subsidiaries have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustment made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intra-group transactions were not eliminated in this information.

	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 652,407	633,600	695,035
Non-current assets	810,865	825,676	836,828
Current liabilities	(477,879)	(450,576)	(485,405)
Non-current liabilities	(118,734)	(138,743)	(174,171)
Net assets	**$ 866,659**	**869,957**	**872,287**
Non-controlling interest	**$ 206,665**	**207,451**	**208,007**

	For the three month ended March 31	
	2018	**2017**
Operating revenues	**$ 275,462**	**321,796**
Net income (loss)	$ (3,298)	4,321
Other comprehensive income	-	-
Total comprehensive income	**$ (3,298)**	**4,321**
Profit (loss), attributable to non-controlling interests	**$ (786)**	**1,030**
Comprehensive income, attributable to non-controlling interests	**$ (786)**	**1,030**

	For the three month ended March 31	
	2018	**2017**
Net cash flows from operating activities	$ 28,003	(17,487)
Net cash flows from investing activities	(20,108)	(52,962)
Net cash flows from financing activities	11,929	(81,728)
Net increase (decrease) in cash and cash equivalents	**$ 19,824**	**(152,177)**
Cash dividend distributed to non-controlling interests	**$ -**	**-**

(Continued)

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(g) Property, plant and equipment

The detail of movement of the property, plant and equipment for the Group were as follows:

		Land	Buildings and construction	Equipment	Construction in progress and eqipment to be inspected	Total
Cost:						
Balance as of January 1, 2018	$	894,035	4,235,094	8,728,197	474,192	14,331,518
Additions		-	4,315	46,817	63,598	114,730
Disposals		-	(170)	(59,775)	-	(59,945)
Reclassification		-	28,023	207,228	(192,144)	43,107
Effect of movements in exchange rates		(80)	5,239	11,969	257	17,385
Balance as of March 31, 2018	$	893,955	4,272,501	8,934,436	345,903	14,446,795
Balance at of January 1, 2017	$	896,072	4,082,797	8,367,203	451,986	13,798,058
Additions		-	2,339	18,340	50,114	70,793
Disposals		(1,730)	(12,131)	(15,967)	-	(29,828)
Reclassification		-	42,415	56,706	(46,754)	52,367
Effect of movements in exchange rates		(236)	(16,933)	(33,966)	(1,388)	(52,523)
Balance as of March 31, 2017	$	894,106	4,098,487	8,392,316	453,958	13,838,867
Accumulated depreciation and impairment:						
Balance as of January 1, 2018	$	-	2,070,936	6,471,106	-	8,542,042
Depreciation		-	41,159	113,222	-	154,381
Disposals		-	(166)	(58,830)	-	(58,996)
Effect of movements in exchange rates		-	1,715	7,368	-	9,083
Balance as of March 31, 2018	$	-	2,113,644	6,532,866	-	8,646,510
Balance as of January 1, 2017	$	-	1,918,318	6,194,685	-	8,113,003
Depreciation		-	40,609	105,001	-	145,610
Disposals		-	(787)	(15,788)	-	(16,575)
Effect of movements in exchange rates		-	(5,784)	(19,912)	-	(25,696)
Balance as of March 31, 2017	$	-	1,952,356	6,263,986	-	8,216,342
Carrying amounts:						
Balance as of January 1, 2018	$	894,035	2,164,158	2,257,091	474,192	5,789,476
Balance as of March 31, 2018	$	893,955	2,158,857	2,401,570	345,903	5,800,285
Balance as of January 1, 2017	$	896,072	2,164,479	2,172,518	451,986	5,685,055
Balance as of March 31, 2017	$	894,106	2,146,131	2,128,330	453,958	5,622,525

(i) For the three months ended March 31, 2018 and 2017, the Group capitalized the interest expenses on construction in progress amounted to $2,044 thousand and $2,230 thousand, respectively, and the monthly interest rate used for capitalization calculation were 0.12%~0.19% and 0.12%~0.19%, respectively.

(ii) As of March 31, 2018, December 31 and March 31, 2017, the property, plant and equipment of the Group had not been pledged .

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Notes to the Consolidated Financial Statements

(h) Other current assets

	March 31, 2018	December 31, 2017	March 31, 2017
Prepayments	$ 89,102	81,123	141,298
Tax refund receivable	34,334	42,284	13,508
Payment on behalf of others	11,274	9,370	15,950
Others	5,000	4,729	4,028
	$ 139,710	137,506	174,784

(i) Intangible assets

	REACH registration related expenses	Others	Total
Carrying amounts:			
Balance at January 1, 2018	$ 115,155	3,865	119,020
Balance at March 31, 2018	$ 118,675	3,228	121,903
Balance at January 1, 2017	$ 29,873	2,719	32,592
Balance at March 31, 2017	$ 29,873	2,213	32,086

There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2018 and 2017. Information on amortization for the period is discussed in note (12). Please refer to note 6(i) of the consolidated financial statements for the year ended December 31, 2017 for the other related information.

(j) Short-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured bank loans	$ 2,062,027	2,053,898	2,588,037
Short-term notes and bills payable	19,956	9,978	14,963
Total	$ 2,081,983	2,063,876	2,603,000
Unused credit lines (including short-term and long-term borrowings)	$ 3,965,780	3,877,806	3,155,946
Range of interest rate	1.10%~4.79%	1.16%~4.79%	1.61%~5.33%

As of March 31, 2018, December 31 and March 31, 2017, the Group issued short-term notes and bills payable through Dah Chung Bills Finance Corp to obtain funds from the currency market.

(k) Long-term borrowings

	March 31, 2018			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured syndicated bank loan	NTD	1.7895%	2015.4~2020.4	$ 998,230
Unsecured bank loans	NTD	1.20%~1.79%	2019.6~2021.8	955,000
Less: long-term borrowings, current portion				(60,000)
Total				$ 1,893,230

	December 31, 2017			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured syndicated bank loan	NTD	1.7895%	2015.4~2020.4	$ 998,228
Unsecured bank loans	NTD	1.20%~1.79%	2019.6~2021.8	975,000
Less: long-term borrowings, current portion				(60,000)
Total				$ 1,913,228

	March 31, 2017			
	Currency	**Rate**	**Maturity year**	**Amount**
Unsecured syndicated bank loan	NTD	1.7895%	2015.4~2020.4	$ 1,097,533
Unsecured bank loans	NTD	1.71%~1.78%	2019.6~2021.8	185,000
Less: long-term borrowings, current portion				(250,000)
Total				$ 1,032,533

The Group had not pledged the assets as collateral for bank loans.

Please refer note 6(t) for the interest expense. For the other related information, please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2017.

(l) Operating lease

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

(m) Employee benefits

(i) Defined benefit plans

At the end of the prior fiscal year, there was no material volatility of the market, as well as reimbursement and settlement, or other significant one-time events. As a result, the pension cost in the consolidated interim financial statements was measured and disclosed on a year-to-date basis by using the actuarially determined pension cost rate of December 31, 2017 and 2016.

The expense recognized in profit or loss for the Group were as follows:

	For the three month ended March 31	
	2018	**2017**
Operating costs	$ 1,604	2,972
Operating expenses	1,940	2,079
	$ 3,544	5,051

(ii) Defined contribution plans

The Group expenses under the pension plan cost to the Bureau of Labor Insurance were as follows:

	For the three month ended March 31	
	2018	**2017**
Operating costs	$ 10,150	8,791
Operating expenses	7,558	7,406
	$ 17,708	16,197

(n) Income tax

(i) According to the amendments to the “Income Tax Act” enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, and increase in the corporate income tax rate from 17% to 20% is applicable upon filing the corporate income tax return commencing FY 2018. The group spreads the effect of the change in the tax rate by an adjustment to the estimated annual effective income tax rate.

(ii) The components of income tax for the three months ended March 31, 2018 and 2017 were as follows:

	For the three month ended March 31	
	2018	**2017**
Current tax expense	$ 25,622	20,958

(iii) There were no income tax recognized in other comprehensive income for the three months ended March 31, 2018 and 2017.

(iv) The Company’s income tax return for the years through 2015 were assessed and approved by the tax authorities.

(o) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the periods from January 1 to March 31, 2018 and 2017. For the related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2017.

(i) Retained earnings

In accordance with the amendment to Company’s article of incorporation on June 8, 2017, it stipulates that the Company’s net earnings should first be used to offset the prior the prior years’ deficits, if any, before paying any income taxes. Of the remaining balance is to be appropriated as follows:

1) Legal reserve should be at 10%.

2) Special reserve should be appropriated (reversed) in accordance with related rules.

3) Remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the stockholders’ meeting for approval.

The Company’s dividend policy is as follows:

In order for the requirement of future investment, the cash dividend ratio should not exceed 50% of total dividends. However, if the dividend of current year is not exceeded $1 dollar per share, the dividend policy is not restricted by aforementioned restriction.

In accordance with the amendment to Company’s article of incorporation on June 8, 2017, in order for the requirement of future investment and shareholders’ interest, the dividend payment is not lower than 50% of net profit or current year deduct legal reserve and the payment of cash dividend should exceed 25% of total dividends.

(ii) Distribution of earnings

On March 29, 2018, the Company’s board of directors resolved to appropriate the 2017 earning. The distribution of earnings for 2016 had been approved by the general meeting of shareholders held on June 8, 2017. The relevant dividned distributions to shareholders were as follows:

	2017		**2016**	
	Amount per share	**Amount**	**Amount per share**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 0.50	$ 273,876	0.50	273,876

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(iii) Other equity (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Non-controlling interest	Total
Balance at January 1, 2018	$ (57,203)	-	156,257	2,643	101,697
Effects of retrospective application	-	166,684	(156,257)	-	10,427
Balance at January 1, 2018 after adjustments	(57,203)	166,684	-	2,643	112,124
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	69,049	-	-	69,049
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(367)	-	-	(367)
Exchange differences on translation of foreign financial statements	(1,729)	-	-	(1,900)	(3,629)
Exchange differences on associates accounted for using equity method	316	-	-	-	316
Balance at March 31, 2018	$ (58,616)	235,366	-	743	177,493

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Non-controlling interest	Total
Balance at January 1, 2017	$ (26,120)	161,548	10,439	145,867
Exchange differences on translation of foreign financial statements	(59,762)	-	(6,398)	(66,160)
Exchange differences on associates accounted for using equity method	(792)	-	-	(792)
Unrealized gains (losses) on available-for-sale financial assets	-	29,207	-	29,207
Balance at March 31, 2017	$ (86,674)	190,755	4,041	108,122

(Continued)

(p) Earning per share

For the three months ended March 31, 2018 and 2017, the Group's earnings per share were calculated as follows:

	For the three month ended March 31	
	2018	**2017**
Basic earning per share		
Profit attributable to common shareholders of the Company	$ 103,431	91,922
Weighted-average number of common shares outstanding	547,752	547,752
Basic earnings per share (express in New Taiwan Dollar)	$ 0.19	0.17

	For the three month ended March 31	
	2018	**2017**
Diluted earning per share		
Profit attributable to common shareholders of the Company	$ 103,431	91,922
Weighted-average number of common shares outstanding (basic)	$ 547,752	547,752
Effect of employee compensation	1,634	1,599
Weighted-average number of common shares outstanding (diluted)	549,386	549,351
Diluted earnings per share (express in New Taiwan Dollar)	$ 0.19	0.17

(q) Remuneration to employees and directors

In accordance with the articles of incorporation, the Company should contribute 5% of the profit as employee remuneration and a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients may include the employees of the Company's affiliated companies who meet certain conditions.

For the three month ended March 31, 2018 and 2017, the Company estimated its employee compensation amounting to $6,080 thousand and $5,655 thousand, and directors' remuneration amounting to $2,432 thousand and $2,262 thousand, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses for each period. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year.

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For the year ended December 31, 2017 and 2016, the employee compensation amounted to $23,357 thousand and $28,519 thousand, and directors' remuneration amounting to $9,343 thousand and $11,407 thousand, respectively. There were no any difference between the actual distributed amount and those recognized in the financial statements. The related information would be available at the Market Observation Post System Website.

(r) Revenue from contract with customers

(i) Disaggregation of revenue

	For the three months ended March 31, 2018						
	Color chemicals	Specialty chemicals	Electronic chemicals	Toners	Pharmaceuticals	Others	Total
Primary geographical markets:							
Taiwan	$ 133,488	65,975	201,781	11,445	706	899	414,294
America	70,144	116,484	-	87,496	6,028	-	280,152
Asia	655,897	226,315	66,520	254,914	22,624	-	1,226,270
Europe	171,422	114,524	236	46,069	16,527	-	348,778
Other	24,089	16,381	-	3,543	4,585	-	48,598
	$ 1,055,040	**539,679**	**268,537**	**403,467**	**50,470**	**899**	**2,318,092**
Major products:							
Chemicals	$ 1,055,040	539,679	268,537	-	-	-	1,863,256
Toners	-	-	-	403,467	-	-	403,467
Other	-	-	-	-	50,470	899	51,369
	$ 1,055,040	**539,679**	**268,537**	**403,467**	**50,470**	**899**	**2,318,092**

(ii) Contract balance

	March 31, 2018	January 1, 2017
Receivables	$ 1,880,360	1,925,345
Less: loss allowance	(117,672)	(117,731)
	$ 1,762,688	**1,807,614**

For the detail on receivables and loss allowance, please refer to note 6(c).

(s) Revenue

For the three months ended March 31, 2017, the revenue were as follows:

	For the three months ended March 31, 2017
Sales of goods	**$ 2,318,070**

(t) Non-operating income and expenses

(i) Other income

	For the three month ended March 31	
	2018	2017
Interest income	**$ 1,014**	**933**

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(ii) Other gains and losses

	For the three month ended March 31	
	2018	**2017**
Foreign exchange gains (losses)	$ 12,629	(22,055)
Gain on disposal of available-for-sale financial assets	-	17,392
Net losses on disposal of financial assets and liabilities at fair value through profit or loss	(2,276)	(426)
Gains on disposal of property plant and equipment	160	16,620
Others	15,797	9,989
	$ 26,310	21,520

(iii) Finance costs

	For the three month ended March 31	
	2018	**2017**
Interest expense	$ 21,926	18,891
Less: capitalization of interest	(2,044)	(2,230)
	$ 19,882	16,661

(u) Reclassification adjustments of components of other comprehensive income

The reclassification adjustments of components for other comprehensive income were as follows:

	For the three month ended March 31, 2017
Available-for-sale financial assets	
Change in fair value reclassified to profit or loss	(17,392)
Net change in fair value	46,599
Net change in fair value recognized in other comprehensive income	29,207

(v) Financial instruments

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

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(i) Credit risk

1) Concentration of credit risk

The was no concentration of credit risk.

2) Receivables and debt securities

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

Other financial assets at amortized cost includes other receivables and refundable deposits. There were no loss allowance provision for the three months ended March 31, 2018 and 2017.

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

Debt investments at fair value through other comprehensive income include listed and unlisted debt securities (previously classified as available-for-sale financial assets and financial assets measured at cost for the three months ended March 31, 2017). For the details on investments, please refer to note 6(b).

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	within 1 year	1~2 years	2~5 years	Over 5 years
March 31, 2018						
Short-term borrowings	$ 2,081,983	2,085,367	2,085,367	-	-	-
Financial liabilities at fair value through profit or loss-current	2,278	2,278	2,278	-	-	-
Notes payable	181,410	181,410	181,410	-	-	-
Accounts payable	463,722	463,722	463,722	-	-	-
Other payable	228,974	228,974	228,974	-	-	-
Payables on equipment	56,326	56,326	56,326	-	-	-
Long-term borrowings (including current portion)	1,953,230	2,013,812	62,788	768,416	1,182,608	-
	$ 4,967,923	5,031,889	3,080,865	768,416	1,182,608	-
December 31, 2017						
Short-term borrowings	$ 2,063,876	2,067,279	2,067,279	-	-	-
Notes payable	238,797	238,797	238,797	-	-	-
Accounts payable	400,002	400,002	400,002	-	-	-
Other payable	320,817	320,817	320,817	-	-	-
Payables on equipment	56,920	56,920	56,920	-	-	-
Long-term borrowings (including current portion)	1,973,228	2,046,538	60,360	739,655	1,246,523	-

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$ 5,053,640	**5,130,353**	**3,144,175**	**739,655**	**1,246,523**	**-**

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	Carrying amount	Contractual cash flows	within 1 year	1~2 years	2~5 years	Over 5 years
March 31, 2017						
Short-term borrowings	$ 2,603,000	2,636,084	2,636,084	-	-	-
Financial liabilities at fair value through profit or loss-current	439	439	439	-	-	-
Notes payable	170,351	170,351	170,351	-	-	-
Accounts payable	409,690	409,690	409,690	-	-	-
Other payables	263,180	263,180	263,180	-	-	-
Payables on equipment	27,607	27,607	27,607	-	-	-
Long-term borrowings (including current portion)	1,282,533	1,319,654	266,896	331,360	721,398	-
	$ 4,756,800	4,827,005	3,774,247	331,360	721,398	-

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2018			December 31, 2017			March 31, 2017		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD	$ 38,306	29.11	1,115,087	39,764	29.76	1,183,365	37,529	30.33	1,138,249
JPY	310,874	0.27	83,936	264,083	0.26	68,662	246,706	0.27	66,611
RMB	75,481	4.65	350,986	71,743	4.57	327,864	55,857	4.41	246,328
Non-monetary items									
JPY	482,000	0.27	132,020	596,000	0.26	157,463	378,000	0.27	102,551
Financial liabilities									
Monetary items									
USD	53,596	29.11	1,560,184	51,597	29.76	1,535,528	40,768	30.33	1,236,499
JPY	180,303	0.27	48,682	222,929	0.26	57,962	246,475	0.27	66,548
RMB	5,258	4.65	24,450	5,620	4.57	25,685	5,333	4.41	23,516

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, loans and borrowings, and accounts payable that are denominated in foreign currency. A strengthening (weakening) 1% of appreciation (depreciation) of the NTD against the USD, JPY and RMB for the three months ended March 31, 2018 and 2017, would have increased (decreased) the profit by $666 thousand and $1,034 thousand, respectively, and other comprehensive income by $1,320 thousand and $1,026 thousand, respectively. The analysis is performed on the same basis for 2018 and 2017.

3) Foreign exchange gains and losses on monetary items

Since the Group has many kinds of functional currency, the information on foreign exchange gains (losses) on monetary items is disclosed by total amount. For the three months ended March 31, 2018 and 2017, foreign exchange gains (losses) (including realized and unrealized portions) are exchange gains amounted to $12,629 thousand and exchange losses amounted to $22,055 thousand, respectively.

(iv) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expresses as the interest rate increase or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased/decreased by 1%, the Group’s profit would have decreased/increased by $32,282 thousand and $32,250 thousand, respectively, for the three months ended March 31, 2018 and 2017, with all other variable factors that remain constant. This is mainly due to the Group’s borrowing at floating rates.

(v) Fair value of financial instruments

1) Categories and fair values of financial instruments

The fair value of financial assets /liabilities at fair value through profit and loss and financial assets at fair value through other comprehensive income (available-for-sale financial assets) is measured on a recurring basis. The carrying amount and fair value of the Group’s financial assets and liabilities, including the information on fair value hierarchy were as follows, however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

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	March 31, 2018				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets mandatorily measured at fair vlaue through profit or loss					
Monetary market fund	$ 13,500	13,500	-	-	13,500
Financial assets at fair value through other comprehensive income					
Stocks listed on domestic and forergn markets	1,085,992	1,085,992	-	-	1,085,992
Domestic unlisted common shares	119,896	-	-	119,896	119,896
Subtotal	1,205,888	1,085,992	-	119,896	1,205,888
Financial assets at amortized cost					
Cash and cash equivalents	972,358	-	-	-	-
Notes and accounts receivable	1,762,688	-	-	-	-
Other financial assets	22,995	-	-	-	-
Subtotal	2,758,041	-	-	-	-
Total	$ 3,977,429	1,099,492	-	119,896	1,219,388
Financial liabilities at fair value through profit or loss					
Derivative financial liabilities	$ 2,278	-	2,278	-	2,278
Subtotal	2,278	-	2,278	-	2,278
Financial liabilities at amortized cost					
Bank loans	4,035,213	-	-	-	-
Notes and accounts payable	645,132	-	-	-	-
Other payable	228,974	-	-	-	-
Payables on equipment	56,326	-	-	-	-
Subtotal	4,965,645	-	-	-	-
Total	$ 4,967,923	-	2,278	-	2,278

	December 31, 2017				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	$ 1,038,813	1,038,813	-	-	1,038,813
Financial assets measured at cost	89,200	-	-	-	-
Subtotal	1,128,013	1,038,813	-	-	1,038,813
Loans and receivables					
Cash and cash equivalents	947,185	-	-	-	-
Notes and accounts receivable	1,807,614	-	-	-	-

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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Other financial assets	22,623	-	-	-	-
Subtotal	2,777,422	-	-	-	-
Total	**$ 3,905,435**	**1,038,813**	**-**	**-**	**1,038,813**

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

	December 31, 2017				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at amortized cost					
Bank loans	$ 4,037,104	-	-	-	-
Notes and accounts payable	638,799	-	-	-	-
Other payable	320,817	-	-	-	-
Payables on equipment	56,920	-	-	-	-
Total	$ 5,053,640	-	-	-	-

	March 31, 2017				
		Fair value			
	Book value	Level 1	Level 2	Level 3	Total
Financial assets at fair vlaue through profit or loss					
Derivative financial assets	$ 13	-	13	-	13
Available-for-sale financial assets					
Stocks listed on domestic and foreign markets	1,080,161	1,080,161	-	-	1,080,161
Financial assets measured at cost	125,592	-	-	-	-
Subtotal	1,205,753	1,080,161	-	-	1,080,161
Loans and receivables					
Cash and cash equivalents	928,062	-	-	-	-
Notes and accounts receivable	1,710,756	-	-	-	-
Other financial assets	46,600	-	-	-	-
Subtotal	2,685,418	-	-	-	-
Total	$ 3,891,184	1,080,161	13	-	1,080,174
Financial liabilities at fair value thorugh profit or loss					
Derivative financial liabilities	$ 439	-	439	-	439
Financial liabilities at amortized cost					
Bank loans	3,885,533	-	-	-	-
Notes and accounts payable	580,041	-	-	-	-
Other payable	263,180	-	-	-	-
Payables on equipment	27,607	-	-	-	-
Subtotal	4,756,361	-	-	-	-
Total	$ 4,756,800	-	439	-	439

(Continued)

2) Valuation techniques for financial instruments measured at fair value

a) Non-derivative financial instruments

The fair value of financial instruments traded in an active market is based on the qouted markets prices. The quotations, which is published by the main exchange center, is included in the fair value of the listed securities instruments in an active market with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis. Otherwise, the market is deemed to be inactive. Normally, a market is considered to be inactive as follows:

i) the bid-ask spread is increasing; or

ii) the bid-ask spread varies significantly; or

iii) there has been a significant decline in trading volume.

When the financial instrument of the Group is traded in an active market, its fair value is illustrated by the category and nature as follows:

- The fair value of stocks listed on domestic and foreign markets, which are the financial assets with standard terms and conditions and traded in an active market, are based on the market closing prices.

Except the aforementioned financial instruments with active market, the others’ fair value is based on valuation techniques. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting data.

When the financial instrument of the Group is traded in an inactive market, its fair value is illustrated by the category and nature as follows:

- Unquoted equity instruments: the fair value of financial instruments transactions in an inactive market, which is valued by comparable method. The main hypothesis is referred from the quotations of comparable listed companies and earning multiplies of PBR proportion as basic, which is adjusted by the discount affections of equity securities lacking market liquidity.

b) Derivative financial instruments

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

3) Transfers between Level 1 and Level 2

The Group didn't have any fair value transfer between levels for the three months ended in March 31, 2018 and 2017.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unqouted equity instruments
January 1, 2018	$ -
Reclassified	89,200
Total gains or losses:	
Recognized in profit or loss	-
Recognized in other comprehensive income	30,696
March 31, 2018	**$ 119,896**

For the three months ended March 31, 2018, total gains and losses that were included in “unrealized gains and losses from financial assets measured at fair value through other comprehensive income” were as follows:

	For the three months ended March 31, 2018
Recognized in other comprehensive income, and presented in “unrealized gains and losses from financial assets measured at fair value through other comprehensive income”	**$ 30,696**

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

The Group’s financial instruments that use Level 3 inputs to measure fair value include “financial assets measured at fair value through other comprehensive income – debt investments”.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets measured at fair value through other comprehensive income- equity investments without an active market	Comparable listed companies approach	• Price-book ratior (as of March 31, 2018 was 2.93~2.98) • Market liquidity discount rate (as of March 31, 2018 was 20%)	• The estimated fair value would increase if the multiplier was higher • The estimated fair value would decrease if market liquidity discount rate was higher.

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

The Group's measurements of financial instruments' fair value were reasonable, only if using different variables leading different results. For the fair value measurements in level 3, if changing valuation variables, would have the following effects on other comprehensive income on March 31, 2018:

Inputs	Upwards or downwards	Fair value variation on other comprehensive income Favourable March 31, 2018	 Unfavourable March 31, 2018
Price-book ratio	5%	5,858	(5,858)
Market liquidity discount rate	5%	6,118	(6,118)

The favourable and unfavourable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another input.

(w) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in note 6(v) of the consolidated financial statements for the year ended December 31, 2017.

(x) Capital management

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

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

Reconciliation of liabilities arising from financing activities were as follows:

			Non-cash changes		
	January 1, 2018	**Cash flows**	**Foreign exchange movement**	**Others**	**March 31, 2018**
Short-term borrowings	$ 2,063,876	12,099	6,008	-	2,081,983
Long-term borrowings	1,973,228	(20,000)	-	2	1,953,230
Total liabilities from financing activities	$ 4,037,104	(7,901)	6,008	2	4,035,213

(7) Related-parties transactions:

(a) Parent company and ultimate controlling company

The Company is the ultimate controlling party of the Company and it subsidiaries.

(b) Names and relationship with related parties

The following is the entity that has had transations with related party during the periods covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Chung Hwa Chemical Industrial Works, Ltd.	The entity’s chairman is the director of the Company

(c) Significant transactions with related parties

(i) Purchase

The amounts of significant purchases by the Group from related parties were as follows:

	For the three month ended March 31	
	2018	**2017**
Chung Hwa Chemical Industrial Works, Ltd.	$ 8,588	9,746

The prices, payment terms and other terms and conditions of purchase transactions with related parties were not materially different from those of the third-party vendors.

(ii) Payables to related parties

Account	Name of related party	March 31, 2018	December 31, 2017	March 31, 2017
Accounts payable	Chung Hwa Chemical Industrial Works, Ltd.	$ 4,522	3,954	4,224

EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES

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(d) Key management personnel remuneration

	For the three month ended March 31	
	2018	2017
Short-term employee benefits	$ 8,660	7,080
Post-employment benefits	205	229
	$ 8,865	7,309

(8) Pledged assets: None.

(9) Commitments and contingencies:

(a) The Group's unrecognized contractual commitment are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Acquisition of property, plant and equipment	$ 220,340	284,455	327,428

(b) The Group's outstanding standby letter of credit are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Outstanding standby letter of credit	$ 1,972	1,717	-

(10) Losses due to major disasters: None.

(11) Subsequent events: None.

(12) Other:

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

By function / By item	For the three month ended March 31, 2018			For the three month ended March 31, 2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits						
Salary	193,647	143,747	337,394	192,439	139,074	331,513
Labor and health insurance	18,092	13,212	31,304	18,408	14,580	32,988
Pension	11,754	9,498	21,252	11,763	9,485	21,248
Others	6,904	6,487	13,391	6,439	7,449	13,888
Depreciation	121,456	32,925	154,381	116,282	29,328	145,610
Amortization (Note)	2,967	188	3,155	534	88	622

(Note) The amortization expenses included long-term prepaid rent, amounted to were $155 thousand and $152 thousand, respectively, for the three months ended March 31, 2018 and 2017.

(b) Seasonality of operations

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

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2018:

(i) Loans to other parties:

												Collateral			
Number	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 2)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Item	Value	Individual funding loan limits (Note 1)	Maximum limit of fund financing (Note 1)
0	ECIC	EVSZ	Other receivable from related parties	145,975	145,525	-	-	2	-	Short-term operation financing	-	NA	-	790,558	3,162,232

Note 1: According to the Company' s Operating Procedures of Fund Lending and Guarantee, the amount of loaned fund shall be limited to 40% of the lending company' s net worth. The individual lending amount shall not exceed 10% of the lending company' s net worth.

Note 2: The nature of financing as follow:

1. Business transaction calls for a loan arrangement.
2. The need for short-term financing.

(ii) Guarantees and endorsements for other parties:

		Counter-party of guarantee and endorsement											
Number	Name of guarantor	Name	Relationship with the Company (Note 2)	Limitation on amount of guarantees and endorsements for a specific enterprise (Note 1)	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements Amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 1)	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in Mainland China
0	ECIC	EVUS	Subsidiary	790,558	59,520	58,210	43,658	-	0.74%	1,976,395	Yes	No	No

Note 1 : According to the Company' s Operating Procedures of Fund Lending and Guarantee, the amount of guarantees shall be limited to 25% of the Company' s net worth. The individual guarantee amount shall not exceed 10% of the Company' s net worth.

Note 2: The relationship of guarantee and endorsement with the Company and counter-party:

1. The Company that has a business relationship with endorsement/guarantee provider.
2. A subsidiary in which endorser/guarantor provider holds directly over 50% of equity interest.
3. An investee in which endorsement/guarantee provider and its subsidiaries hold over 50% of equity interest.
4. An investor which holds directly or indirectly over 50% of equity interest of endorser/guarantor provider.
5. The Company that has provided guarantees to endorsement/guarantee provider, and vice versa, due to contractual requirements.
6. An investee in which endorsement/guarantee provider conjunctly invests with other stockholders, and for which endorsement/guarantee provider has provided endorsement/guarantee provider in proportion to its shareholding percentage.

(iii) Securities held as of March 31, 2018 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of Shares/Units)

				Ending balance				
Name of holder	Category and name of security	Relationship with company	Account	Shares/Units	Carrying value	Percentage of ownership	Fair value	Note
GLTP	UPAMC James Bond Money Market Fund	-	Financial assets at fair value through profit or loss-current	812	13,500	-	13,500	
ECIC	Polytronics Technology Corp.	-	Financial assets at fair value through other comprehensive income-non-current	10,000	550,758	12%	675,000	
〃	Formosa Laboratories, INC.	-	〃	1,975	97,566	2%	124,622	
〃	Chung Hwa Chemical Industrial Works, LTD.	-	〃	10,500	176,050	10%	154,350	
〃	Hodogaya Chemical Co., Ltd.	-	〃	100	56,948	1%	132,020	

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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Name of holder	Category and name of security	Relationship with company	Account	Ending balance				Note
				Shares/Units	Carrying value	Percentage of ownership	Fair value	
GLTP	Andros Pharmaceuticals Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	3,880	77,800	16%	108,485	
〃	Taiwan Bio Therapentics Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,140	11,400	9%	11,411	
		-	Unrealized gains (losses), from financial assets measured at fair value through other comprehensive income	-	235,366	-	-	
	Total				1,205,888		1,205,888	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock:

Name of company	Counter-party	Nature of relationship	Purchase/Sale	Transaction details			Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
				Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
ECIC	EVUS	Subsidiary	Sale	124,634	5.38%	OA 100	No material differences from those of third-parties	No material differences from those of third-parties	136,791	7.63%	Note
〃	ELITE	〃	〃	135,428	5.84%	OA 100	〃	〃	155,277	8.66%	Note
〃	EVEU	〃	〃	140,256	6.05%	OA 90	〃	〃	108,882	6.07%	Note

Note：The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

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

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period (As of April 30, 2018)	Allowance for bad debts
					Amount	Action taken		
ECIC	EVUS	Subsidiary	136,791	3.75	-	-	14,379	-
〃	EVEU	〃	155,277	5.47	-	-	37,900	-
〃	ELITE	〃	108,882	3.56	-	-	37,146	-

Note：The amount of the transactions and the ending balance had been eliminated in the consolidated financial statements.

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

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Notes to Consolidated Financial Statements

(x) Significant transactions and business relationships between the parent company and it subsidiaries:

Number (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions			
				Account	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	ECIC	EVUS	1	Operating revenues	124,634	No material difference from those of third parties	5.38%
0	〃	EVEU	1	〃	140,256	〃	6.05%
0	〃	ETSH	1	〃	30,351	〃	1.31%
0	〃	EVSH	1	〃	85,303	〃	3.68%
0	〃	EVSZ	1	〃	46,765	〃	2.02%
0	〃	ELITE	1	〃	135,428	〃	5.84%
0	〃	EVHK	1	〃	35,968	〃	1.55%
0	〃	ELITE	1	Accounts receivable from related parties	155,277	OA 100	1.12%

Note1: Company numbering as follows:
Parent company－0
Subsidiary starts from 1

Note2: The numbering of the relationship between transaction parties as follows:
Parent company to subsidiary－1
Subsidiary to Subsidiary－2

Note3: These amounts are disclosed based on the amounts represented to 1% of consolidated assets or 1% of consolidated net sales.

(b) Information on investments:

The following are the information on investees for the three months ended March 31, 2018 (excluding investment in mainland China):

Unit: in Thousands

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2018			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2018	December 31, 2017	Shares (thousands)	Percentage of wnership	Carrying value			
ECIC	EVUS	America	Selling chemical product and related raw materials	88,868	88,868	300	100.00%	107,165	(3,118)	(3,118)	(Note 2)
〃	EVHK	Hong Kong	Selling chemical product and related raw materials	34,579	34,579	1,000	100.00%	37,739	691	691	(Note 2)
〃	EVSG	Singapore	Investing business	779,115	779,115	24,300	100.00%	946,283	24,113	24,113	(Note 2)
〃	EVEU	Netherland	Selling chemical product and related raw materials	7,890	7,890	1	100.00%	42,169	6,917	6,917	(Note 2)
〃	TTI	Hsinchu City	Manufacturing and selling toners of laser printer, copier and fax machine	242,192	242,192	44,906	76.15%	659,102	(3,298)	(2,344)	(Note 2)
〃	ELITE	Turkey	Selling chemical product and related raw materials	45,016	45,016	22	50.00%	99,642	3,789	1,894	(Note 2)
〃	GOODTV	Taipei City	Cable TV channels	19,000	19,000	1,900	22.35%	20,537	786	177	
〃	TAK	Taoyuan City	Manufacturing of inductance core and cathode materials of Lithium ion battery	58,600	58,600	10,000	16.78%	32,470	(16,581)	(2,571)	
〃	DCBM	Taoyuan City	Manufacturing of medical supplies and providing service of biological technology	62,555	62,555	6,325	91.26%	40,527	(8,878)	(8,102)	(Note 2)
〃	GLTP	Taipei City	Investing business	100,000	100,000	10,000	100.00%	69,703	(2,942)	(2,942)	(Note 2)
	Unrealized gross profit on sales			-	-			(72,850)		-	
				1,437,815	1,437,815			1,982,487		14,715	
GLTP	KEYSTONE	Taipei City	Selling pharmaceuticals	75,000	30,000	7,500	34.09%	44,599	(8,633)	(2,943)	(Note 1)
EVUS	EVHOSA	Honduras	Selling chemical product and related raw materials	3,089 (USD 102)	3,089 (USD 102)	-	51.00%	-	-	-	(Note 2)

Note 1: These companies are the investees of investments accounted for using equity method. Investment income (loss) arisen from these companies were included in share of profit of subsidiaries accounted for using equity method of the Company.

Note 2: The amount of the transactions and the ending balance had been eliminated in the consolidated financial statements.

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EVERLIGHT CHEMICAL INDUSTRIAL CORPORATION AND SUBSIDIARIES
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(c) Information on investment in mainland China:

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

Unit: in Thousand

Name of investee	Main businesses and products	Totalamountof paid-in capital USD	Totalamountof paid-in capital NTD	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2018 USD	Accumulated outflow of investment from Taiwan as of January 1, 2018 NTD	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of March 31, 2018 USD	Accumulated outflow of investment from Taiwan as of March 31, 2018 NTD	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period USD	Accumulated remittance of earnings in current period NTD
ETSH (Note 8)	Selling chemical product and related raw materials	1,700 (Note 7)	49,479	(Note 1)	700	20,374	-	-	700	20,374	2,070	100.00%	2,070 (Note 2)	137,894	2,576	74,974
ETGZ (Note 8)	Selling chemical product and related raw materials	700 (Note 5)	20,374	(Note 1)	200	5,821	-	-	200	5,821	1,625	100.00%	1,625 (Note 3)	67,115	1,265	36,818
EVSH (Note 8)	Selling chemical product and related raw materials	1,250 (Note 5)	36,381	(Note 1)	1,100	32,016	-	-	1,100	32,016	5,098	100.00%	5,098 (Note 2)	126,853	950	27,650
EVSZ (Note 8)	Manufacturing and selling color chemical, toners and electronic high-tech chemical product	20,000 (Note 5)	582,100	(Note 1)	18,600	541,353	-	-	18,600	541,353	12,245	100.00%	12,245 (Note 2)	540,494	-	-
ANDA (Note 8)	Selling electronic high-tech chemical product	1,200 (Note 5)	34,926	(Note 1)	650	18,918	-	-	650	18,918	1,184	56.25%	665 (Note 3)	11,272	-	-
ADSH (Note 8)	Selling electronic high-tech chemical product	157 (Note 6)	4,569	(Note 6)	-	-	-	-	-	-	1,824	56.25%	1,026 (Note 3)	3,996	-	-
3ESZ	Manufacturing and selling chemical product and related raw materials	6,600 (Note 5)	192,093	(Note 1)	2,490	72,471	-	-	2,490	72,471	3,836	40.00%	1,535 (Note 3)	43,240	-	-

Note 1: Reinvest in mainland China through third place (EVSG).

Note 2: These financial statements are reviewed by the same auditor of the Taiwan parent company and accounted for equity method.

Note 3: The amounts had been accounted for using equity method based upon the unreviewed financial statements of these investees.

Note 4: Exchange rate: NTD vs USD (1:29.105). Expressed in thousands of New Taiwan Dollars unless otherwise specified.

Note 5: EVSG invested in ETGZ USD 500 thousand, EVSH USD 150 thousand, EVSZ USD 1,400 thousand, ANDA USD 25 thousand and 3ESZ USD 150 thousand by owned funds.

Note 6: ANDA invested in ADSH amounted to RMB 1,000 thousand (USD 157 thousand) by owned funds.

Note 7: Included the capital increasing amounted to USD 1,000 thousand from earning.

Note 8: The amounts of the transaction and the ending balance had been eliminated in the consolidated financial statements.

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(ii) Limitation on investment in mainland China:

Accumulated Investment in mainland China as of March 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
740,344 (USD25,437)	692,379 (USD23,789)	4,743,348

As of March 31, 2018, the difference between accumulated investment in mainland China and investment amounts authorized by Investment Commission, MOEA was amounted to USD (1,648) thousand, including the follows:

(i) ETSH: capital increasing amounted to USD 1,000 thousand from earning.

(ii) EVSG: investment amounted to USD 2,425 thousand by owned funds.

(iii) EVSUSD-G: remittance of earnings amounted to USD (5,073) thousand.

(iii) Significant transactions:

For the three months ended March 31, 2018, the information on direct or indirect significant transactions with investees in mainland China, which had been eliminated in the consolidated financial statements, is disclosed in Note (13)(a) Information on significant transactions.

(14) Segment information:

The Group' s operating segment information and reconciliation are as follow:

	For the three months ended March 31, 2018							
	Color chemicals	Speci chemicals	Electr chemicals	Toner	Pharmaceuticals (Note)	Others	Reconciliati and elimination	Total
Revenue from external customers	$ 1,055,040	539,679	268,537	403,467	50,470	899	-	2,318,092
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	$ 1,055,040	539,679	268,537	403,467	50,470	899	-	2,318,092
Reportable segment profit or loss	$ 169,261	37,213	(13,471)	(3,463)	(46,793)	(12,844)	-	129,903

	For the three months ended March 31, 2017							
	C chemicals	Speci chemicals	Electr chemicals	Toner	Pharmaceuticals (Note)	Others	Reconciliati and elimination	Total
Revenue from external customers	$ 1,017,462	495,513	252,475	487,682	64,079	859	-	2,318,070
Intersegment revenue	-	-	-	-	-	-	-	-
Total revenue	$ 1,017,462	495,513	252,475	487,682	64,079	859	-	2,318,070
Reportable segment profit or loss	$ 123,642	49,293	(12,007)	6,383	(72,985)	21,288	-	115,614

Note: The expense resulted from obtaining the certification of GMP for Pharmaceuticals division, please refer to note 6(d).

(Continued)