Stock Code:8215

BENQ MATERIALS CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Report
For the Six Months Ended June 30, 2019 and 2018

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Independent Auditors' Report

To the Board of Directors of BenQ Materials Corporation:

Introduction

We have reviewed the accompanying consolidated balance sheets of BenQ Materials Corp. and its subsidiaries as of June 30, 2019 and 2018, and the related consolidated statements of comprehensive income, for the three months ended June 30, 2019 and 2018, and the six months ended June 30, 2019 and 2018, and changes in equity and cash flows for the six months ended June 30, 2019 and 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. The 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 Standard ("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 reviews.

Scope of Review

Except as explained in the Basis for Qualified 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 6 (6), the equity accounted investments of BenQ Materials Corp. and its subsidiaries in the investee companies amounted to $161,179 thousand and $121,068 thousand as of June 30, 2019 and 2018, respectively, as well as the equity in net earnings on the joint ventures using the equity method of $8,999 thousand, $4,211 thousand, $13,844 thousand and $13,883 thousand for the three months ended June 30, 2019 and 2018, and for the six months ended June 30, 2019 and 2018, respectively, were recognized solely on the financial statements prepared by the investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Based on our reviews, except for the effect of such adjustments, if any, as might have influenced by the financial statements of certain investee companies described in the Basis for Qualified Conclusion paragraph which were not reviewed by independent auditors, 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 BenQ and its subsidiaries as of June 30, 2019 and 2018, and the consolidated financial performance for the three months ended June 30, 2019 and 2018, and for the six months ended June 30, 2019 and 2018, and the consolidated cash flows for the six months ended June 30, 2019 and 2018, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and IAS No. 34 "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission of the Republic of China.

KPMG
Taipei, Taiwan
Republic of China
August 1st., 2019

Review only, not audited in accordance with generally accepted auditing standards as of June 30, 2019 and 2018

BENQ MATERIALS CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2019, December 31, 2018 and June 30, 2018

(Expressed in thousands of New Taiwan dollars)

		June 30, 2019		December 31, 2018		June 30, 2018	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note6(1))	$ 81,816	1	169,013	2	158,161	2
1110	Financial assets measured at fair value through profit or loss – current (Note 6(2))	15,106	-	19,190	-	-	-
1170	Notes and accounts receivable, net (Note 6(3),(22))	2,018,485	20	1,681,148	16	1,447,794	14
1180	Accounts receivable from related parties, net (Note 6(3),(22)&7)	26,914	-	611,739	6	1,172,567	12
1200	Other receivable (Note 6(3),(4)&7)	226,388	2	142,469	1	98,376	1
1210	Other receivable from related parties (Note 6(4)&7)	2,345	-	278	-	117	-
1310	Net inventories (Note 6(5))	1,863,464	18	1,930,668	19	1,688,619	17
1470	Other current assets	230,061	2	228,241	2	205,684	2
1476	Other current financial assets	5,721	-	5,844	-	26,809	-
	Total current assets	4,470,300	43	4,788,590	46	4,798,127	48
	Noncurrent assets:						
1550	Investment in equity-accounted investees (Note 6(6))	161,179	2	143,505	1	121,068	1
1600	Property, plant and equipment (Note 6(8),7&8)	4,284,243	42	4,331,733	42	4,066,136	40
1755	Right-of-use asset (Note6(9)&7)	358,153	4	-	-	-	-
1760	Investment Property (Note 6(10))	528,509	5	493,380	5	530,490	5
1780	Intangible assets (Note 6(11)&7)	37,537	-	44,663	-	48,231	-
1840	Deferred tax assets	311,262	3	311,500	4	319,415	4
1920	Refundable deposits	18,146	-	21,870	-	10,223	-
1985	Long-term prepaid rent (Note6(12))	-	-	105,464	1	110,126	1
1995	Other noncurrent assets	109,364	1	102,455	1	52,996	1
	Total noncurrent assets	5,808,393	57	5,554,570	54	5,258,685	52
	Total Assets	$10,278,693	100	10,343,160	100	10,056,812	100

		June 30, 2019		December 31, 2018		June 30, 2018	
	Liabilities and Stockholders' Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (Note 6(13))	$ 76,764	1	50,000	-	471,440	5
2120	Financial liabilities measured at fair value through Profit or loss – current (Note 6(2))	2,062	-	1,360	-	36,867	-
2170	Notes and accounts payable	2,724,115	26	2,873,111	28	2,647,379	27
2180	Notes and accounts payable to related parties (Note 7)	32,886	-	40,645	-	16,284	-
2200	Other payables (Note 6(7),(23))	1,080,102	11	1,018,963	10	978,797	10
2216	Dividends payable (Note 6(20)&7)	192,405	2	-	-	288,607	2
2220	Other payables to related parties (Note 7)	11,181	-	15,525	-	12,209	-
2250	Provisions – current (Note 6(16))	1,000	-	1,000	-	5,448	-
2320	Current portion of long-term loans payable (Note 6(14)&8)	22,278	-	22,070	-	-	-
2281	Current lease liabilities (Note 6(15))	9,693	-	-	-	-	-
2282	Current lease liabilities – related parties (Note 6(15)&7)	75,243	1	-	-	-	-
2399	Other current liabilities	70,677	1	66,528	1	61,679	1
	Total current liabilities	4,298,406	42	4,089,202	39	4,518,710	45
	Noncurrent liabilities:						
2540	Long-term borrowings, excluding current Installments (Note 6(14)&8)	1,616,929	16	2,028,151	20	1,500,000	15
2570	Deferred tax liabilities	10,377	-	10,335	-	16,940	-
2581	Noncurrent lease liabilities (Note6(15))	9,152	-	-	-	-	-
2582	Noncurrent lease liabilities – related Parties (Note 6(15)&7)	225,997	2	-	-	-	-
2600	Other noncurrent liabilities	27,812	-	31,457	-	28,164	-
	Total noncurrent liabilities	1,890,267	18	2,069,943	20	1,545,104	15
	Total liabilities	6,188,673	60	6,159,145	59	6,063,814	60
	Equity: (Note 6(20))						
	Equity attributable to shareholders of the parent:						
3110	Ordinary stock	3,206,745	31	3,206,745	31	3,206,745	32
3200	Capital surplus	5,618	-	2,734	-	2,728	-
	Retained earnings						
3310	Legal reserve	251,953	3	219,095	2	219,095	2
3350	Unappropriated retained earnings	600,239	6	692,009	7	500,679	5
3400	Other components of equity	25,465	-	5,280	-	63,751	1
	Total equity attributable to shareholders of the parent:	4,090,020	40	4,125,863	40	3,992,998	40
36XX	Non-controlling interests (Note 6(7),(20))	-	-	58,152	1	-	-
	Total equity	4,090,020	40	4,184,015	41	3,992,998	40
	Total Liabilities and Equity	$ 10,278,693	100	10,343,160	100	10,056,812	100

See accompanying notes to the consolidated financial statements

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

BENQ MATERIALS CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three and six months ended June 30, 2019 and 2018

(Expressed in thousands of New Taiwan dollars, except for earnings per share)

		Three Months Ended June 30,				Six Months Ended June 30,			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4110	**Revenue (Note 6(22),7&14)**	$ 3,659,222	100	3,019,123	100	7,051,033	100	5,979,075	100
5000	**Cost of sales** (Note 6(5),(8),(9),(10),(11),(15),(18),(23), 7&12)	(3,018,384)	(82)	(2,610,853)	(86)	(5,878,662)	(83)	(5,128,512)	(86)
	Gross profit	640,838	18	408,270	14	1,172,371	17	850,563	14
	Operating expenses: (Note 6 (3),(8),(9),(11),(15),(16),(18),(23),7&12)								
6100	Marketing expenses	(220,823)	(6)	(128,999)	(5)	(413,138)	(6)	(246,699)	(4)
6200	General and administrative expenses	(61,310)	(2)	(52,499)	(2)	(114,892)	(2)	(104,899)	(2)
6300	Research and development expenses	(173,042)	(5)	(155,997)	(5)	(332,401)	(5)	(317,278)	(5)
6400	Other operating expenses	-	-	-	-	-	-	44,762	1
	Total operating expenses	(455,175)	(13)	(337,495)	(12)	(860,431)	(13)	(624,114)	(10)
	Operating income	185,663	5	70,775	2	311,940	4	226,449	4
	Non-operating income and loss (Note 6 (6),(15),(24),(25)&7)**:**								
7010	Other income	798	-	21,398	1	1,746	-	24,078	-
7020	Other gains and losses – net	(59,207)	(2)	(45,498)	(2)	(79,579)	(1)	(70,495)	(1)
7050	Finance costs	(19,044)	-	(14,723)	-	(38,875)	-	(29,701)	-
7370	Share of profit of associates accounted for using equity method	8,999	-	4,211	-	13,844	-	13,883	-
		(68,454)	(2)	(34,612)	(1)	(102,864)	(1)	(62,235)	(1)
7900	**Income (loss) Before income tax**	117,209	3	36,163	1	209,076	3	164,214	3
7950	**Less: income tax expense** (Note 6(19))	(30,436)	(1)	(9,055)	-	(52,645)	(1)	(26,965)	-
	Net Income (loss)	86,773	2	27,108	1	156,431	2	137,249	3
	Other comprehensive income:								
8360	**Items that may be reclassified subsequently to profit or loss** (Note 6(6),(20))								
8361	Exchange differences on translating the financial statements of foreign operations	(27,207)	-	(16,226)	(1)	17,332	1	11,792	-
8370	Equity-accounted investees – share of other comprehensive income (loss)	(182)	-	222	-	2,942	-	1,781	-
8399	Related tax	-	-	-	-	-	-	-	-
	Total Items that may be reclassified subsequently to profit or loss	(27,389)	-	(16,004)	(1)	20,274	1	13,573	-
	Other comprehensive income (loss), net of tax	(27,389)	-	(16,004)	(1)	20,274	1	13,573	-
8500	**Total comprehensive income (loss)**	**$ 59,384**	**2**	**11,104**	**-**	**176,705**	**3**	**150,822**	**3**
	Profit (loss) attributable to:								
8610	Shareholders of the company	$ 86,674	2	27,108	1	156,815	2	137,249	3
8620	Non-controlling interests	99	-	-	-	(384)	-	-	-
		$ 86,773	**2**	**27,108**	**1**	**156,431**	**2**	**137,249**	**3**
	Total comprehensive income (loss) attributable to:								
8710	Shareholders of the company	$ 59,335	2	11,104	-	177,000	3	150,822	3
8720	Non-controlling interests	49	-	-	-	(295)	-	-	-
		$ 59,384	**2**	**11,104**	**-**	**176,705**	**3**	**150,822**	**3**
	Earnings per share (expressed in New Taiwan dollars, Note 6(21))								
9750	**Basic earnings per share**	**$ 0.27**		**0.08**		**0.49**		**0.43**	
9850	**Diluted earnings per share**	**$ 0.27**		**0.08**		**0.49**		**0.43**	

See accompanying notes to the consolidated financial statements

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

BENQ MATERIALS CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

	Equity attributable to shareholders of the parent										
			Retained earnings			Other equity					
	Common shares	Capital surplus	Legal reserve	Unappropriated retained earnings	Subtotal	Exchange differences on translation of foreign financial statements	Remeasurement of defined benefit plans	Subtotal	Equity attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance at January 1, 2018	$ 3,206,745	2,723	166,582	704,580	871,162	64,015	(13,837)	50,178	4,130,808	-	4,130,808
Adjustments on initial application of new standards	-	-	-	(30)	(30)	-	-	-	(30)	-	30
Adjusted balance at January 1, 2018	$ 3,206,745	2,723	166,582	704,550	871,132	64,015	(13,837)	50,178	4,130,778	-	4,130,778
Appropriation of earnings:											
Legal reserve	-	-	52,513	(52,513)	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	(288,607)	(288,607)	-	-	-	(288,607)	-	(288,607)
Changes in other capital surplus:											
Changes in joint ventures accounted for under equity method	-	5	-	-	-	-	-	-	5	-	5
Net income	-	-	-	137,249	137,249	-	-	-	137,249	-	137,249
Other comprehensive income (loss)	-	-	-	-	-	13,573	-	13,573	13,573	-	13,573
Total comprehensive income (loss)	-	-	-	137,249	137,249	13,573	-	13,573	150,822	-	150,822
Balance at June 30, 2018	**$ 3,206,745**	**2,728**	**219,095**	**500,679**	**719,774**	**77,588**	**(13,837)**	**63,751**	**3,992,998**	**-**	**3,992,998**
Balance at January 1, 2019	$ 3,206,745	2,734	219,095	692,009	911,104	21,284	(16,004)	5,280	4,125,863	58,152	4,184,015
Adjustments on initial application of new standards	-	-	-	(19,779)	(19,779)	-	-	-	(19,779)	(117)	(19,896)
Adjusted balance at January 1, 2019	$ 3,206,745	2,734	219,095	672,230	891,325	21,284	(16,004)	5,280	4,106,084	58,035	4,164,119
Appropriation of earnings:											
Legal reserve	-	-	32,858	(32,858)	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	-	(192,405)	(192,405)	-	-	-	(192,405)	-	(192,405)
Changes in other capital surplus:											
Changes in joint ventures accounted for under equity method	-	2,885	-	-	-	-	-	-	2,885	-	2,885
Difference between consideration and carrying amount of subsidiaries	-	(1)	-	(3,543)	(3,543)	-	-	-	(3,544)	(57,740)	(61,284)
Net income	-	-	-	156,815	156,815	-	-	-	156,815	(384)	156,431
Other comprehensive income (loss)	-	-	-	-	-	20,185	-	20,185	20,185	89	20,274
Total comprehensive income (loss)	-	-	-	156,815	156,815	20,185	-	20,185	177,000	(295)	176,705
Balance at June 30, 2019	**$ 3,206,745**	**5,618**	**251,953**	**600,239**	**852,192**	**41,469**	**(16,004)**	**25,465**	**4,090,020**	**-**	**4,090,020**

See accompanying notes to the consolidated financial statements

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

BENQ MATERIALS CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

	Six months ended June 30, 2019	Six months ended June 30, 2018
Cash flows from operating activities:		
Income before income tax	$ 209,076	164,214
Adjustments for:		
Depreciation	319,960	245,269
Amortization	9,084	19,001
Reversal gains on expected credit impairment	(401)	(21)
Loss on financial instruments at fair value through profit or loss	4,786	59,133
Interest expense	38,875	29,701
Interest income	(676)	(592)
Share of profit of associates and joint ventures accounted for using equity method	(13,844)	(13,883)
Gains on disposals of property plant and equipment	(270)	(150)
Expense transferred from amortized other Non-Current assets	49,574	37,666
Amortization of syndication commission cost	950	1,437
Subtotal of income and expense (loss) items	408,038	377,561
Changes in operating assets and liabilities:		
Changes in operating assets:		
- increase in notes and accounts receivable	(376,418)	(597,179)
- decrease in accounts receivables from related parties	537,932	692,579
- decrease in other accounts receivables	2,456	3,935
- decrease (increase) in other accounts receivables from related parties	(2,067)	737
- decrease (increase) in inventories	67,204	(63,119)
- decrease (increase) in other current assets	4,458	(22,639)
- increase in other non-current assets	(1,072)	-
Subtotal of changes in operating assets	232,493	14,314
Changes in operating liabilities:		
- increase (decrease) in accounts payable	(148,996)	465,975
- increase (decrease) in accounts payable from related parties	(7,759)	3,525
- decrease in other accounts payable	(16,762)	(13,228)
- increase (decrease) in other accounts payable from related parties	(4,344)	6,583
- decrease in current provisions	-	(43,246)
- increase in other current liability	4,149	10,507
- decrease in defined provisions for benefits	(977)	(943)

(Continued)

See accompanying notes to the consolidated financial statements

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

BENQ MATERIALS CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the six months ended June 30, 2019 and 2018

(Expressed in thousands of New Taiwan dollars)

	Six months ended June 30, 2019	Six months ended June 30, 2018
Subtotal of changes in operating liabilities	(174,689)	429,173
Subtotal of changes in operating assets and liabilities	57,804	443,487
Subtotal of adjustment items	465,842	821,048
Cash generated from operation	674,918	985,262
Cash received from interest income	676	596
Cash paid for interest	(38,552)	(29,725)
Cash paid for income taxes	(19,768)	(2,142)
Net cash provided by operating activities	617,274	953,991
Cash flows from investing activities:		
Acquisitions of property, plant and equipment	(171,713)	(168,858)
Disposals of property plant and equipment	980	198
Decrease in refundable deposits	3,724	18,214
Increase in intangible assets	(6,894)	(11,620)
Decrease (increase) in other financial assets	123	(7,040)
Increase in other non-current assets	(63,055)	(42,338)
Net cash used in investing activities	(236,835)	(211,444)
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings	26,764	(453,600)
Repayments of long-term debt	(411,014)	(400,000)
Decrease in guarantee deposits received	(2,668)	(1897)
Repayments of lease liabilities	(52,064)	-
Purchase subsidiary shares from non-controlling interests	(39,169)	-
Net cash flows from financing activities	(478,151)	(855,497)
Effect of exchange rate changes on cash and cash equivalents	10,515	(4,587)
Net decrease in cash and cash equivalents	(87,197)	(117,537)
Cash and cash equivalents at beginning of period	169,013	275,698
Cash and cash equivalents at end of period	**$ 81,816**	**158,161**

See accompanying notes to the consolidated financial statements

BENQ MATERIALS CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the six months ended June 30, 2019 and 2018
(Expressed in thousands of New Taiwan dollars, unless otherwise indicated)

1. Organization and business

BenQ Materials Corp. (the "BenQ", originally named as Daxon Technology Inc. before June 2010) was incorporated on July 16, 1998 and registered under the Ministry of Economic Affairs, R.O.C. The registered address is No. 29, Jianguo E. Rd., Guishan, Taoyuan, Taiwan. The company and subsidiaries (collectively as "the Company") are primarily engaged in the products of optoelectronics and manufacture and sales of medical consumables and equipment.

2. Approval of financial statements

These consolidated financial statements were approved and authorized for issue by the Board of Directors of BenQ on August 1, 2019.

3. Application of New, Amended and Revised Standards, and Interpretations

(1) Impact of adoption of new, amended or revised standards endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

In preparing the accompanying consolidated financial statements, the Company has adopted the following International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), and Interpretations that have been issued by the International Accounting Standards Board ("IASB") (collectively, "IFRSs") and endorsed by the FSC with effective date from January 1, 2019.

New, Amended and Revised Standards, and Interpretations	Effective Date Issued by IASB
International Financial Reporting Standards16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019

Except for the following, the adoption of the above standards has not had a material impact on the consolidated financial statements, relevant instructions are as follows:

(a) International Financial Reporting Standards 16 "Leases"

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

The Company elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. The details of the changes in accounting policies are disclosed below:

1) Definition of a lease

A contract on the commencement date, whether a lease (or inclusive), which has been identified as a lease by the Company based on the previous adoption of IFRIC 4 is subject to IFRS 16, as explained in Note 4(3).

For the first-time adoption of IFRS 16, the Company intends not to restate the financial statements of prior period (referred to hereinafter as the expedient exemption). The Company elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

2) As a lessee

As a lessee, the Company previously classified its leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Company. Under IFRS 16, the Company recognizes its lease contracts as right-of-use assets and lease liabilities in consolidated balance sheets.

The Company decided to apply the recognized exemptions to the current leases of its factories and vehicles.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. The right-of-use assets are measured at the carrying amount as if IFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at the date of initial application.

In addition, the Company used the following practical expedients when applying IFRS 16 to leases:

a. The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics.
b. The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
c. The Company excludes incremental costs of obtaining the lease from right-of-use assets on January 1, 2019.
d. The Company determines lease periods based on the projected status on January 1, 2019, if the contract contains options to extend or terminate the lease.

3) As a lessor

The Company does not make any adjustments for leases in which it is a lessor, and accounts for those leases under IFRS 16 starting from January 1, 2019.

4) Impacts on financial statements

On transition to IFRS 16, the Company recognized $395,294 thousand and $361,485 thousand of right-of-use assets and lease liabilities, respectively, increase $51,759 thousand in investment property, and decrease $105,464 thousand, $19,779 thousand, and $117 thousand in long-term prepaid rent, retained earnings and non-controlling interests, respectively, at the date of initial application. The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized by the Company on January 1, 2019 is 1.78%.

The reconciliation between operating lease commitments measured at the present value of the remaining lease payments, and lease liabilities recognized on January 1, 2019 is as follows:

	January 1, 2019
Operating lease commitment on December 31, 2018 as disclosed in the Company's consolidated financial statements	$ 380,035
Recognition exemption for:	
Short-term leases	(5,305)
	$ **374,730**
Discounted using the incremental borrowing rate on January 1, 2019 (Amounts of lease liabilities recognized as of January 1, 2019)	$ **361,485**

(2) The impact of IFRSs endorsed by the FSC but not yet adopted by the Company

The public issued company shall apply these standards prospectively for annual reporting periods beginning on or after January 1, 2020, in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019. New standards, interpretations and amendments endorsed by the FSC with effective date starting 2020 are as follows:

New Standards, Interpretations and Amendments	**Effective date by IASB**
Amendments to IFRS 3, "Definition of a business"	January 1, 2020
Amendments to IAS 1 and IAS 8, "Disclosure Initiative-Definition of Material"	January 1, 2020

The adoption of the standards or interpretations has no significant impact on the Company's consolidated financial statements based on the Company' evaluation.

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New standards, interpretations and amendments issued by International Accounting Standards Board (IASB) but not yet endorsed and issued into effect by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by IASB
IFRS 17, "Insurance contracts"	January 1, 2021

The Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. **Summary of Significant Accounting Policies:**

(1) Statement of compliance

The consolidated financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (the "Regulations") and the International Accounting Standards 34, "Interim financial reporting" as endorsed by the FSC. The Company's accompanying consolidated financial statements have been prepared in accordance with the IFRSs, IASs, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (collectively as "Taiwan-IFRSs").

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2018. Refer to Note 4 for the consolidated financial statements for the year ended December 31, 2018 for the details.

(2) Basis of consolidation

(a) Subsidiaries included in the consolidated financial statements:

			Percentage of Ownership (%)			
Investor	The name of subsidiaries	Business activities	June 30, 2019	December 31, 2018	June 30, 2018	Description
BenQ	BenQ Materials (L) Co. (BMLB)	Holding company	100.00	100.00	100.00	-
BenQ	Sigma Medical Supplies Corp. ("SMS")	Manufacture and sales of medical consumables and equipment	100.00	89.06	-	(Note 1)
BMLB	BenQ Material Co., Ltd. ("BMS")	Manufacture of optoelectronics	100.00	100.00	100.00	-
BMLB	Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Sales of optoelectronics and medical consumables	100.00	100.00	100.00	-
BMLB	BenQ Materials (Wuhu) Co., Ltd	Manufacture and sales of optoelectronics	100.00	100.00	100.00	-
SMS	Suzhou Sigma Medical Supplies Co., Ltd. ("SMSZ")	Manufacture and sales of medical consumables and equipment	100.00	100.00	-	(Note 1)

(Note 1): On July 24, 2018, BenQ acquired the shareholdings and obtained control over the entities.
Therefore, the entities have been included in consolidated financial statements.

(b) Subsidiaries not included in the consolidated financial statements: None.

(3) Leases (Policy applicable from January 1, 2019)

(a) Identifying a lease

At the commencement date, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract in exchange conveys the right to control the use of an identified asset for a period. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset, this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and
2) the Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use; and

3) the Company obtained an identified asset if either the following conditions is satisfied:
   a. The Company has the right to direct the use of identified asset throughout the period of use.
   b. The main decision about how and the purpose of the asset is used is predetermined, and
      - the Company has the right to use the identified asset, and the supplier does not have a substantive right to substitute the asset; or
      - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

   At the commencement date or reassessing whether the contract is a lease, the Company allocates the contract to each lease component on basis of their relative stand-alone prices. However, for the leases of land and buildings' contract that contains a lease component and non-lease component, the Company may elect to account for the lease and non-lease components as a single lease component.

(b) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial measurement of the lease liabilities, adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs needed to dismantle, remove and restore the underlying assets.

The depreciation expense of right-of-use assets is recognized when the service life of the right-of-use assets expires or when the lease term expires, whichever is earlier. When the lease liability is reassessed, the right-of-use assets will adjust any remeasurement of the lease liability.

The lease liability is initially measured at the present value of the lease payments at the commencement date, if the implicit rate is certain, the discount rate is used. If not, using the Company's incremental borrowing interest rate. Generally, the Company uses the incremental borrowing interest rate.

The lease payments are as follow:
1) fixed payments;
2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
3) the amounts expected to be payable under a residual value guarantee; and
4) the amounts or the penalties of the purchase option or lease termination option will be reasonably exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is measured:

1) if there is a change in future lease payments arising from a change in an index or a rate;
2) if there is a change in the amounts expected to be payable under a residual value guarantee;
3) if there is a change in the assessment of underlying asset purchase option;
4) if the Company changes its assessment of whether it will exercise a purchase, extension or termination option;
5) if there is a change in the lease term.

When the lease liability is remeasured in the mentioned circumstances, a corresponding adjustment is made to the carrying amount of the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

The lease liability is remeasured when lease modification occur that decrease the scope of the lease. The Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognizes in profit or loss any gain or loss relating to the partial or full termination of the lease.

Payments for leases of low-value assets and short-term leases are recognized as expenses on a straight-line basis during the lease term for which the recognition exemption is applied.

(c) As a lessor

Based on the extent to which the lease transfers the risks and rewards resulting from the Company of an underlying asset, if it does, a lease is classified as a financial lease. Conversely, an operating lease is a lease that does not transfer the risks and rewards resulting from the Company of an underlying asset.

Lease income from an operating lease is recognized in profit or loss on a straight-line basis over the lease term.

(4) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of prior fiscal year, adjusted for significant market fluctuations subsequent to the end of prior fiscal year and for significant curtailments, settlements, or other significant one-time events.

(5) Income taxes

The Company measures and discloses interim period income tax expense in accordance with paragraph B12 of IAS 34, "Interim Financial Reporting". Income tax expense is best estimated by multiplying pre-tax income of the interim period by a projected annual effective tax rate and is recognized as current tax expense.

Income taxes that are recognized directly in equity or other comprehensive income are measured in respect of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the corresponding tax bases at the tax rates that are expected to be applied in the year in which the asset is realized or the liability is settled.

5. Critical Accounting Judgments and Key Sources of Estimation and Assumption Uncertainty

The preparation of the consolidated financial statements in conformity with the Regulations and IAS 34, "Interim Financial Reporting", as endorsed and issued into effect 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.

In preparing the consolidated financial statements, critical accounting judgments and key sources of estimation uncertainty used by management in the application of accounting policies are consistent with those described in note 5 of the consolidated financial statements for the year ended December 31, 2018.

6. Description of Significant Accounts

Except as described below, the description of significant accounts in the accompanying consolidated financial statements is not materially different from those described in note 6 of the consolidated financial statements for the year ended December 31, 2018.

(1) Cash and Cash Equivalents

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand	$ 551	678	414
Demand deposits and checking accounts	81,265	168,335	157,747
	$ 81,816	**169,013**	**158,161**

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

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets mandatorily measured at fair value through profit or loss – current:			
Foreign currency forward contracts	$ 11,050	14,691	-
Foreign exchange contracts	4,056	4,499	-
	$ 15,106	**19,190**	**-**
Financial liabilities held for trading – current:			
Foreign currency forward contracts	$ (2,062)	(1,360)	(24,168)
Foreign exchange contracts	-	-	(12,699)
	$ (2,062)	**(1,360)**	**(36,867)**

Refer to note 6 (24) for the amounts of gain (loss) recognized related to financial assets measured at fair value.

(a) Non-hedging derivative financial instruments

The Company incepted derivative contracts to manage foreign currency exchange risk resulting from operating and financing activities. The derivative financial instruments that did not conform to the criteria for hedge accounting. At each reporting date the outstanding derivative contracts consisted of the following:

1) Foreign currency forward contracts

June 30, 2019

Contract amount (in thousands)	Contract item	Maturity date
USD2,000	Sell USD / Buy RMB	July 12, 2019
USD36,000	Sell USD / Buy JPY	July 24, 2019 – September 24, 2019
USD6,000	Sell USD / Buy NTD	July 24, 2019

December 31, 2018

Contract amount (in thousands)	Contract item	Maturity date
USD3,300	Sell USD / Buy RMB	November 1, 2019
USD44,500	Sell USD / Buy JPY	January 24, 2019 – March 22, 2019
USD6,000	Sell USD / Buy NTD	January 24, 2019

June 30, 2018

Contract amount	Contract item	Maturity date
(in thousands)		
USD6,000	Sell USD / Buy RMB	July 11, 2018
NTD400,000	Sell NTD / Buy JPY	August 23, 2018
USD37,500	Sell USD / Buy JPY	July 24, 2018 – August 23, 2018

2) Foreign exchange contracts

June 30, 2019

Contract amount	Contract item	Maturity date
(in thousands)		
USD43,000	Sell USD / Buy NTD	July 31, 2019

December 31, 2018

Contract amount	Contract item	Maturity date
(in thousands)		
USD43,000	Sell USD / Buy NTD	January 31, 2019

June 30, 2018

Contract amount	Contract item	Maturity date
(in thousands)		
USD62,000	Sell USD / Buy NTD	July 12, 2018 – July 31, 2018

(3) Notes and accounts receivable

	June 30, 2019	December 31, 2018	June 30, 2018
Notes receivable	$ 26,840	31,441	7,114
Accounts receivable	2,016,241	1,674,480	1,460,919
Less: loss allowance	(24,596)	(24,773)	(20,239)
	2,018,485	1,681,148	1,447,794
Accounts receivable from related parties	26,914	611,739	1,172,567
	$ 2,045,399	**2,292,887**	**2,620,361**

(a) The Company measures the loss allowance for notes and accounts receivable using the simplified approach with the lifetime expected credit losses including forward-looking information. Analysis of expected credit losses of notes and accounts receivable (including related parties) as of June 30, 2019, December 31, 2018 and June 30, 2018, were as follows:

	June 30, 2019		
	Carrying amount of accounts and note receivable	**Weighted-average loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 2,045,761	0.0256%	524
Past due 31~90 days	276	41.30%	114
Past due over 91 days	23,958	100%	23,958
	$ 2,069,995		**24,596**

	December 31, 2018		
	Carrying amount of accounts and note receivable	**Weighted-average loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 2,292,171	0.02%	450
Past due 1~30 days	973	1.95%	19
Past due 31~90 days	397	46.60%	185
Past due over 91 days	24,119	100%	24,119
	$ 2,317,660		**24,773**

	June 30, 2018		
	Carrying amount of accounts and note receivable	**Weighted-average loss rate**	**Loss allowance for lifetime expected credit losses**
Not past due	$ 2,620,200	0.0003%	8
Past due 1~30 days	170	0.59%	1
Past due over 91 days	20,230	100%	20,230
	$ 2,640,600		**20,239**

(b) The movement of the loss allowance for notes and accounts receivable was as follows:

	Six Months Ended June 30, 2019	2018
Balance at beginning of the period (per IAS 39)	$ 24,773	20,092
Adjustment on initial application of IFRS 9	-	30
Balance at beginning of the period (per IFRS 9)	24,773	20,122
Reversal of loss	(401)	(21)
Effect of exchange rate changes	224	138
Balance at end of the period	**$ 24,596**	**20,239**

(c) The Company signed a contract with the financial institution to sell certain accounts receivable without recourse. According to the contract, the Company does not have to bear the risk that the accounts receivable cannot be recovered, only needs to bear the losses caused by commercial disputes. Therefore, the contract met the condition of financial asset derecognition, details of the contract was as follows:

June 30, 2019

Underwriting bank	Factored amount	Factoring credit limit	Advance amount	Range of interest rates	Collateral
Taipei Fubon Commercial Bank	$ 197,408	465,900	157,926	3.34%	-

The factored accounts receivable, net of advance amounts, as of June 30, 2019, was recognized as "other receivables" of $39,482 thousand.

Refer to Note 7 for the information of transferred claim of accounts receivable from related parties which met the condition of derecognition.

(4) Other accounts receivable

	June 30, 2019	December 31, 2018	June 30, 2018
Other accounts receivable – factored accounts receivable, net of advance amounts (Note 6(3)&7)	$ 221,179	134,804	94,426
Other accounts receivable – other	5,209	7,665	3,950
Other accounts receivable – related parties	2,345	278	117
	228,733	142,747	98,493
Less: loss allowance	-	-	-
	$ 228,733	**142,747**	**98,493**

As of June 30, 2019, December 31, 2018 and June 30, 2018, no expected credit impairment for other accounts receivable based on the Company's assessment.

(5) Inventories

	June 30, 2019	December 31, 2018	June 30, 2018
Raw materials	$ 749,993	857,688	658,494
Work in process	608,203	572,945	586,782
Finished goods	505,268	500,035	443,343
	$ 1,863,464	**1,930,668**	**1,688,619**

The amounts recognized as cost of sales in relation to inventories were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Inventories sold	$ 3,051,530	2,641,965	5,904,147	5,140,694
Allowance for inventories written down to net realizable value	(46,432)	(43,515)	(51,193)	(36,876)
	$ 3,005,098	**2,598,450**	**5,852,954**	**5,103,818**

For the three months ended June 30, 2019 and 2018, and for the six months ended June 30, 2019 and 2018, the amounts of inventories due to sale of obsolete inventories or arising market price that were charged to gain from price recovery of inventory or loss for market price decline, or the written down of inventories to net realizable value amounted to $(46,432) thousand, $(43,515) thousand, $(51,193) thousand, and $(36,876) thousand, respectively, and were included in operating costs.

(6) Investments accounted for using equity method

	June 30, 2019 (Not audited)	December 31, 2018	June 30, 2018 (Not audited)
Joint ventures	**$ 161,179**	**143,505**	**121,068**

Share of profit (loss) of joint ventures accounted for using equity method (not reviewed) was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Joint ventures	**$ 8,999**	**4,211**	**13,844**	**13,883**

(a) Joint ventures

None of the joint ventures is considered individually material to the Company, the financial information was summarized as follows. The financial information was included in the Company's consolidated financial statements:

	June 30, 2019	December 31, 2018	June 30, 2018
Carrying amount of joint ventures not individually material to The Company – end of period	**$ 161,179**	**143,505**	**121,068**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
The Company's share of:				
Net income	$ 8,999	4,211	13,844	13,883
Other comprehensive income	(182)	222	2,942	1,781
Total comprehensive income	**$ 8,817**	**4,433**	**16,786**	**15,664**

(b) Investments accounted for using equity method not reviewed

The Company's share of the profit and other comprehensive income from the investments accounted for using equity method of the financial statements which were not reviewed by independent auditors.

(7) Acquisition of subsidiaries

(a) The cost of acquisition

On July 24, 2018 (acquisition date), the Company obtained control over Sigma Medical Supplies Corp. and its subsidiaries ("SMS") by acquired 89.03% of shareholdings of it for cash $498,579 thousand. SMS is engaged in manufacture and sales of medical consumables and equipment. Through the acquisition of SMS, the Company expects to enhance the core R&D capabilities and the manufacturing technology to expend the development of medical consumables and equipment industry.

(b) Identifiable net assets acquired in a business combination

The following table summarized the fair value of identifiable assets acquired and liabilities assumed recognized at the acquisition date:

Items	Amount
Cash and cash equivalents	$ 119,934
Notes and accounts receivable, net	151,802
Other accounts receivable	57,515
Inventories	180,463
Other current assets	40,612
Other current financial assets	64,337
Property, plant and equipment	360,560
Intangible assets – software	295
Deferred tax assets	28,717
Other non-current assets	27,203
Short-term borrowings	(219,193)
Accounts payable	(97,187)
Other current liabilities	(46,843)
Long-term borrowings	(104,797)
Deferred income tax liabilities	(2,780)
Other non-current liabilities	(354)
Identifiable net assets at fair value	$ 560,284

The needed market evaluation and other calculations of the fair values of the net assets are finished, and the amounts recognized have been measured on original accounting process to adjustments upon completion of independent valuation of SMS.

(c) Gain recognized in bargain purchase transaction

Gain recognized in bargain purchase of acquisition:	
Transfer consideration – cash	$ 498,579
Add: non-controlling interests (Identifiable net assets at fair value measured by non-equity method)	61,452
Less: acquired Identifiable net assets at fair value	(560,284)
Gain recognized in bargain purchase (refer to other gains and losses)	$ (253)

(d) Changes in equities of subsidiaries

The Company acquired additional ordinary shares of SMS with cash of $38,889 thousand. As a result, the percentage of ownership in SMS was increased to 96.00% in the second quarter of 2019.

For the purpose of aggregating the group's resources and improving operating efficiency, BenQ's board of directors approved on May 6, 2019, in accordance with Business Mergers and Acquisitions Act Ruling No. 30, to purchase SMS's ordinary shares at NT$14 per share held by the shareholders dissenting (as of June 17, 2019, cash of $280 thousand was paid, the residual amount of $22,115 thousand recognized in other accounts payable) on the share exchange transaction on June 17, 2019. As a result, BenQ acquired 100% shareholdings of SMS.

In the second half of 2018, the Company acquired additional ordinary shares of SMS with cash of $137 thousand, as a result, the percentage of ownership in SMS was increased to 89.06%.

(8) Property, plant and equipment

	Land	Buildings	Machinery	Other	Total
Cost:					
Balance at January 1, 2019	$ 1,477,219	3,128,759	5,594,506	1,882,875	12,083,359
Additions	-	1,461	42,612	155,757	199,830
Disposals	-	-	(33,180)	(19,876)	(53,056)
Reclassification and effect of exchange rate changes	-	12,911	125,527	(125,189)	13,249
Balance at June 30, 2019	**$ 1,477,219**	**3,143,131**	**5,729,465**	**1,893,567**	**12,243,382**
Balance at January 1, 2018	$ 1,344,108	3,823,777	4,918,691	2,131,612	12,218,188
Additions	-	48,110	19,225	187,261	254,596
Disposals	-	-	(2,551)	(3,144)	(5,695)
Reclassification to investment property (Note 6(10))	-	(930,215)	-	-	(930,215)
Reclassification and effect of exchange rate changes	-	164,701	324,912	(485,500)	4,113
Balance at June 30, 2018	**$ 1,344,108**	**3,106,373**	**5,260,277**	**1,830,229**	**11,540,987**
Accumulated depreciation:					
Balance at January 1, 2019	$ -	1,672,239	4,659,081	1,420,306	7,751,626
Depreciation	-	60,328	119,498	69,687	249,513
Disposals	-	-	(33,181)	(19,165)	(52,346)
Reclassification and effect of exchange rate changes	-	4,996	4,233	1,117	10,346
Balance at June 30, 2019	**$ -**	**1,737,563**	**4,749,631**	**1,471,945**	**7,959,139**
Balance at January 1, 2018	$ -	1,943,354	4,410,512	1,278,306	7,632,172
Depreciation	-	52,924	95,641	74,734	223,299
Disposals	-	-	(2,551)	(3,096)	(5,647)
Reclassification to investment property (Note 6(10))	-	(382,181)	-	-	(382,181)
Reclassification and effect of exchange rate changes	-	3,008	3,365	835	7,208
Balance at June 30, 2018	**$ -**	**1,617,105**	**4,506,967**	**1,350,779**	**7,474,851**
Carrying amount:					
January 1, 2019	**$ 1,477,219**	**1,456,520**	**935,425**	**462,569**	**4,331,733**
June 30, 2019	**$ 1,477,219**	**1,405,568**	**979,834**	**421,622**	**4,284,243**
January 1, 2018	**$ 1,344,108**	**1,880,423**	**508,179**	**853,306**	**4,586,016**
June 30, 2018	**$ 1,344,108**	**1,489,268**	**753,310**	**479,450**	**4,066,136**

In January 2018, the Company made the plan of partial of Suzhou industrial district into investment property for lease. After January 1, 2018, income and expenses were recognized in operating revenue and operating cost.

Details of property, plant and equipment were pledged as collateral of long-term borrowings and loans, please refer to note 8.

(9) Right-of-use assets

	Land use right	Buildings	Total
Cost of right-of-use assets:			
Balance at January 1, 2019	$ -	-	-
Adjustment on initial application of IFRS 16	65,183	454,371	519,554
Balance at January 1, 2019 – restatement	65,183	454,371	519,554
Additions	-	10,664	10,664
Effect of exchange rate changes	635	-	635
Balance at June 30, 2019	**$ 65,818**	**465,035**	**530,853**
Accumulated depreciation - right-of-use assets:			
Balance at January 1, 2019	$ -	-	-
Adjustment on initial application of IFRS 16	11,478	112,782	124,260
Balance at January 1, 2019	11,478	112,782	124,260
Depreciation	677	47,657	48,334
Effect of exchange rate changes	106	-	106
Balance at June 30, 2019	**$ 12,261**	**160,439**	**172,700**
Carrying amount:			
June 30, 2019	**$ 53,557**	**304,596**	**358,153**

On December 31, 2018 and June 30, 2018, land right-of use assets was recognized in long-term prepaid rents.

(10) Investment property

	Buildings	Land use right	Total
Cost:			
Balance at January 1, 2019	$ 909,777	-	909,777
Adjustment on initial application of IFRS 16	-	69,667	69,667
Balance at January 1, 2019 – restatement	909,777	69,667	979,444
Effect of exchange rate changes	8,882	680	9,562
Balance at June 30, 2019	**$ 918,659**	**70,347**	**989,006**
Balance at January 1, 2018	$ -	-	-
Reclassification from fixed asset	930,215	-	930,215
Effect of exchange rate changes	7,498	-	7,498
Balance at June 30, 2018	$ 937,713	-	937,713
Depreciation:			
Balance at January 1, 2019	$ 416,397	-	416,397
Adjustment on initial application of IFRS 16	-	17,908	17,908
Balance at January 1, 2019 – restatement	416,397	17,908	434,305
Depreciation	21,384	729	22,113
Effect of exchange rate changes	3,910	169	4,079
Balance at June 30, 2019	**$ 441,691**	**18,806**	**460,497**
Balance at January 1, 2018	$ -	-	-
Depreciation	21,970	-	21,970
Reclassification from fixed asset	382,181	-	382,181
Effect of exchange rate changes	3,072	-	3,072
Balance at June 30, 2019	**$ 407,223**	**-**	**407,223**
Carrying amount:			
January 1, 2019	**$ 493,380**	**-**	**493,380**
June 30, 2019	**$ 476,968**	**51,541**	**528,509**
January 1, 2018	**$ -**	**-**	**-**
June 30, 2018	**$ 530,490**	**-**	**530,490**

The fair value of the Company's investment property was not materially different from those disclosed in Note 6(9) of the consolidated financial statements for the year ended December 31, 2018.

(11) Intangible assets

	Patents	Outside purchased software	Other	Total
Cost:				
Balance at January 1, 2019	$ 51,046	152,669	8,525	212,240
Additions	-	6,894	-	6,894
Less for the period (Note)	-	-	(7,002)	(7,002)
Reclassification and effect of exchange rate changes	573	15	11	599
Balance at June 30, 2019	**$ 51,619**	**159,578**	**1,534**	**212,731**
Balance at January 1, 2018	$ 49,592	129,125	8,549	187,266
Additions	-	11,620	-	11,620
Reclassification and effect of exchange rate changes	1,030	6	7	1,043
Balance at June 30, 2018	**$ 50,622**	**140,751**	**8,556**	**199,929**
Amortization:				
Balance at January 1, 2019	$ 21,624	141,533	4,420	167,577
Amortization	3,950	6,962	(1,828)	9,084
Less of the period (Note)	-	-	(1,752)	(1,752)
Reclassification and effect of exchange rate changes	269	12	4	285
Balance at June 30, 2019	**$ 25,843**	**148,507**	**844**	**175,194**
Balance at January 1, 2018	$ 13,369	121,022	2,720	137,111
Amortization	3,769	9,547	856	14,172
Reclassification and effect of exchange rate changes	408	5	2	415
Balance at June 30, 2018	**$ 17,546**	**130,574**	**3,578**	**151,698**
Carrying amount:				
Balance at January 1, 2019	**$ 29,422**	**11,136**	**4,105**	**44,663**
Balance at June 30, 2019	**$ 25,776**	**11,071**	**690**	**37,537**
Balance at January 1, 2018	**$ 36,223**	**8,103**	**5,829**	**50,155**
Balance at June 30, 2018	**$ 33,468**	**10,177**	**4,978**	**48,231**

(Note): The relevant other accounts payable is written off.

(12) Long-term prepayments for lease

Long-term prepayments for lease mainly represented land use rights located in Mainland China. The company signed a contract with Land and Resources Bureau of P.R.C. to acquire the land use right of Suzhou Industrial Park and High-tech-based Industrial Development Zone in Gejiang district, Wuhu city, for the construction of plant, from 2005 to 2055, and from 2012 to 2062, respectively. For the first-time adoption of IFRS 16 on January 1, 2019, the amounts of long-term prepayments for lease was reclassified as right-of-use assets by the Company.

(13) Short-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Unsecured borrowings	$ **76,764**	**50,000**	**471,440**
Unused credit facility	$ **8,055,548**	**6,833,360**	**7,202,062**
Interest rate	**1.44%~3.17%**	**1.44%**	**1.10%~2.73%**

(14) Long-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Collateral borrowings	$ 1,639,207	2,050,221	1,500,000
Less: current portion of long-term debt	(22,278)	(22,070)	-
Total	$ **1,616,929**	**2,028,151**	**1,500,000**
Unused credit facility	$ **1,800,000**	**1,300,000**	**1,275,000**
Maturity year	2020~2023	2019~2023	2020
Interest rate	**1.43%~1.5%**	**1.43%~1.79%**	**1.79%~1.84%**

(a) Borrowings and repayments

For the six months ended June 30, 2019 and 2018, the Company's repay amount of long-term loan principal were $411,014 thousand and $400,000 thousand, respectively.

(b) Collateral for bank borrowings

Refer to note 8 for a description of the Company's assets pledged as collateral to secure the bank loans.

(c) Compliance with loan agreement

According to the syndicated loan agreement signed between the Company and the banks, the Company has promised to maintain certain ratios such as current ratio, liabilities ratio and minimum tangible net value based on the Company's annual audited consolidated financial statements. If the Company violates any of the related financial ratios, according to the syndicated loan agreement, the Company shall file an application for waiver and financial improvement plan to the managing bank. Failure to maintain the required financial ratios would not be considered a default unless a resolution is mad by most of the banks to refuse to grant a waiver to the Company.
On December 31, 2018, the Company's financial ratio was following the syndicated loan agreement.

(15) Lease liabilities

The Company' s lease liabilities are summarized as follows:

	June 30, 2019		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 90,030	5,094	84,936
Between one and five years	240,719	5,570	235,149
	$ 330,749	**10,664**	**320,085**
Current:			
Related parties	$ 80,113	4,870	75,243
Non-related parties	9,917	224	9,693
	$ 90,030	**5,094**	**84,936**
Non-current:			
Related parties	$ 231,259	5,262	225,997
Non-related parties	9,460	308	9,152
	$ 240,719	**5,570**	**235,149**

Amounts recognized in profit and loss:

	Three months ended June 30, 2019	**Six months ended June 30, 2019**
Expense of short-term lease	**$ 742**	**1,139**
Interest expense of lease liabilities	**$ 1,494**	**3,067**

Amounts recognized in cash flows:

	Six months ended June 30, 2019
Total cash outflow of lease	**$ 56,270**

(a) Lease of buildings

The Company leased buildings for plants. The leases typically run for a period of five years, new lease agreement and rental payment will be discussed at the end of lease period. Then, the Company will
reassess the right-of-use assets and lease liabilities.

(b) Other leases

The Company applies the recognition exemption to account for short-term leases instead of recognizing as right-of-use assets and lease liabilities, primarily for less than one-year leases of factory building and vehicles.

(16) Provisions – current

	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Balance at the beginning for the period	$ 1,000	93,456
Provisions made	-	2,476
Amount utilized	-	(45,722)
Amount reversed	-	(44,762)
Balance at the end for the period	**$ 1,000**	**5,448**

On September 1, 2016, for enhancing market competitiveness and reducing operating costs, the Company terminated certain production lines in Tainan Science-based Industrial Park and related lease contracts of the factory building, which resulted in a disagreement with the lessor. In the first quarter of 2018, the Company reached a settlement with the lessor. The Company recognized an adjustment of restructuring provision of $(44,762) thousand, in other operating expenses.

(17) Operating lease

There was no significant addition in the Company's operating lease contracts for the six months ended June 30, 2018. Refer to Note 6(15) for the consolidated financial statements for the year ended December 31, 2018 for the details.

(18) Employee benefits

(a) Defined benefit plans

Subsequent to December 31, 2018, there was no significant market volatility, significant curtailment, reimbursement and settlement or other significant one-time events. Therefore, the pension cost in the consolidated interim financial statements was measured and disclosed by the Company according to the pension cost valued by actuary as of December 31, 2018 and 2017.

The expenses recognized were as follows:

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Operating costs	$ 66	15	131	31
Operating expenses	20	11	40	22
	$ 86	**26**	**171**	**53**

(b) Defined contribution plans

Pension expenses under contribution rate of defined pension:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Operating costs	$ 11,470	10,224	22,873	19,746
Operating expenses	6,264	5,623	12,474	11,294
	$ 17,734	**15,847**	**35,347**	**31,040**

(19) Income taxes

(a) Income tax expenses:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Current year	**$ 30,436**	**9,055**	**52,645**	**26,965**

(b) For the six months ended June 30, 2019 and 2018, the Company's income taxes unrecognized directly in equity or other comprehensive income.

(c) The tax authorities have completed the examination of income tax returns of BenQ through 2016.

(20) Capital and other equity

(a) Common stock

As of June 30, 2019, December 31, 2018 and June 30, 2018, BenQ's authorized shares of common stock consisted of 400,000 thousand shares, with par value of $10 per share, all amounted to $4,000,000 thousand, of which 320,675 thousand shares were issued and outstanding.

(b) Capital surplus

	June 30, 2019	**December 31, 2018**	**June 30, 2018**
Changes in equity of associates accounted for using equity method	$ 5,618	2,733	2,728
Difference between consideration and carrying amount from acquisition of shares in subsidiaries	-	1	-
	$ 5,618	**2,734**	**2,728**

Pursuant to the Company Act, any realized capital surplus is initially used to cover an accumulated deficit, and the balance, if any, could be transferred to common stock as stock dividends based on the original shareholding ratio or distributed as cash dividends based on a resolution approved by the stockholders. Realized capital surplus includes the premium derived from the issuance of shares of stock in excess of par value and donations from stockholders received by the Company. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, distribution of stock dividends from capital surplus in any one year shall not exceed 10% of paid-in capital.

(c) Retained earnings

In accordance with BenQ's Articles of Incorporation, where 10% of the annual earnings, after payment of income taxes and offsetting accumulated deficits, if any, shall be set aside as 10% legal reserve. In addition, a special reserve in accordance with applicable laws and regulations shall also be set aside. The remaining current-year earnings together with accumulated undistributed earnings from preceding years can be distributed after the earnings distribution plan proposed by the board of directors is approved by resolution of the shareholders' meeting.

In accordance with BenQ's Articles of Incorporation, BenQ is currently in the mature growth stage. Therefore, BenQ's dividend policy is to pay dividends from surplus considering factors such as BenQ's current and future investment environment, competitive conditions, while considering shareholders' interest, maintenance of balanced dividend and BenQ's long-term financial plan. If the current year retained earnings available for distribution, dividend to be distributed shall be no less than 10% of the current year retained earnings available for distribution.

Pursuant to the Company Act, 10% of the annual earnings after payment of income taxes shall be allocated as legal reserve until the accumulated legal reserve equals the paid-in capital. When a company incurs no loss, it may, pursuant to a resolution to be adopted by a shareholders' meeting, distribute its legal reserve by issuing new shares or by cash, only the portion of legal reserve which exceeds 25% of the paid-in capital may be distributed.

IN accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, special reserve equal to the total amount of items that were accounted for as deduction from stockholders' equity was set aside from current and prior-year earnings. This special reserve shall revert to the retained earnings and be made available for distribution when the items that are accounted for as deductions from stockholders' equity are reversed in subsequent periods.

The appropriation of 2018 and 2017 earnings were approved by the stockholders at the meetings on June 19, 2019, and June 20, 2018, respectively. The resolved appropriation of the dividend per share were as follows:

	2018		2017	
	Dividends per share (in dollars)	**Amount**	**Dividends per share (in dollars)**	**Amount**
Dividends per share:				
Cash dividends	$ 0.60	**192,405**	$ 0.90	**288,607**

Related information can be accessed on the Market Observation Post System website.

(d) Other equity

	Exchange differences on translation of foreign financial statements	Remeasurement of defined benefit plans	Total
Balance at January 1, 2019	$ 21,284	(16,004)	5,280
Foreign exchange differences arising from translation of foreign operation net assets:			
Consolidated company	17,243	-	17,243
Joint venture	2,942	-	2,942
Balance at June 30, 2019	**$ 41,469**	**(16,004)**	**25,465**
Balance at January 1, 2018	$ 64,015	(13,837)	50,178
Foreign exchange differences arising from translation of foreign operation net assets:			
Consolidated company	11,792	-	11,792
Joint venture	1,781	-	1,781
Balance at June 30, 2018	**$ 77,588**	**(13,837)**	**63,751**

(e) Non-controlling interests, net of tax

	Six Months Ended June 30, 2019	2018
Balance at the beginning for the period	$ 58,152	-
Effects of retrospective application	(117)	-
Restated balance at the beginning for the period	58,035	-
Equity attributable to non-controlling interests:		
Net loss	(384)	-
Changes in equities of subsidiaries	(57,740)	
Exchange differences on translation of foreign financial statements	89	-
	$ -	-

(21) Earnings per share

(a) Basic earnings per share

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Profit attributable to shareholders of the company	$ **86,674**	**27,108**	**156,815**	**137,249**
Weighted-average number of ordinary shares outstanding (in thousands)	**320,675**	**320,675**	**320,675**	**320,675**
Basic earnings per share (in dollars)	$ **0.27**	**0.08**	**0.49**	**0.43**

(b) Diluted earnings per share

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Profit attributable to shareholders of the company	$ **86,674**	**27,108**	**156,815**	**137,249**
Weighted-average number of ordinary shares outstanding (in thousands)	320,675	320,675	320,675	320,675
Effect of dilutive potential common stock (in thousands):				
Employee bonuses	919	922	1,570	1,949
Weighted-average number of ordinary shares outstanding (in thousands) (including effect of dilutive potential common stock)	**321,594**	**321,597**	**322,245**	**322,624**
Diluted earnings per share (in dollars)	$ **0.27**	**0.08**	**0.49**	**0.43**

(22) Revenue from contracts with customers

(a) Disaggregation of revenue

	Three Months Ended June 30, 2019		
	Optoelectronics	**Others**	**Total**
Primary geographical market:			
Mainland China	$ 2,144,870	158,452	2,303,322
Taiwan	1,125,300	115,183	1,240,483
Other country	26,901	88,516	115,417
	$ **3,297,071**	**362,151**	**3,659,222**
Major products/services:			
Optoelectronics	$ 3,297,071	-	3,297,071
Others	-	362,151	362,151
	$ **3,297,071**	**362,151**	**3,659,222**

	Three Months Ended June 30, 2018		
	Optoelectronics	**Others**	**Total**
Primary geographical market:			
Mainland China	$ 1,588,972	43,259	1,632,231
Taiwan	1,271,543	45,071	1,316,614
Other country	44,799	25,479	70,278
	$ 2,905,314	**113,809**	**3,019,123**
Major products/services:			
Optoelectronics	$ 2,905,314	-	2,905,314
Others	-	113,809	113,809
	$ 2,905,314	**113,809**	**3,019,123**

	Six Months Ended June 30, 2019		
	Optoelectronics	**Others**	**Total**
Primary geographical market:			
Mainland China	$ 3,923,544	281,426	4,204,970
Taiwan	2,377,913	263,423	2,641,336
Other country	47,558	157,169	204,727
	$ 6,349,015	**702,018**	**7,051,033**
Major products/services:			
Optoelectronics	$ 6,349,015	-	6,349,015
Others	-	702,018	702,018
	$ 6,349,015	**702,018**	**7,051,033**

	Six Months Ended June 30, 2018		
	Optoelectronics	**Others**	**Total**
Primary geographical market:			
Mainland China	$ 3,146,568	88,147	3,234,715
Taiwan	2,509,995	101,387	2,611,382
Other country	82,203	50,775	132,978
	$ 5,738,766	**240,309**	**5,979,075**
Major products/services:			
Optoelectronics	$ 5,738,766	-	5,738,766
Others	-	240,309	240,309
	$ 5,738,766	**240,309**	**5,979,075**

(b) Contract balances

	June 30, 2019	December 31, 2018	June 30, 2018
Notes and accounts receivable (including related parties)	$ 2,069,995	2,317,660	2,640,600
Less: loss allowance	(24,596)	(24,773)	(20,239)
Total	**$ 2,045,399**	**2,292,887**	**2,620,361**

Refer to Note 6(3) for disclosure of decrease in accounts receivable.

(23) Remuneration to employees and directors

According to BenQ's Articles of Incorporation, BenQ should distribute remuneration to employees and directors from 5% to 20% and no more than 1% of annual profits before income tax, respectively, after offsetting accumulated deficits, if any. Only employees, including employees of affiliate companies that meet certain conditions are entitled to the abovementioned remuneration which to be distributed in stock or cash.

For the three months ended June 30, 2019 and 2018, and for the six months ended June 30, 2019 and 2018, BenQ accrued the remuneration to employees amounting to $12,302 thousand, $3,602 thousand, $22,243 thousand, and $17,465 thousand, respectively, remuneration to directors amounting to $948 thousand, $269 thousand, $1,668 thousand, and $1,334 thousand, respectively, and the remuneration to directors were estimated based on the amount expected to pay and recognized together with the remuneration to employees as cost of sales or operating expenses. If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the differences are accounted for as a change in accounting estimate and adjusted prospectively to next year's profit or loss.

Remuneration to employees for 2018 and 2017, in the amounting to $40,742 thousand and $58,880 thousand, respectively, remuneration to directors amounting to $3,056 thousand and $4,416 thousand, respectively, in cash for payment had been approved in the meeting of board of directors. The information about the remuneration to employees and directors is available at the Market Observation Post System website.

(24) Non-operating income and expenses

(a) Other Income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Interest income on bank deposits	$ 534	332	676	581
Imputed interest of deposits	-	11	-	11
Government grants income	264	21,055	1,070	23,486
	$ 798	**21,398**	**1,746**	**24,078**

(b) Other gains and losses

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Gains on disposals of property, plant and equipment	$ -	-	270	150
Foreign exchange gains (losses), net	(50,273)	97,504	(48,414)	20,871
Gains (losses) on valuation of financial instruments at FVTPL, net	(12,993)	(144,210)	(36,937)	(120,819)
Others	4,095	1,208	5,502	29,303
	$ (59,207)	**(45,498)**	**(79,579)**	**(70,495)**

(c) Finance costs

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Interest expense on bank borrowings	$ (17,550)	(14,723)	(35,808)	(29,701)
Lease liabilities	(1,494)	-	(3,067)	-
	$ (19,044)	**(14,723)**	**(38,875)**	**(29,701)**

(25) Categories of financial instruments and fair value

Except as described below, both the goals and policies of the Company's financial risk management and the Company's exposure to credit risk, liquidity risk and market risk were not materially different from those disclosed in Note 6(24)(25) of the consolidated financial statements for the year ended December 31, 2018.

(a) Categories of financial instruments

1) Financial assets

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets at fair value through profit or loss:			
Foreign exchange forward contract	$ 11,050	14,691	-
Currency swap contract	4,056	4,499	-
Subtotal	15,106	19,190	-
Financial assets measured at amortized cost:			
Cash and cash equivalents	81,816	169,013	158,161
Notes and accounts receivable and other receivables (including related parties)	2,274,132	2,435,634	2,718,854
Other financial assets - current	5,721	5,844	26,809
Refundable deposits	18,146	21,870	10,223
Subtotal	2,379,815	2,632,361	2,914,047
Total	**$ 2,394,921**	**2,651,551**	**2,914,047**

2) Financial liabilities

	June 30, 2019	December 31, 2018	June 30, 2018
Financial liabilities at fair value through profit or loss:			
Foreign exchange forward contract	$ 2,062	1,360	24,168
Currency swap contract	-	-	12,699
Subtotal	2,062	1,360	36,867
Financial liabilities measured at amortized cost:			
Short-term borrowings	76,764	50,000	471,440
Notes and accounts payable and other payables (including related parties)	3,507,821	3,389,849	3,436,887
Long-term debt (including current portion)	1,639,207	2,050,221	1,500,000
Lease liabilities (including related parties)	320,085	-	-
Guarantee deposit received	20,535	23,203	22,062
Subtotal	5,564,412	5,513,273	5,430,389
Total	**$ 5,566,474**	**5,514,633**	**5,467,256**

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficult in settling its financial liabilities by delivering cash or other financial assets. The Company manages liquidity risk by monitoring regularly the current and mid- to long-term cash demand, maintaining adequate cash and banking facilities, and ensuring compliance with the terms of the loan agreements.

As of June 30, 2019, December 31, 2018 and June 30, 2018, the Company had unused credit facilities of $9,855,548 thousand, $8,133,360 thousand and $8,477,062 thousand, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments, including principal and interest.

	Contractual cash flows	Within 6 months	6-12 months	1-5 years	More than 5 years
June 30,2019					
Non-derivative financial liabilities					
Short-term borrowings	$ 76,804	76,804	-	-	-
Accounts payable (including related parties)	2,757,001	2,757,001	-	-	-
Other payables (including related parties)	750,820	750,820	-	-	-
Long-term debt (including current portion) (floating rate)	1,715,669	15,689	22,782	1,677,198	-
Lease liabilities (including related parties)	330,749	41,855	48,175	240,719	-
Guarantee deposit received	20,535	3,752	1,606	14,887	290
	$ 5,651,578	**3,645,921**	**72,563**	**1,932,804**	**290**
Derivative financial instruments					
Foreign exchange forward contracts – total:					
Inflow	$ (1,371,118)	(1,371,118)	-	-	-
Outflow	1,362,130	1,362,130	-	-	-
Currency swap contracts – net	(4,056)	(4,056)	-	-	-
	$ (13,044)	**(13,044)**	**-**	**-**	**-**

(continued)

	Contractual cash flows	Within 6 months	6-12 months	1-5 years	More than 5 years
December 31,2018					
Non-derivative financial liabilities					
Short-term borrowings	$ 50,046	50,046	-	-	-
Accounts payable (including related parties)	2,913,756	2,909,380	388	3,988	-
Other payables (including related parties)	476,093	476,093	-	-	-
Long-term debt (including current portion) (floating rate)	2,164,333	16,639	26,151	2,121,543	-
Guarantee deposit received	23,203	6,061	3,383	13,513	246
	$ 5,627,431	**3,458,219**	**29,922**	**2,139,044**	**246**
Derivative financial instruments					
Foreign exchange forward contracts – total:					
Inflow	$ (1,660,048)	(1,660,048)	-	-	-
Outflow	1,646,717	1,646,717	-	-	-
Currency swap contracts – net	(4,499)	(4,499)	-	-	-
	$ (17,830)	**(17,830)**	**-**	**-**	**-**
June 30,2018					
Non-derivative financial liabilities					
Short-term borrowings	$ 472,189	472,189	-	-	-
Accounts payable (including related parties)	2,663,663	2,663,663	-	-	-
Other payables (including related parties)	773,224	773,224	-	-	-
Long-term debt (including current portion) (floating rate)	1,546,098	6,448	13,415	1,526,235	-
Guarantee deposit received	22,062	2,413	12,882	6,515	252
	$ 5,477,236	**3,917,937**	**26,297**	**1,532,750**	**252**
Derivative financial instruments					
Foreign exchange forward contracts – total:					
Inflow	$ (1,699,011)	(1,699,011)	-	-	-
Outflow	1,723,179	1,723,179	-	-	-
Currency swap contracts – net	12,699	12,699	-	-	-
	$ 36,867	**36,867**	**-**	**-**	**-**

The Company does not expect that the cash flows included in the maturity analysis would occur significantly earlier or at significantly different amounts.

(c) Currency risk

The Company's exposure to foreign currency risk arises from cash and cash equivalents, notes and accounts receivable (including related parties), notes and accounts payable (including related parties), and borrowings that are denominated in a currency other than the respective functional currencies of the Company. At the reporting date, the carrying amount of the Company's significant monetary assets and liabilities denominated in a currency other than the respective functional currencies of the Company (including the monetary items that have been eliminated in the accompanying consolidated financial statements):

	June 30, 2019				
	Foreign currency	**Exchange rate**	**TWD**	**Change in magnitude**	**Effect on profit or loss**
Financial assets	(in thousands)		(in thousands)		(in thousands)
Monetary items					
USD	$ 71,426	31.060	2,218,492	1%	22,185
JPY	30,596	0.2885	8,827	1%	88
Financial liabilities					
Monetary items					
USD	30,935	31.060	960,841	1%	9,608
JPY	6,741,032	0.2885	1,944,788	1%	19,448

December 31, 2018

	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
Financial assets					
Monetary items					
USD	$ 78,252	30.715	2,403,510	1%	24,035
JPY	67,681	0.2780	18,815	1%	188
Financial liabilities					
Monetary items					
USD	27,104	30.715	832,499	1%	8,325
JPY	6,329,343	0.2780	1,759,557	1%	17,596

June 30, 2018

	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude	Effect on profit or loss (in thousands)
Financial assets					
Monetary items					
USD	$ 91,850	30.460	2,797,751	1%	27,978
JPY	53,956	0.2753	14,854	1%	149
Financial liabilities					
Monetary items					
USD	37,140	30.460	1,131,284	1%	11,313
JPY	6,298,645	0.2753	1,734,017	1%	17,340

As the Company deal in diverse functional currencies, gains and losses on monetary items were summarized as a single amount. The aggregate of realized and unrealized foreign exchange gains (losses) for the three months ended June 30, 2019 and 2018, and for the six months ended June 30, 2019 and 2018, were $(50,273) thousand, $97,504 thousand, $(48,414) thousand, and $20,871 thousand, respectively.

(d) Fair value information

1) Financial instruments not measured at fair value

The Company's management considers that the carrying amount in consolidated financial statements of financial assets and financial liabilities measured at amortized cost approximate their fair value.

2) Financial instruments measured at fair value

When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

a. Level 1 inputs: Unadjusted quoted prices for identical assets or liabilities in active markets.
b. Level 2 inputs: Other than quoted prices included within Level 1, inputs are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c. Level 3 inputs: Derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	June 30, 2019				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:					
Foreign exchange forward contract	$ 11,050	-	11,050	-	11,050
Currency swap contract	4,056	-	4,056	-	4,056
Subtotal	$ 15,106	-	15,106	-	15,106
Financial liabilities at FVTPL:					
Foreign exchange forward contract	$ (2,062)	-	(2,062)	-	(2,062)

	December 31, 2018				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL:					
Foreign exchange forward contract	$ 14,691	-	14,691	-	14,691
Currency swap contract	4,499	-	4,499	-	4,499
	$ 19,190	-	19,190	-	19,190
Financial liabilities at FVTPL:					
Foreign exchange forward contract	$ (1,360)	-	(1,360)	-	(1,360)

	June 30, 2018				
		Fair Value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial liabilities at FVTPL:					
Foreign exchange forward contract	$ (24,168)	-	(24,168)	-	(24,168)
Currency swap contract	(12,699)	-	(12,699)	-	(12,699)
	$ (36,867)	-	(36,867)	-	(36,867)

(e) Valuation techniques and assumptions applied in fair value measurement

1) Non-derivative financial instruments

The Company holds certain non-publicly listed stocks which are not traded in an active market. The Company reviews the net value, the current operating and future expected performance of these private companies based on evaluation of the changes in the similar companies. However, the major unobservable inputs were primarily liquidity discounts, the changes of liquidity discounts do not lead to significant potential financial impact, therefore, the Company does not intend to disclose the quantitative information.

2) Derivative financial instruments

The fair value of derivative financial instruments is determined using a valuation technique, with estimates and assumptions consistent with those used by market participants. The fair value of foreign currency forward contracts and foreign exchange swaps is computed by current forward exchange rate using the valuation technique.

(f) Transfers between levels of the fair value hierarchy

There were no transfers among fair value hierarchies for the six months ended June 30, 2019 and 2018.

(26) Financial risk management

Both the goals and policies of the Company's financial risk management were not materially different from those disclosed in Note 6(25) of the consolidated financial statements for the year ended December 31, 2018.

(27) Capital management

The objectives, policies and procedures of the Company's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2018. Refer to note 6(26) for the consolidated financial statements for the year ended December 31, 2018 for the relevant information.

(28) Non-cash transactions of investments and financing activities

(a) Refer to Note 6(9) for The Company acquired the right-of-use assets by lease for the six months ended June 30, 2019.

(b) The reconciliation of liabilities from financing activities was as follows:

	January 1, 2019	Cash flows	Changes in non-cash: Rent adjustment	June 30, 2019
Short-term borrowings	$ 50,000	26,764	-	76,764
Long-term borrowings (including current portion)	2,050,221	(411,014)	-	1,639,207
Guarantee deposit received	23,203	(2,668)	-	20,535
Lease liabilities (including related parties)	361,485	(52,064)	10,664	320,085
Total liabilities from financing activities	**$ 2,484,909**	**(438,982)**	**10,664**	**2,056,591**

	January 1, 2018	Cash flows	Changes in non-cash: Rent adjustment	June 30, 2018
Short-term borrowings	$ 925,040	(453,600)	-	471,440
Long-term borrowings (including current portion)	1,900,000	(400,000)	-	1,500,000
Guarantee deposit received	23,959	(1,897)	-	22,062
Total liabilities from financing activities	**$ 2,848,999**	**(855,497)**	**-**	**1,993,502**

7. Related-party Transactions

(1) Name and relationship of related parties

Name of related party	Relationship with the Company
Qisda Corporation ("Qisda")	Parent of the Company
Visco Vision Inc. ("Visco Vision")	Joint venture of the Company
Cenefom Corp. ("CENEFOM")	Joint venture of the Company
Visco Technology Sdn. Bhd.	Subsidiary of Visco Vision
Other related parties:	
BenQ foundation	Substantive related party of Qisda
AU Optronics Corp. ("AU")	Joint venture of Qisda
Dafon Electronics Corp. ("DFN")	Joint venture of Qisda
Dafon Electronics (Suzhou) Co., Ltd. ("DFS")	Subsidiary of DFN
AU Optronics (L) Co. ("AUL")	Subsidiary of AU
AFPD Pte., Ltd.	Subsidiary of AU
AU Optronics (Suzhou) Corp. ("AUS")	Subsidiary of AU
AU Optronics (Kunshan) Corp.	Subsidiary of AU
AU Optronics (Xiamen) Corp. ("AUX")	Subsidiary of AU
AU Optronics (Shanghai) Corp.	Subsidiary of AU
AU Optronics (Slovakia) Corp.	Subsidiary of AU
AUO Care Corp.	Subsidiary of AU
BriView (Hefei) Co., Ltd.	Subsidiary of AU
Darwin Precisions (Xiamen) Corp.	Subsidiary of AU
Darwin Precisions (Suzhou) Corp.	Subsidiary of AU

(Continued)

Name of related party	Relationship with the Company
Darwin Precisions Corp.	Subsidiary of AU
Fortech Electronics (Suzhou) Co., Ltd.	Subsidiary of AU
Mega insight (Suzhou) Corp.	Subsidiary of AU
Edgetech Data (Suzhou) Co., Ltd.	Subsidiary of AU
Lextar Electronics Corporation	Joint venture of AU
DFI Inc.	Subsidiary of Qisda
Nanjing BenQ Hospital Co., Ltd. (NMH)	Subsidiary of Qisda
Suzhou BenQ Hospital Co., Ltd. (SMH)	Subsidiary of Qisda
LILY Medical (Suzhou) Co., Ltd.	Subsidiary of Qisda
LILY Medical Corporation	Subsidiary of Qisda
Darly Venture (L) Ltd.	Subsidiary of Qisda
Darly Consulting Corporation	Subsidiary of Qisda
BenQ Asia Pacific Corp.	Subsidiary of Qisda
BenQ Asia Pacific Malaysia Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific Singapore Co., Ltd.	Subsidiary of Qisda
BenQ Asia Pacific India Co., Ltd.	Subsidiary of Qisda
BenQ ESCO Corp.	Subsidiary of Qisda
BenQ GURU Corp.	Subsidiary of Qisda
BenQ Corp.	Subsidiary of Qisda
BenQ Technology (Shanghai) Co., Ltd.	Subsidiary of Qisda
BenQ Dialysis Technology Corp.	Subsidiary of Qisda
Partner Tech Corp.	Subsidiary of Qisda
BenQ Medical Technology Corp.	Subsidiary of Qisda
BenQ AB DentCare Corporation	Subsidiary of Qisda
BenQ Hearing Solution Corporation	Subsidiary of Qisda
BenQ Intelligent Technology (Shanghai) Co.,Ltd	Subsidiary of Qisda
Qisda Optronics (Suzhou) Co., Ltd.	Subsidiary of Qisda
Qisda Electronics (Suzhou) Co., Ltd.	Subsidiary of Qisda
Qisda (Suzhou) Co., Ltd.	Subsidiary of Qisda
Qisda Precision Industry (Suzhou) Co., Ltd.	Subsidiary of Qisda

(2) The Company's significant related party transactions

(a) Operating income

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Other related parties:				
AU	$ 1,024,967	1,219,368	2,211,847	2,433,322
AUS	290,288	325	625,069	438
AUX	251,265	-	458,752	77
AUL	-	523,236	3,731	1,099,217
Others	1,911	310	5,781	2,750
Joint ventures	13,723	10,357	23,916	15,517
Parent	9	-	9	-
	$ 1,582,163	**1,753,596**	**3,329,105**	**3,551,321**

The sales prices for the transactions of related parties were not comparable to the sales prices for third-party customers as the specifications of products were different. For the other transactions, there were no significant differences between the sales prices for related parties and those for third-party customers. The payment terms of 90 to120 days showed no significant difference between related parties and third-party customers.

(b) Purchases

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Joint ventures	$ 78,331	27,724	126,816	73,486
Other related parties	402	-	457	-
	$ 78,733	**27,724**	**127,273**	**73,486**

The purchase prices for the transactions of related parties were not comparable to the purchase prices for third-party customers as the specifications of products were different. The purchase prices were under the purchase arrangement and conditions.

(c) Acquisition of property, plant and equipment

The aggregated prices of the Company acquired other assets of related parties were as follows:

Related-party categories	Account	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Parent	Intangible assets	$ -	-	1,031	982
Other related parties	Equipment	-	-	672	-
Other related parties	Computer equipment	-	289	-	289
		$ -	**289**	**1,703**	**1,271**

(d) Lease

The Company rented the plants and offices from AU and referred to neighboring areas for the rental. The rental expenses for the three months ended June 30, 2018, and for the six months ended June 30, 2018, amounted to $17,838 thousand and $35,452 thousand, respectively. There was no prepaid rental as of December 31, 2018, and June 30, 2018. First-time adoption of IFRS 16 on January 1, 2019, the lease transaction was recognized in right-of-use assets and lease liabilities of $327,330 thousand and $346,090 thousand, respectively. Interest expense for the six months ended June 30, 2019, amounted to $2,956 thousand. As of June 30, 2019, the lease liabilities amounted to $301,240 thousand.

The Company rented out its plants and offices to related parties. The aggregated rental income was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	**2018**	**2019**	**2018**
Other related parties	**$ 301**	**394**	**708**	**1,294**

(e) Dividend

1) As of June 30, 2019, the cash dividends classified under other receivables due from joint ventures, amounted to $1,997 thousand. There were no cash dividends as of December 31, 2018 and June 30, 2018.

2) The Company's appropriations of earnings for 2018 and 2017 had been approved in the shareholders' meeting held on June 19, 2019, and June 20, 2018, respectively. The Company's dividends payable of related parties (recognized in dividends payable) are as follows:

	June 30, 2019	**December 31, 2018**	**June 30, 2018**
Parent	$ 26,196	-	39,293
Other related parties	57,618	-	86,428
	$ 83,814	**-**	**125,721**

(f) Accounts receivable – related parties

In summary, the Company's accounts receivable of related parties are detailed below:

Account	**Related-party categories**	**June 30 , 2019**	**December 31, 2018**	**June 30, 2018**
Net accounts receivable – related parties	Other related Parties - AUL	$ -	425,857	713,545
	Other related Parties - AU	1,611	152,988	445,726
	Other related Parties - AUX	9	1,999	-
	Other related Parties - AUS	5,968	1,988	334
	Other related Parties - others	5,064	5,076	2,279
	Joint ventures	14,252	23,831	10,683
	Parent	10	-	-
		26,914	611,739	1,172,567
Other receivables – related parties	Other related parties	209	278	117
	Joint ventures	2,136	-	-
		$ 29,259	**612,017**	**1,172,684**

The Company signed contracts with financial institutions to sell certain accounts receivable from related parties without recourse. These contracts met the condition of financial asset derecognition, details of these contracts were as follows:

	June 30, 2019				
Underwriting bank	**Factored amount**	**Factoring credit limit**	**Advance amount**	**Range of interest rates**	**Collateral**
Mega International Commercial Bank	$ 1,285,514	2,000,000	1,156,963	3.00%~3.06%	Promissory note 200,000
Chinatrust Commercial Bank	531,462	559,080	478,316	3.17%	Promissory note 55,908
	$ 1,816,976	**2,559,080**	**1,635,279**		**255,908**

December 31, 2018

Underwriting bank	Factored amount	Factoring credit limit	Advance amount	Range of interest rates	Collateral
Mega International Commercial Bank	$ 1,194,472	2,000,000	1,075,025	3.65%	Promissory note 200,000
Chinatrust Commercial Bank	153,575	552,870	138,218	3.90%	Promissory note 55,287
	$ 1,348,047	2,552,870	1,213,243		255,287

June 30, 2018

Underwriting bank	Factored amount	Factoring credit limit	Advance amount	Range of interest rates	Collateral
Mega International Commercial Bank	$ 944,260	2,000,000	849,834	3.1684%	Promissory note 200,000
Chinatrust Commercial Bank	-	548,280	-	Loan cost of Chinatrust +5%	Promissory note 54,828
	$ 944,260	2, 548,280	849,834		254,828

The factored accounts receivable, net of advance amounts, as of June 30, 2019, December 31, 2018, and June 30, 2018, were recognized as other receivables of $181,697 thousand, $134,804 thousand and $94,426 thousand, respectively.

(g) Accounts payable – related parties

In summary, the Company's accounts payable – related parties are detailed below:

Account	Related-party categories	June 30, 2019	December 31, 2018	June 30, 2018
Accounts payable – related parties	Joint ventures	$ 32,475	40,645	16,284
	Other related Parties	411	-	-
		32,886	40,645	16,284
Other payables – related parties	Other related Parties	9,952	15,520	10,443
	Joint ventures	7	-	-
	Parent	1,222	5	1,766
		11,181	15,525	12,209
		$ 44,067	56,170	28,493

(3) Compensation for key management personnel

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Short-term employee benefits	$ 12,304	10,718	23,854	22,283
Post-employment benefits	81	81	162	162
	$ 12,385	10,799	24,016	22,445

8. Pledged assets

The carrying amount of the assets pledged as collateral are detailed below:

Pledged assets	Pledged to secure	June 30, 2019	December 31, 2018	June 30, 2018
Land and buildings	Long-term debt	$ 709,426	720,446	704,269
Machinery and equipment	Long-term debt	114,579	118,930	-
		$ 824,005	839,376	704,269

9. Significant commitments and contingencies

Significant unrecognized commitments:

	June 30, 2019	December 31, 2018	June 30, 2018
Unused letters of credit	$ 865,497	971,528	760,675
Unpaid payments of major construction and equipment	330,638	157,620	80,641

10. Significant loss from disaster: None

11. Significant subsequent events: None

12. Others

(1) Functional aggregation of employee benefits, depreciation, depletion and amortization:

Function / Nature	Three months ended June 30,					
	2019			2018		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Salaries and wages	310,112	151,234	461,346	277,191	125,500	402,691
Labor and health insurances	21,914	10,245	32,159	18,802	8,067	26,869
Retirement benefits	11,536	6,284	17,820	10,239	5,634	15,873
Other employee benefits	17,103	5,591	22,694	13,154	5,053	18,207
Depreciation	131,161	30,689	161,850	96,572	29,840	126,412
Amortization	1,470	1,539	3,009	3,964	5,730	9,694

Function / Nature	Six months ended June 30,					
	2019			2018		
	Recognized in cost of sales	Recognized in operating expenses	Total	Recognized in cost of sales	Recognized in operating expenses	Total
Employee benefits expenses:						
Salaries and wages	617,720	291,385	909,105	544,959	252,701	797,660
Labor and health insurances	45,870	20,814	66,684	38,594	17,490	56,804
Retirement benefits	23,004	12,514	35,518	19,777	11,316	31,093
Other employee benefits	32,380	10,766	43,146	27,209	10,021	37,230
Depreciation	257,854	62,106	319,960	182,887	62,382	245,269
Amortization	3,051	6,033	9,084	7,647	11,354	19,001

(2) The Company's operations are not materially influenced by seasonality or cyclicality.

13. Additional disclosures

(1) Information on significant transactions:

For the six months ended June 30, 2019, the Company should disclose relevant information on significant transactions in accordance with Preparation of Financial Reports:

(a) Financing provided to other parties:

(Expressed in thousands of New Taiwan dollars)

No.	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the period	Ending balance	Actual amount drawn down	Interest rate
1	BMS (Note1)	BenQ Materials (Wuhu) Co., Ltd	Other receivables – related parties	Yes	920,700 (RMB200,000)	902,900 (RMB200,000)	884,842 (RMB196,000)	2.8750%

Nature of loan (Note 2)	Amounts of transaction with the borrower	Reason for short-term financing	Amounts of allowance	Collateral		Limit on loans granted to a single party	Ceiling on total loans granted
				Item	Value		
2	-	Business operation	-		-	1,173,334	1,955,556

(Note 1): The aggregate financing amount to subsidiaries wholly owned by the parent and the individual financing amount of BMS shall not exceed 100% and 60%, respectively, of the most recent audited net worth of BMS.
(Note 2): Purpose of fund financing: 1. Business transaction purpose. 2. Short-term financing purpose.
(Note 3): The transactions have been eliminated when preparing the consolidated financial statements.

(b) Provision of endorsements and guarantees to others: None.
(c) Holding of marketable securities at the end of the period (excluding subsidiaries, joint ventures and associates):

Investing company	Marketable securities type and name	Relation with the securities issuer	Financial statement account	As of June 30, 2019				Footnote
				Shares	Carrying amount	Ownership (%)	Fair value	
BenQ	Stock: Biodenta Corporation	-	Financial assets at fair value through profit or loss	225	(Note)	2.50%	-	

(Note): The impairment loss was fully recognized.

(d) Acquisition or sale of the same security with the accumulated cost reaching NT$300 million or 20% of paid-in capital or more: None.
(e) Acquisition of property reaching NT$300 million or 20% of paid-in capital or more: None.
(f) Disposal of property reaching NT$300 million or 20% of paid-in capital or more: None.
(g) Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more:

Purchaser (seller)	Counter party	Relationship with the counter party	Transaction Detail				Differences in transaction terms compared to third-party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	% of total purchases (sales)	Credit term	Unit price	Credit term	Balance	% of total Notes/ accounts receivable (payable)	
BenQ	AU	Other related party	Sales	2,211,847	31%	OA90	(Note 1)	(Note 3)	1,611	-	-
BenQ	AUS	Other related party	Sales	625,069	9%	OA90	"	"	5,968	-	-
BenQ	AUX	Other related party	Sales	458,752	7%	OA90	"	"	9	-	-
BenQ	BMS	Subsidiary	Purchases	394,694	6%	OA90	(Note 2)	"	(219,332)	8%	(Note 4)
BenQ	BMLB	Subsidiary	Purchases	294,842	4%	OA90	"	"	-	-	(Note 4)
BenQ	Visco Vision	Joint ventures	Purchases	126,643	2%	OA90	"	"	(32,412)	1%	-

(Note 1): The sales prices for the transactions of related parties were not comparable to the sales prices for third-party customers
as the specifications of products were different. For the other transactions, there were no significant differences between
the sales prices for related parties and those for third-party customers.

(Note 2): The purchase prices for the transactions of related parties were not comparable to the purchase prices for third-party customers as the specifications of products were different. For the other transactions, there were no significant differences
between the purchase prices for related parties and those for third-party customers.

(Note 3): The transactions, there were no significant differences between related parties and those for third-party customers.

(Note 4): The transactions have been eliminated when preparing the consolidated financial statements.

(Note 5): Due to the amounts of transactions of purchases and sales between the Company and related parties is insignificant, combined disclosure is adopted.

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

Company name	Counter party	Relationship with the counter party	Balance as at June 30, 2019	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
BMS (Note 1)	BenQ	Subsidiary	219,332	7.17	-	-	83,873	-

(Note 1): The transactions have been eliminated when preparing the consolidated financial statements.

(i) Trading in derivative instruments: The transactions information of trading in derivative instruments by the Company, please refer to Note 6(2) for the consolidated financial statements for the details.

(j) Significant inter-company transactions:

No. (Note 1)	Company name	Counter party	Relationship (Note 2)	Transaction (Note 3)			
				Account	Amount	Transaction term	% of consolidated total operating revenues or total assets (Note 4)
1	BMLB	BenQ	2	Sales	294,842	OA90	4.18%
2	BMS	BenQ	2	Revenues of conversion	394,694	OA90	5.60%
2	BMS	BenQ	2	Accounts receivable	219,332	OA90	2.13%

(Note 1): The number is filled in as follows:
1) Number 0 represents the parent.
2) Subsidiaries are numbered in order from number 1.

(Note 2): The transaction relationships with the counterparties are as follows:
1) The parent to the subsidiary.
2) The subsidiary to the parent.
3) The subsidiary to another subsidiary.

(Note 3): The significant inter-company transactions, only the transactions of sales and accounts receivable have been disclosed, due to the amounts of transactions of purchases and accounts payable between the Company and related parties are insignificant, combined disclosure is adopted.

(Note 4): The transaction amount is divided by consolidated operating revenues or consolidated total assets.

(2) Information on investees:

The information of investee companies for the six months ended June 30, 2019 (excluding investees in Mainland China):

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at June 30, 2019	Initial investment amount: Balance as at December 31, 208	Shares held as at June 30, 2019: Number of shares	Shares held as at June 30, 2019: Ownership (%)	Shares held as at June 30, 2019: Carrying amount	Net profit (loss) of the investee for the current period	Investment income (loss) recognized for the period	Footnote
BenQ	BMLB	Malaysia	Investment holding	1,141,340	1,141,340	35,082	100.00%	1,652,768	(62,334)	(62,334)	(Note 1)
BenQ	SMS	Taiwan	Manufacture and sales of medical consumables and equipment	560,000	498,716	40,000	100.00%	527,447	(4,722)	(2,955)	(Note 1)
BenQ	Visco Vision	Taiwan	Manufacture and sales of contact lenses	180,523	180,523	9,984	18.58%	144,566	79,533	14,596	
BenQ	CENEFOM	Taiwan	R&D, Manufacture and sales of medical consumables and equipment	29,127	29,127	1,095	12.12%	16,613	(4,832)	(752)	

(Note 1): The transactions have been eliminated when preparing the consolidated financial statements.

(3) Information on investments in Mainland China:

(a) Relevant information on investments in Mainland China:

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan as of January 1, 2019	Amount remitted from Taiwan or amount remitted back to Taiwan for the current period: Remitted to Mainland China	Amount remitted from Taiwan or amount remitted back to Taiwan for the current period: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan as of June 30, 2019	Net income of investee for the current period	Ownership held by BenQ (direct or indirect)	Investment income (loss) recognized for the current period	Carrying amount of investments as of June 30, 2019	Footnote
BenQ Material Co., Ltd. ("BMS")	Manufacture of optoelectronics	900,740 (USD29,000)	(3)	900,740 (USD29,000)	-	-	900,740 (USD29,000)	28,968	100.00%	28,968 (Note 2)	2,003,275 (Note 4)	-
Daxon Biomedical (Suzhou) Co., Ltd. (DTB)	Sales of optoelectronics and medical consumables	49,660 (RMB11,000)	(2)	-	-	-	-	(9,123)	100.00%	(9,123) (Note 2)	37,500 (Note 4)	-
BenQ Materials (Wuhu) Co., Ltd	Manufacture and sales of optoelectronics	361,160 (RMB80,000)	(3)	180,580 (RMB40,000)	-	-	180,580 (RMB40,000) (Note 3)	(78,938)	100.00%	(78,938) (Note 2)	(364,536) (Note 4)	-
Suzhou Sigma Medical Supplies Co., Ltd. ("SMSZ")	Manufacture and sales of medical consumables and equipment	49,448 (USD1,592)	(1)	49,448 (USD1,592)	-	-	49,448 (USD1,592)	(726)	100.00%	(697) (Note 2)	48,941 (Note 4)	-

(Note 1): Investment methods are classified into the following three categories:
(1) Directly invest in a company in Mainland China.
(2) The reinvestments in Mainland China were from the earnings of BMLB.
(3) Indirect investment in Mainland China is through a holding company established in a third country.

(Note 2): Investment income or loss was recognized based on the reviewed financial statements issued by the auditors of the parent in Taiwan.

(Note 3): The amounts of BMLB reinvestments RMB10,950 thousand were excluded.

(Note 4): The transactions have been eliminated when preparing the consolidated financial statements.

(b) Limits on investments in Mainland China:

(Expressed in thousands of New Taiwan dollars)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2019	Investment amounts authorized by Investment Commission, MOEA	Upper limit on investment by Investment Commission, MOEA
BenQ	1,081,320 (USD29,000 and RMB40,000)	1,130,754 (USD29,000 and RMB50,950)	(Note)
SMS	49,448 (USD1,592)	49,448 (USD1,592)	254,966

The above amounts were translated into NTD at the exchange rate of USD1=NTD31.060 and RMB1=NTD4.5145.

(Note): Since BenQ has obtained the Certificate of Headquarter Operation, there is no upper limit on investment in Mainland China.

(c) Significant transactions with investee companies in Mainland China:

The direct or indirect transactions in Mainland China have been eliminated when preparing the consolidated financial statements for the six months ended June 30, 2019, please refer to "Information on significant transactions" for the details.

14. Segment information

The Company's operating segment information and reconciliation are as follows:

	Three Months Ended June 30, 2019			
	optoelectronics	Others	Adjustments and Eliminations	Total
External revenue	$ 3,297,071	362,151	-	3,659,222
Intra-segment revenue	-	-	-	-
Total revenue	**$ 3,297,071**	**362,151**	**-**	**3,659,222**
Segment profit	**$ 60,756**	**26,017**	**-**	**86,773**

	Three Months Ended June 30, 2018			
	optoelectronics	Others	Adjustments and Eliminations	Total
External revenue	$ 2,905,314	113,809	-	3,019,123
Intra-segment revenue	-	-	-	-
Total revenue	**$ 2,905,314**	**113,809**	**-**	**3,019,123**
Segment profit	**$ 25,126**	**1,982**	**-**	**27,108**

	Six Months Ended June 30, 2019			
	optoelectronics	Others	Adjustments and Eliminations	Total
External revenue	$ 6,349,015	702,018	-	7,051,033
Intra-segment revenue	-	-	-	-
Total revenue	**$ 6,349,015**	**702,018**	**-**	**7,051,033**
Segment profit	**$ 119,110**	**37,321**	**-**	**156,431**

	Six Months Ended June 30, 2018			
	optoelectronics	Others	Adjustments and Eliminations	Total
External revenue	$ 5,738,766	240,309	-	5,979,075
Intra-segment revenue	-	-	-	-
Total revenue	**$ 5,738,766**	**240,309**	**-**	**5,979,075**
Segment profit	**$ 107,476**	**29,773**	**-**	**137,249**

The Company did not present the measured amount of total assets and total liabilities from segments to the Company's chief operating decision maker.