ARES INTERNATIONAL CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REVIEW REPORT OF INDEPENDENT

ACCOUNTANTS

MARCH 31, 2019 AND 2018

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

REVIEW REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Ares International Corp.

Introduction

We have reviewed the accompanying consolidated balance sheets of Ares International Corp. and subsidiaries (the “Group”) as of March 31, 2019 and 2018, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the three months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and International Accounting Standard 34, “Interim Financial Reporting” as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Statement of Auditing Standards No. 65 “Review of Financial Information Performed by the Independent Auditor of the Entity” in the Republic of China. A review of 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 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

The accompanying consolidated financial statements included certain non-significant consolidated subsidiaries and investments accounted for under equity method, which statements reflect total assets (including investments accounted for using equity method) amounting to NT$119,635 thousand and NT$99,957 thousand, constituting 10.66% and 9.67% of the consolidated total assets, and total liabilities amounting to NT$15,528 thousand and NT$9,608 thousand, constituting 4.01% and 2.85% of the consolidated total liabilities as of March 31, 2019 and 2018, respectively, and total comprehensive income (including share of profit (loss) of associates and joint ventures accounted for using equity method) amounting to NT$1,412 thousand and NT$311 thousand, constituting 18.54% and (1.64%) of consolidated total comprehensive income for the three months then ended, respectively. These amounts and the related information disclosed in the accompanying consolidated financial statements were based on the unreviewed financial statements of these consolidated subsidiaries and investments accounted for under equity method.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for under equity method been reviewed by independent accountants, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three months then ended, in accordance with "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34, "Interim Financial Reporting" as endorsed by the Financial Supervisory Commission.

CPA Lin, Yi-Fan
CPA Yu, Shu-Fen

For and on behalf of PricewaterhouseCoopers, Taiwan
May 10, 2019

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2019, DECEMBER 31, 2018 AND MARCH 31, 2018
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2019 and 2018 are unaudited)

	Assets	Notes	March 31, 2019 AMOUNT	%	December 31, 2018 AMOUNT	%	March 31, 2018 AMOUNT	%
	Current assets							
1100	Cash and cash equivalents	6(1)	$ 432,412	39	$ 497,743	45	$ 344,143	33
1136	Financial assets at amortised cost - current	6(2) and 8	310,276	28	233,960	21	336,391	33
1140	Contract assets - current	6(17)	48,442	4	55,406	5	52,961	5
1150	Notes receivable, net	6(3)	446	-	4,871	-	2,889	-
1170	Accounts receivable, net	6(3)	90,965	8	108,651	10	89,456	9
1180	Accounts receivable - related parties, net	7	-	-	1,539	-	500	-
1200	Other receivables		4,036	-	4,817	-	7,120	1
1410	Prepayments	6(4)	36,272	3	40,947	4	35,071	3
1470	Other current assets	8	47,741	4	50,284	4	30,500	3
11XX	**Total current assets**		970,590	86	998,218	89	899,031	87
	Non-current assets							
1517	Financial assets at fair value through other comprehensive income - non-current	6(5)	3,029	-	2,775	-	2,070	-
1550	Investments accounted for under equity method	6(6)	73,214	6	70,907	6	59,302	6
1600	Property, plant and equipment, net	6(7)	7,472	1	8,123	1	27,990	3
1755	Right-of-use assets	6(8)	30,176	3	-	-	-	-
1780	Intangible assets		959	-	1,247	-	2,110	-
1840	Deferred income tax assets		29,615	3	28,315	3	35,764	3
1900	Other non-current assets	8	7,339	1	7,650	1	7,343	1
15XX	**Total non-current assets**		151,804	14	119,017	11	134,579	13
1XXX	**Total assets**		$ 1,122,394	100	$ 1,117,235	100	$ 1,033,610	100

(Continued)

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
MARCH 31, 2019, DECEMBER 31, 2018 AND MARCH 31, 2018
(Expressed in thousands of New Taiwan dollars)
(The consolidated balance sheets as of March 31, 2019 and 2018 are unaudited)

			March 31, 2019		December 31, 2018		March 31, 2018	
	Liabilities and Equity	Notes	AMOUNT	%	AMOUNT	%	AMOUNT	%
	Current liabilities							
2130	Contract liabilities - current	6(17)	$ 105,358	9	$ 96,225	9	$ 76,353	7
2150	Notes payable		13	-	-	-	12	-
2170	Accounts payable	6(9)	35,108	3	49,253	5	39,801	4
2180	Accounts payable - related parties	7	934	-	3,809	-	765	-
2200	Other payables	6(10)	70,866	6	98,997	9	62,462	6
2220	Other payables - related parties	7	-	-	-	-	71	-
2230	Current income tax liabilities		5,195	1	3,007	-	-	-
2250	Provisions for liabilities - current	6(13)	2,413	-	2,152	-	3,090	-
2280	Current lease liabilities		17,285	2	-	-	-	-
2300	Other current liabilities	6(11)	-	-	-	-	4,236	1
21XX	**Total current liabilities**		237,172	21	253,443	23	186,790	18
	Non-current liabilities							
2570	Deferred income tax liabilities		517	-	217	-	-	-
2580	Non-current lease liabilities		13,025	1	-	-	-	-
2640	Accrued pension liabilities		136,436	12	135,946	12	135,837	13
2645	Guarantee deposits received		-	-	-	-	61	-
2670	Other non-current liabilities	6(11)	-	-	-	-	14,654	2
25XX	**Total non-current liabilities**		149,978	13	136,163	12	150,552	15
2XXX	**Total liabilities**		387,150	34	389,606	35	337,342	33
	Equity attributable to owners of parent							
	Share capital	6(14)						
3110	Share capital - common stock		472,539	42	472,539	42	472,539	46
	Capital surplus	6(15)						
3200	Capital surplus		146,592	13	146,592	13	164,777	16
	Retained earnings	6(16)						
3310	Legal reserve		45,439	4	45,439	4	42,609	4
3320	Special reserve		2,858	-	2,858	-	6,430	1
3350	Unappropriated retained earnings		71,145	6	64,267	6	15,048	1
	Other equity interest							
3400	Other equity interest		(6,992)	-	(7,708)	-	(8,694)	(1)
31XX	**Equity attributable to owners of the parent**		731,581	65	723,987	65	692,709	67
36XX	**Non-controlling interest**		3,663	1	3,642	-	3,559	-
3XXX	**Total equity**		735,244	66	727,629	65	696,268	67
	Significant contingent liabilities and unrecognised contract commitents	9						
3X2X	**Total liabilities and equity**		$ 1,122,394	100	$ 1,117,235	100	$ 1,033,610	100

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share data)
(UNAUDITED)

			Three months ended March 31			
			2019		2018	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(17) and 7	$ 161,945	100	$ 132,660	100
5000	**Operating costs**	6(20)(21) and 7	(108,760)	(67)	(106,307)	(80)
5950	**Gross profit**		53,185	33	26,353	20
	Operating expenses	6(20)(21) and 7				
6100	Selling expenses		(17,359)	(11)	(16,589)	(13)
6200	General and administrative expenses		(13,251)	(8)	(12,249)	(9)
6300	Research and development expenses		(23,481)	(15)	(18,628)	(14)
6450	Reversal of expected credit losses	6(20) and 12(2)	1,502	1	136	-
6000	**Total operating expenses**		(52,589)	(33)	(47,330)	(36)
6900	**Operating profit (loss)**		596	-	(20,977)	(16)
	Non-operating income and expenses					
7010	Other income	6(18)	2,338	1	1,506	1
7020	Other gains and losses	6(19)	3,025	2	(4,202)	(3)
7050	Finance costs	6(8)	(249)	-	(96)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(6)	2,442	2	294	-
7000	**Total non-operating income and expenses**		7,556	5	(2,498)	(2)
7900	**Profit (loss) before income tax**		8,152	5	(23,475)	(18)
7950	Income tax (expenses) benefit	6(22)	(1,297)	(1)	4,455	4
8200	**Profit (loss) for the period**		$ 6,855	4	($ 19,020)	(14)

(Continued)

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except earnings (loss) per share data)
(UNAUDITED)

	Items	Notes	2019 AMOUNT	2019 %	2018 AMOUNT	2018 %
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8316	Unrealised gains from investments in equity instruments measured at fair value through other comprehensive income	6(5)	$ 254	-	$ -	-
8349	Income tax relating to components of other comprehensive income	6(22)	(51)	-	364	-
8310	**Other comprehensive income that will not be reclassified to profit or loss**		203	-	364	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		685	1	(492)	-
8399	Income tax relating to components of other comprehensive income	6(22)	(128)	-	196	-
8360	**Other comprehensive income (loss) that will be reclassified to profit or loss**		557	1	(296)	-
8500	**Total comprehensive income (loss) for the period**		$ 7,615	5	($ 18,952)	(14)
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 6,878	4	($ 18,999)	(14)
8620	Non-controlling interest		(23)	-	(21)	-
			$ 6,855	4	($ 19,020)	(14)
	Total comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 7,594	5	($ 18,903)	(14)
8720	Non-controlling interest		21	-	(49)	-
			$ 7,615	5	($ 18,952)	(14)
	Earnings (loss) per share (in dollars)	6(23)				
9750	**Basic earnings (loss) per share**		$ 0.15		($ 0.40)	
9850	**Diluted earnings (loss) per share**	6(23)	$ 0.14		($ 0.40)	

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

		Equity attributable to owners of the parent									
				Retained Earnings			Other Equity Interest				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interest	Total equity
Three months ended March 31, 2018											
Balance at January 1, 2018		$ 472,539	$ 164,777	$ 42,609	$ 6,430	$ 28,297	($ 2,858)	$ -	$ 711,794	$ 3,608	$ 715,402
Effect of retrospective application and restatement		-	-	-	-	5,386	-	(5,568)	(182)	-	(182)
Balance after restatement on January 1		472,539	164,777	42,609	6,430	33,683	(2,858)	(5,568)	711,612	3,608	715,220
Loss for the period		-	-	-	-	(18,999)	-	-	(18,999)	(21)	(19,020)
Other comprehensive income (loss) for the period		-	-	-	-	364	(268)	-	96	(28)	68
Total comprehensive loss		-	-	-	-	(18,635)	(268)	-	(18,903)	(49)	(18,952)
Balance at March 31, 2018		$ 472,539	$ 164,777	$ 42,609	$ 6,430	$ 15,048	($ 3,126)	($ 5,568)	$ 692,709	$ 3,559	$ 696,268
Three months ended March 31, 2019											
Balance at January 1, 2019		$ 472,539	$ 146,592	$ 45,439	$ 2,858	$ 64,267	($ 2,704)	($ 5,004)	$ 723,987	$ 3,642	$ 727,629
Profit (loss) for the period		-	-	-	-	6,878	-	-	6,878	(23)	6,855
Other comprehensive income for the period		-	-	-	-	-	513	203	716	44	760
Total comprehensive income		-	-	-	-	6,878	513	203	7,594	21	7,615
Balance at March 31, 2019		$ 472,539	$ 146,592	$ 45,439	$ 2,858	$ 71,145	($ 2,191)	($ 4,801)	$ 731,581	$ 3,663	$ 735,244

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31, 2019	Three months ended March 31, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (loss) before tax		$ 8,152	($ 23,475)
Adjustments			
Adjustments to reconcile profit (loss)			
Gain on expected credit loss impairment	6(20) and 12(2)	(1,502)	(136)
Depreciation of property, plant and equipment	6(7)(20)	729	1,705
Depreciation of right-of-use asset	6(8)(20)	4,197	-
Interest income	6(18)	(2,100)	(1,505)
Interest expense	6(8)	249	96
Amortization	6(20)	288	288
Share of profit of associates and joint ventures accounted for under equity method	6(6)	(2,442)	(294)
Gain on disposal of property, plant and equipment	6(19)	-	(286)
Changes in operating assets and liabilities			
Changes in operating assets			
Contract assets - current		6,964	(21,252)
Notes receivable		4,425	(918)
Accounts receivable		19,188	37,800
Accounts receivable - related parties		1,539	(130)
Other receivables		700	(307)
Prepayments		4,675	(713)
Other current assets		7,343	779
Changes in operating liabilities			
Contract liabilities		9,133	17,833
Notes payable		13	12
Accounts payable		(14,145)	(24,279)
Accounts payable - related parties		(2,875)	(941)
Other payables		(28,131)	(26,144)
Provisions for liabilities - current		261	(2,694)
Other payables - related parties		-	71
Other current liabilities		-	(5)
Accrued pension liabilities		490	(6,393)
Other non-current liabilities		-	(1,060)
Cash inflow (outflow) generated from operations		17,151	(51,948)
Interest received		2,992	2,710
Income tax paid		(287)	(256)
Net cash flows from (used in) operating activities		19,856	(49,494)

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ARES INTERNATIONAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars)
(UNAUDITED)

	Notes	Three months ended March 31, 2019	Three months ended March 31, 2018
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in financial assets at amortised cost - current		($ 238,187)	($ 231,262)
Decrease in financial assets at amortised cost- current		157,071	135,744
Acquisition of property, plant and equipment	6(7)	(69)	(4,594)
Proceeds from disposals of property, plant and equipment		-	286
Decrease in refundable deposits (shown in other non-current assets)		311	1
Net cash flows used in investing activities		(80,874)	(99,825)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in guarantee deposits received		-	(132)
Payment of lease liability	6(8)	(4,313)	-
Net cash flows used in financing activities		(4,313)	(132)
Net decrease in cash and cash equivalents		(65,331)	(149,451)
Cash and cash equivalents at beginning of period		497,743	493,594
Cash and cash equivalents at end of period		$ 432,412	$ 344,143

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

ARES INTERNATIONAL CORP. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
THREE MONTHS ENDED MARCH 31, 2019 AND 2018
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)
(UNAUDITED)

1. HISTORY AND ORGANISATION

Ares International Corp. (hereinafter referred to as 'the Company') was established on December 3, 1980. The main businesses of the Company and subsidiaries (hereinafter referred to as 'the Group') are engaged in design, sales, lease, maintenance and technology consultation of computer equipment, internet and related software, and analysis, design, modify, installment and maintenance of application software. The Company's stock was traded at Taipei Exchange from March 1999, and was listed at Taiwan Stock Exchange after the application of listing was approved.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on May 10, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	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
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

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

IFRS 16, 'Leases'

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

B. The Group has elected to apply IFRS 16 by not restating the comparative information (referred herein as the 'modified retrospective approach') when applying "IFRSs" effective in 2019 as endorsed by the FSC. Accordingly, the Group increased 'right-of-use asset' and 'lease liability' both by $34,262 with respect to the lease contracts of lessees on January 1, 2019.

C. The Group has used the following practical expedients permitted by the standard at the date of initial application of IFRS 16:

(a) The use of a single discount rate to a portfolio of leases with reasonably similar characteristics.

(b) The accounting for operating leases whose period will end before December 31, 2019 as short-term leases and accordingly, rent expense of $241 was recognised in the first quarter of 2019.

(c) The exclusion of initial direct costs for the measurement of 'right-of-use asset'.

(d) The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

D. The Group calculated the present value of lease liabilities by using weighted average incremental borrowing interest rate of 2.54%.

E. The Group recognised lease liabilities which had previously been classified as 'operating leases' under the principles of IAS 17, 'Leases'. The reconciliation between operating lease commitments under IAS 17 measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate and lease liabilities recognised as of January 1, 2019 is as follows:

Operating lease commitments disclosed by applying IAS 17 as at December 31, 2018	$	34,537
Less: Short-term leases	(	275)
Total lease contracts amount recognised as lease liabilities by applying IFRS 16 on January 1, 2019	$	34,262
Incremental borrowing interest rate at the date of initial application		2.54%
Lease liabilities recognised as at January 1, 2019 by applying IFRS 16	$	34,262

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

None.

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted are consistent with Note 4 in the consolidated financial statements for the year ended December 31, 2018, except for the compliance statement, basis of preparation, basis of consolidation and additional policies as set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

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

B. These consolidated financial statements are to be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

(2) Basis of preparation

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

(a) Financial assets at fair value through other comprehensive income.

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

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

The basis for preparation of consolidated financial statements are consistent with those of the year ended December 31, 2018.

B. Subsidiaries included in the consolidated financial statements:

			Ownership (%)		
Name of Investor	Name of Subsidiary	Main Business Activities	March 31, 2019	December 31, 2018	March 31, 2018
Ares International Corp.	APLUSOFT CO., LTD.	Computer installation and information software service	100%	100%	100%
Ares International Corp.	ARES GROUP CORP.	Investment business	100%	100%	100%
APLUSOFT CO., LTD.	WELJOIN TECHNOLOGIES LIMITED (BVI)	Investment business	100%	100%	100%
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	Investment business	100%	100%	100%
WELJOIN TECHNOLOGIES LIMITED (BVI)	APLUSOFT (SUZHOU) CORPORATION	Research, development and sales in business management software	95.88%	95.88%	95.88%

The financial statements of all the aforementioned entities were not reviewed by the independent accountants as the entities did not meet the definition of a significant subsidiary and the amounts were immaterial.

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

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

E. Significant restrictions: None.

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

(4) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

Effective 2019

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the amount of the initial measurement of lease liability. The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(5) Leased assets/ operating leases (lessee)

Prior to 2019

A. Based on the terms of a lease contract, a lease is classified as a finance lease if the Group assumes substantially all the risks and rewards incidental to ownership of the leased asset.

(a) A finance lease is recognised as an asset and a liability at the lease's commencement at the lower of the fair value of the leased asset or the present value of the minimum lease payments.

(b) The minimum lease payments are apportioned between the finance charges and the reduction of the outstanding liability. The finance charges are allocated to each period over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(c) Property, plant and equipment held under finance leases are depreciated over their estimated useful lives. If there is no reasonable certainty that the Group will obtain ownership at the end of the lease, the asset shall be depreciated over the shorter of the lease term and its useful life.

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

(6) Employee benefits

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

(7) Income taxes

If a change in tax rate is enacted or substantively enacted in an interim period, the Group recognises the effect of the change immediately in the interim period in which the change occurs. The effect of the change on items recognised outside profit or loss is recognised in other comprehensive income or equity while the effect of the change on items recognised in profit or loss is recognised in profit or loss.

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

There was no significant change during the reporting period. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2018.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	March 31, 2019	December 31, 2018	March 31, 2018
Cash on hand and revolving funds	$ 93	$ 113	$ 98
Checking accounts and demand deposits	235,403	252,361	210,374
Time deposits	196,916	245,269	133,671
	$ 432,412	$ 497,743	$ 344,143

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

B. As of March 31, 2019, December 31, 2018 and March 31, 2018, cash and cash equivalents were restricted to the bid bonds and performance guarantee. Please refer to Note 8.

(2) Financial assets at amortised cost

Items	March 31, 2019	December 31, 2018	March 31, 2018
Current items:			
Time deposits with maturity over three months	$ 308,451	$ 227,335	$ 318,566
Pledged time deposits	1,825	6,625	17,825
	$ 310,276	$ 233,960	$ 336,391
Interest rate range of time deposits	0.15%~3.40%	0.15%~3.40%	0.15%~3.35%

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	Three months ended March 31,	
	2019	2018
Interest income	$ 856	$ 746

B. As at March 31, 2019, December 31, 2018 and March 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Group were $310,276, $233,960 and $336,391, respectively.

C. Details of the Group's financial assets at amortised cost-others pledged to others as collateral are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2).

(3) Notes and accounts receivable

	March 31, 2019		December 31, 2018		March 31, 2018	
Notes receivable	$	446	$	4,871	$	2,889
Less: Allowance for uncollectible accounts		-		-		-
	$	446	$	4,871	$	2,889
Accounts receivable	$	93,532	$	112,720	$	95,752
Less: Allowance for uncollectible accounts	(	2,567)	(	4,069)	(	6,296)
	$	90,965	$	108,651	$	89,456

A. The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	March 31, 2019			
	Accounts receivable		Notes receivable	
Up to 90 days	$	72,747	$	446
91 to 180 days		12,736		-
181 to 365 days		5,846		-
Over 365 days		2,203		-
	$	93,532	$	446

	December 31, 2018			
	Accounts receivable		Notes receivable	
Up to 90 days	$	93,888	$	4,391
91 to 180 days		8,196		-
181 to 365 days		6,610		480
Over 365 days		4,026		-
	$	112,720	$	4,871

	March 31, 2018			
	Accounts receivable		Notes receivable	
Up to 90 days	$	74,373	$	2,889
91 to 180 days		11,213		-
181 to 365 days		3,510		-
Over 365 days		6,656		-
	$	95,752	$	2,889

The above ageing analysis was based on invoice date.

B. The Group has no notes and accounts receivable pledged to others.

C. The Group has no discounted notes receivable.

D. The Group does not hold any collateral as security.

E. As at March 31, 2019, December 31, 2018 and March 31, 2018, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents notes and accounts receivable held by the Group was $91,411, $113,522 and $92,345, respectively.

F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Prepayments

	March 31, 2019	December 31, 2018	March 31, 2018
Prepaid project cost	$ 28,298	$ 35,622	$ 29,400
Other prepayments	7,974	5,325	5,671
	$ 36,272	$ 40,947	$ 35,071

(5) Financial assets at fair value through other comprehensive income-non-current

Items	March 31, 2019	December 31, 2018	March 31, 2018
Non-current items:			
Equity instruments			
Unlisted stocks	$ 7,638	$ 7,638	$ 7,638
Valuation adjustment	(4,609)	(4,863)	(5,568)
	$ 3,029	$ 2,775	$ 2,070

A. The Group has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. The fair value of such investments amounted to $3,029, $2,775 and $2,070 as at March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

B. For the three months ended March 31, 2019 and 2018, the Group recognised the amount of $254 and $0 in profit and other comprehensive income, respectively.

C. The Group has no financial assets at fair value through other comprehensive income pledged to others.

(6) Investments accounted for using equity method

	March 31, 2019		December 31, 2018		March 31, 2018	
Associates:						
BLITZ IT CONSULTANTS PTE. LTD.	$	13,768	$	13,735	$	12,299
ARES INTERNATIONAL (THAILAND) CO., LTD.		7,226		6,874		-
ARGO INTERNATIONAL CORPORATION		19,230		18,524		18,485
M-Power Information Co., Ltd.		32,990		31,774		28,518
	$	73,214	$	70,907	$	59,302

A. The basic information of the associates of the Group is as follows:

Company name	Principal place of business	Ownership (%) March 31, 2019	Ownership (%) December 31, 2018	Ownership (%) March 31, 2018	Nature of relationship	Method of measurement
BLITZ IT CONSULTANTS PTE. LTD.	Singapore	25.00%	25.00%	25.00%	-	Equity method
ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	49.00%	49.00%	-	Note 2	Equity method
ARGO INTERNATIONAL CORPORATION	Taiwan	34.83%	34.83%	34.83%	Note 1	Equity method
M-Power Information Co., Ltd.	Taiwan	24.39%	24.39%	24.39%	Note 2	Equity method

Note 1: The Group made purchases from this associate company.

Note 2: The Group had sales to this associate company.

B. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

As of March 31, 2019, December 31, 2018 and March 31, 2018, the carrying amount of the Group's individually immaterial associates amounted to $73,214, $70,907 and $59,302, respectively.

	Three months ended March 31,			
	2019		2018	
Profit for the period from continuing operations	$	2,442	$	294
Other comprehensive income, net of tax		-		-
Total comprehensive income	$	2,442	$	294

B. For the three months ended March 31, 2019 and 2018, the Group's recognised share of profit of associates in the amounts of $2,442 and $294, respectively, were based on the financial statements which were not reviewed by independent accountants of the same period.

C. In July 2018, the Company set up ARES INTERNATONAL (THAILAND) CO., LTD. for investment by cash of $6,865 with the shareholding ratio of 49%. On Octorber 31, 2018, the Investment Commission of the Ministry of Economic Affairs (MOEA) approved the investment.

(7) Property, plant and equipment

	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other facilities	Total
At January 1, 2019						
Cost	$ 11,341	$ 12,058	$ 1,681	$ 5,335	$ 269	$ 30,684
Accumulated depreciation	(10,143)	(6,307)	(1,205)	(4,699)	(207)	(22,561)
	$ 1,198	$ 5,751	$ 476	$ 636	$ 62	$ 8,123
2019						
At January 1	$ 1,198	$ 5,751	$ 476	$ 636	$ 62	$ 8,123
Additions	69	-	-	-	-	69
Depreciation charges	(145)	(464)	(42)	(71)	(7)	(729)
Net exchange differences	9	-	-	-	-	9
At March 31	$ 1,131	$ 5,287	$ 434	$ 565	$ 55	$ 7,472
At March 31, 2019						
Cost	$ 11,410	$ 12,058	$ 1,681	$ 5,335	$ 269	$ 30,753
Accumulated depreciation	(10,279)	(6,771)	(1,247)	(4,770)	(214)	(23,281)
	$ 1,131	$ 5,287	$ 434	$ 565	$ 55	$ 7,472

	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Leased assets	Other facilities	Total
At January 1, 2018							
Cost	$ 13,482	$ 9,892	$ 1,720	$ 5,335	$ 20,173	$ 439	$ 51,041
Accumulated depreciation	(11,820)	(7,824)	(1,196)	(4,417)	(336)	(352)	(25,945)
	$ 1,662	$ 2,068	$ 524	$ 918	$ 19,837	$ 87	$ 25,096
2018							
At January 1	$ 1,662	$ 2,068	$ 524	$ 918	$ 19,837	$ 87	$ 25,096
Additions	58	4,536	-	-	-	-	4,594
Depreciation charges	(162)	(419)	(37)	(71)	(1,009)	(7)	(1,705)
Net exchange differences	5	-	-	-	-	-	5
At March 31	$ 1,563	$ 6,185	$ 487	$ 847	$ 18,828	$ 80	$ 27,990
At March 31, 2018							
Cost	$ 11,319	$ 11,158	$ 1,577	$ 5,335	$ 20,173	$ 268	$ 49,830
Accumulated depreciation	(9,756)	(4,973)	(1,090)	(4,488)	(1,345)	(188)	(21,840)
	$ 1,563	$ 6,185	$ 487	$ 847	$ 18,828	$ 80	$ 27,990

A. The Group has no interest capitalization.

B. The Group has no property, plant and equipment pledged to others.

(8) Leasing arrangements－lessee

Effective 2019

A. The Group's leased assets are buildings. Rental contracts are typically made for periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. Right-of-use assets are not recognised for short-term leases with a lease term of 12 months or less for part of leased buildings of the Group.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	March 31, 2019	Three months ended March 31, 2019
	Carrying amount	Depreciation charge
Buildings	$ 30,176	$ 4,197

D. For the three months ended March 31, 2019, there was no addition to right-of-use assets.

E. Information on profit or loss not recognised as depreciation charge but in relation to lease contracts is as follows:

	Three months ended March 31, 2019
Items affecting profit or loss	
Interest expense on lease liabilities	$ 249
Expense on short-term lease contracts	241
	$ 490

F. For the three months ended March 31, 2019, the Group's total cash outflow for leases was $4,313.

(9) Accounts payable

	March 31, 2019	December 31, 2018	March 31, 2018
Accounts payable	$ 7,499	$ 16,551	$ 11,356
Project costs payable	27,609	32,702	28,445
	$ 35,108	$ 49,253	$ 39,801

(10) Other payables

	March 31, 2019	December 31, 2018	March 31, 2018
Wages and bonus payable	$ 43,567	$ 71,735	$ 43,781
Labor and health insurance fees payable	3,500	3,418	3,535
Employees' compensation and directors' and supervisors' remuneration payable	9,172	8,644	4,976
Other accrued expenses	14,627	15,200	10,170
	$ 70,866	$ 98,997	$ 62,462

(11) Lease liabilities (shown as 'other current liabilities and other non-current liabilities-other')

In December 2017, the Group leased network information security protection equipment and servers. In line with the lease contract, when the contract becomes due, the ownership of leased assets shall be transferred to the Group without any condition. On September 25, 2018, the contract was terminated by mutual agreement based on the Group's assessment on the function of the aforementioned equipment which has been excluded from the Group's requirement. The Group derecognised leased assets (recorded in property, plant and equipment) and lease obligations payable (recorded in other current liabilities and other non-current liabilities), thus, no future minimum lease payments would be recognised as of March 31, 2019. Future minimum lease payments and their present values as at March 31, 2018 are as follows:

	March 31, 2018		
	Total finance lease liabilities	Future finance charges	Present value of finance lease liabilities
Current			
Not later than one year	$ 4,571	$ 335	$ 4,236
Non-current			
Later than one year but not later than five years	15,197	543	14,654
	$ 19,768	$ 878	18,890
Less: Current lease liabilities			(4,236)
			$ 14,654

(12) Pensions

A. Defined benefit plan

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

(b) For the aforementioned pension plan, the Group recognised pension costs of $938 and $1,046 for the three months ended March 31, 2019 and 2018, respectively.

(c) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2020 amount to $1,792.

B. Defined contribution plans:

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount no less than 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Group for the three months ended March 31, 2019 and 2018 were $2,919 and $2,995, respectively.

(b) The Company's mainland China subsidiaries, APLUSOFT (SUZHOU) CORPORATION and ARES INTERNATIONAL (SHANGHAI) CORPORATION LTD., have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on certain percentage of employees' monthly salaries and wages. The contribution percentage was 7% for the three months ended March 31, 2019 and 2018. Other than the monthly contributions, the Group has no further obligations. The pension costs under the defined contribution pension plans of APLUSOFT (SUZHOU) CORPORATION for the three months ended March 31, 2019 and 2018 were $56 and $55, respectively.

(13) Provisions

	Warranty	
	2019	2018
Balance at January 1	$ 2,152	$ 5,784
Additional provisions	700	127
Used during the period	(268)	(646)
Unused amounts reversed	(171)	(2,175)
Balance at March 31	$ 2,413	$ 3,090

Analysis of total provisions:

	March 31, 2019	December 31, 2018	March 31, 2018
Current	$ 2,413	$ 2,152	$ 3,090

The Group provides warranties on project contracts. Provision for warranty is estimated based on historical warranty data.

(14) Share capital

As of March 31, 2019, the Company's authorised capital was $1,156,000 (including 10 million shares reserved for employee stock options and 20 million shares reserved for convertible bonds issued by the Company), and the paid-in capital was $472,539 with a par value of $10 (in dollars) per share, consisting of 47,254 thousand shares of ordinary stock.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2019				
	Share premium	Treasury share transactions	Donated assets received	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1 (equals to March 31)	$ 96,554	$ 48,738	$ 121	$ 1,179	$ 146,592

	2018				
	Share premium	Treasury share transactions	Employee stock options	Changes in equity of associates and joint ventures accounted for using equity method	Total
At January 1 (equals to March 31)	$ 114,768	$ 48,738	$ 92	$ 1,179	$ 164,777

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall be distributed in the following methods and order:

(a) Pay all taxes.

(b) Offset prior years' operating losses.

(c) 10% of the remaining amount shall be set aside as legal reserve.

(d) Set aside or reverse a special reserve in accordance with related laws.

The remaining earnings shall be proposed by the Board of Directors and resolved by the shareholders as dividends to shareholders. The Board of Directors could retain earnings for operation needs.

B. The dividend policy of the Company is as follows: The Company is engaged in information technology, which is a rapidly advance and growing market, based on the requirement of capital expenditure and optimal financial plan for long-term operation. When the Board of Directors propose the distribution of retained earnings from the remaining of above (a)~(d), they decide the proportion of cash dividend and share dividend based on the operation requirement. Cash dividends shall not be less than 10% of total dividends. However, the proportion of cash dividend could be adjusted based on the operating situation of current year.

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

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

E. Distribution of retained earnings:

On March 21, 2019, the Board of Directors proposed and approved the distribution of 2018 retained earnings, and on June 22, 2018, the shareholders during their meeting resolved the distribution of 2017 retained earnings. The distribution of retained earnings are as follows:

	Year ended December 31, 2018		Year ended December 31, 2017	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 6,427		$ 2,830	
Appropriated (reversal of) special reserve	4,850		(3,572)	
Cash dividends	52,990	$ 1.12	29,039	$ 0.61

For the year ended December 31, 2018, except for the above retained earnings, the distribution of cash in the amount of $3,714 from capital surplus was proposed.

As of May 10, 2019, abovementioned distribution of 2018 retained earnings has not yet been resolved at the stockholders' meeting.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(21).

(17) Operating revenue

Revenue from contracts with customers	Three months ended March 31, 2019		2018	
Sales revenue	$	6,582	$	6,120
Services revenue		155,363		126,540
	$	161,945	$	132,660

A. Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following major geographical regions:

Three months ended March 31, 2019 (Note)	Asia		America		Taiwan		Total	
Total segment revenue								
Revenue from external customer contracts	$	33,456	$	223	$	128,266	$	161,945
Inter-segment		1,367		-		-		1,367
	$	34,823	$	223	$	128,266	$	163,312
Timing of revenue recognition								
At a point in time	$	1,044	$	183	$	5,355	$	6,582
Over time		33,779		40		122,911		156,730
	$	34,823	$	223	$	128,266	$	163,312

Three months ended March 31, 2018 (Note)	Asia		America		Taiwan		Total	
Total segment revenue								
Revenue from external customer contracts	$	22,822	$	130	$	109,708	$	132,660
Inter-segment		469		-		-		469
	$	23,291	$	130	$	109,708	$	133,129
Timing of revenue recognition								
At a point in time	$	1,117	$	130	$	4,873	$	6,120
Over time		22,174		-		104,835		127,009
	$	23,291	$	130	$	109,708	$	133,129

Note: Segmental information is provided in Note 14(2).

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	March 31, 2019		December 31, 2018		March 31, 2018	
Contract assets-customer contract	$	48,442	$	55,406	$	52,961
Contract liabilities-advance receipt from customers	$	105,358	$	96,225	$	76,353

(b) Revenue recognised that was included in the contract liability balance at the beginning of the period

	Three months ended March 31,			
	2019		2018	
Revenue recognised that was included in the contract liabilities balance at the beginning of the period				
Advance receipts	$	23,601	$	12,663

The Group does not expect to have any contracts wherein the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year or contracts that are billed in accordance with actual service hour. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(18) Other income

	Three months ended March 31,			
	2019		2018	
Interest income:				
Interest income from bank deposits	$	1,244	$	759
Interest income from financial assets measured at amortised cost		856		746
Total interest income		2,100		1,505
Other income		238		1
	$	2,338	$	1,506

(19) Other gains and losses

	Three months ended March 31,			
	2019		2018	
Gains on disposals of property, plant and equipment	$	-	$	286
Foreign exchange gains (loss)		3,118	(	4,112)
Miscellaneous disbursements	(	93)	(	376)
	$	3,025	($	4,202)

(20) Expenses by nature

	Three months ended March 31, 2019	Three months ended March 31, 2018
Employee benefit expense	$ 101,874	$ 95,124
Depreciation charges on property, plant and equipment	729	1,705
Depreciation charges on right-of-use assets	4,197	-
Amortizations	288	288
Advertising costs	181	176
Operating lease payments	241	4,784
Traveling expense	1,007	912
Service fees	2,085	2,086
Outsourcing software	36,976	38,034
Reversal of expected credit losses	(1,502)	(136)
Other expenses	10,263	7,102
Cost of sales	5,010	3,562
Operating costs and expenses	$ 161,349	$ 153,637

(21) Employee benefit expense

	Three months ended March 31, 2019	Three months ended March 31, 2018
Wages and salaries	$ 88,708	$ 81,534
Labor and health insurance fees	7,063	6,943
Pension costs	3,913	4,096
Other personnel expenses	2,190	2,551
	$ 101,874	$ 95,124

As of March 31, 2019 and 2018, the Group had 304 and 319 employees, respectively.

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 5% and no higher than 15% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the three months ended March 31, 2019, employees' compensation was accrued at $440; while directors' and supervisors' remuneration was accrued at $88. The aforementioned amounts were recognised in salary expenses. For the three months ended March 31, 2018, the Company has not generated any profits, thus did not accrue any employees' compensation and directors' and supervisors' remuneration.

Employees' compensation and directors' and supervisors' remuneration for 2018, as resolved at the meeting of Board of Directors were in agreement with those amounts recognised in the 2018 financial statements.

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

(22) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Three months ended March 31, 2019	Three months ended March 31, 2018
Current tax:		
Current tax on profits for the year	$ 2,475	$ -
Total current tax	2,475	-
Deferred tax:		
Origination and reversal of temporary differences	(1,178)	498
Impact of change in tax rate	-	(4,953)
Total deferred tax	(1,178)	(4,455)
Income tax expense (benefit)	$ 1,297	($ 4,455)

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Three months ended March 31, 2019	Three months ended March 31, 2018
Changes in fair value of financial assets at fair value through other comprehensive income	($ 51)	$ -
Currency translation differences	(128)	92
Impact of change in tax rate	-	468

B. As of March 31, 2019, the Company's income tax returns through 2016 have been assessed and approved by the Tax Authority.

C. ARES GROUP CORP., WELJOIN TECHNOLOGIES LIMITED (BVI) and SHARP KEEN MANAGEMENT LIMITED are companies that were established in Seychelles and British Virgin Islands, respectively. These companies have no income tax.

D. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(23) Earnings (loss) per share

	Three months ended March 31, 2019		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 6,878	47,254	$ 0.15
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	6,878	47,254	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	471	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 6,878	47,725	$ 0.14

	Three months ended March 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
Basic loss per share			
Loss attributable to ordinary shareholders of the parent	($ 18,999)	47,254	($ 0.40)
Diluted loss per share			
Loss attributable to ordinary shareholders of the parent	(18,999)	47,254	
Loss attributable to ordinaryshareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	($ 18,999)	47,254	($ 0.40)

(24) Operating leases

Prior to 2019

The Group leases office buildings through operating leases, with lease terms between 1 to 2 years, and the lease could be renewed. Rental is adjusted every year based on the market price of the nearby area. The adjustment of rent should be notified to the lessee in the three months before the new year. The Group recognised rental expenses of $4,784 for the three months ended March 31, 2018. The future aggregate minimum lease payments under non-cancellable operating leases are as follows

	December 31, 2018	March 31, 2018
Not later than one year	$ 17,235	$ 14,495
Later than one year but not later than five years	17,302	674
	$ 34,537	$ 15,169

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
ARGO INTERNATIONAL CORPORATION	Associate
M-Power Information Co., Ltd.	Associate
ARES INTERNATIONAL (THAILAND) CO., LTD.	Associate
MiTAC INC.	Key management
SHUTTLE INC.	Other related party

(2) Significant related party transactions

A. Operating revenue

	Three months ended March 31,	
	2019	2018
Sales of goods:		
-Associates	$ 47	$ 48
-Other related parties	68	46
-Key management	45	386
	$ 160	$ 480

Most of the transactions in relation to sales, services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

B. Purchases

	Three months ended March 31,	
	2019	2018
Purchases of goods:		
-Associates	$ 2,457	$ 2,884
Purchases of services:		
-Associates	2,222	2,034
	$ 4,679	$ 4,918

(a) The Group's purchases are made for each system integration projects, and only purchases from related parties, therefore, the purchase price is determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

(b) Most of transactions in relation to services and maintenance made with related parties are separate cases, thus the transaction prices are determined based on mutual agreement. Except for the payment term of 60 days after monthly billings, other terms would be available to third parties.

C. Receivables from related parties

	March 31, 2019	December 31, 2018	March 31, 2018
Accounts receivable			
-M-Power Information Co., Ltd.	$ -	$ 200	$ -
-ARES INTERNATIONAL (THAILAND) CO., LTD.	-	1,339	-
-MiTAC INC.	-	-	500
	$ -	$ 1,539	$ 500

D. Payables to related parties

	March 31, 2019	December 31, 2018	March 31, 2018
Accounts payable			
-ARGO INTERNATIONAL CORPORATION	$ 934	$ 3,809	$ 765

E. Prepayments:

	March 31, 2019	December 31, 2018	March 31, 2018
Associates	$ 180	$ -	$ 180

F. In 2018, the Group entered into a three-year ArgoERP maintenance contracts with an associate in the amount of $720. The aforementioned amount was recognised in prepayments both amounting to $180 and recognised in operating expenses both amounting to $60 for the three months ended March 31, 2019 and 2018, respectively.

G. Other payables

	March 31, 2019	December 31, 2018	March 31, 2018
Other payables:			
-ARGO INTERNATIONAL CORPORATION	$ -	$ -	$ 71

Other payables are the service fees paid to associate. As of March 31, 2019 and 2018, operating expenses were recognised in the amount of $38 and $187, respectively.

(3) Key management compensation

	Three months ended March 31,			
	2019		2018	
Salaries and other short-term employees' benefits	$	16,121	$	12,905

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value						
Pledged asset	March 31, 2019		December 31, 2018		March 31, 2018		Purpose
Pledged as time deposits (shown as financial assets at amortised cost)	$	1,825	$	6,625	$	17,825	Bid bond and performance bond
Guarantee deposits paid (shown as other current assets)		47,741		50,284		30,500	Bid bond and performance bond
Guarantee deposits paid (shown as other non-current assets)		7,339		7,650		7,343	Guarantees provided for leasing
	$	56,905	$	64,559	$	55,668	

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

A complainant purchased the software package and hardware from the Company, and commissioned the Company to customise a software. However, there was a disagreement between both parties, and the complainant terminated the agreement, and claimed that the Company had not completed its obligation. The complainant filed a civil lawsuit to claim compensation in the amount of $7,483 in October, 2014. The Company has commissioned a lawyer to deal with this lawsuit, and it is still under the court's assessment. The Company has not accrued and recognised any amount for possible loss because the amount cannot be reliably assessed. This case will not impact the Company's operating and financial condition based on the Company's assessment.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	March 31, 2019		December 31, 2018		March 31, 2018	
Software products	$	5,123	$	14,959	$	2,290

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

There was no significant change during the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2018.

(2) Financial instruments

A. Financial instruments by category

	March 31, 2019	December 31, 2018	March 31, 2018
Financial assets			
Financial assets at fair value through profit or loss			
Designation of equity instrument	$ 3,029	$ 2,775	$ 2,070
Financial assets at amortised cost/Loans and receivables			
Cash and cash equivalents	432,412	497,743	344,143
Current financial assets at amortised cost	310,276	233,960	336,391
Notes receivable	446	4,871	2,889
Accounts receivable	90,965	108,651	89,456
Accounts receivable due from related parties	-	1,539	500
Other receivables	4,036	4,817	7,120
Guarantee deposits paid (shown as other current assets)	47,741	50,284	30,500
Guarantee deposits paid (shown as other non-current assets)	7,339	7,650	7,343
	$ 896,244	$ 912,290	$ 820,412

	March 31, 2019	December 31, 2018	March 31, 2018
Financial liabilities			
Financial liabilities at amortised cost			
Note payable	$ 13	$ -	$ 12
Accounts payable	35,108	49,253	39,801
Accounts payable to related parties	934	3,809	765
Other payables	70,866	98,997	62,462
Other payables to related parties	-	-	71
Lease liabilities	30,310	-	-
Guarantee deposits received	-	-	61
	$ 137,231	$ 152,059	$ 103,172

B. Financial risk management policies

There was no significant change during the reporting period. Please refer to Note 12 in the consolidated financial statements for the year ended December 31, 2018.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD and RMB. Exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

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

	March 31, 2019		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 7,141	30.82	$ 220,086
HKD:NTD	9,191	3.93	36,121
AUD:NTD	473	21.86	10,340
EUR:NTD	114	34.61	3,946
RMB:NTD	17,674	4.58	80,947
Non-monetary items			
USD:NTD	455	30.82	14,023
THB:NTD	7,419	0.97	7,196
Financial liabilities			
Monetary items			
RMB:NTD	824	4.58	3,774

	December 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 7,059	30.72	$ 216,852
HKD:NTD	8,902	3.92	34,896
AUD:NTD	471	21.67	10,207
EUR:NTD	114	35.20	4,013
RMB:NTD	17,533	4.47	78,373
Non-monetary items			
USD:NTD	451	30.72	13,855
THB:NTD	7,212	0.95	6,851
Financial liabilities			
Monetary items			
RMB:NTD	636	4.47	2,843

	March 31, 2018		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 6,171	29.11	$ 179,638
HKD:NTD	6,464	3.71	23,981
AUD:NTD	467	22.35	10,437
EUR:NTD	114	35.87	4,089
RMB:NTD	15,604	4.65	72,559
JPY:NTD	18	0.27	5
THB:NTD	4	0.94	4
Non-monetary items			
USD:NTD	428	29.11	12,472
Financial liabilities			
Monetary items			
USD:NTD	13	29.11	378
RMB:NTD	200	4.65	930

iv. Please refer to the following table for the details of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group.

	Three months ended March 31, 2019		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD		30.82	$ 630
HKD:NTD		3.93	44
AUD:NTD		21.86	89
EUR:NTD		34.61	(67)
RMB:NTD		4.58	1,890

	Three months ended March 31, 2018		
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD		29.11	($ 3,997)
HKD:NTD		3.71	(612)
AUD:NTD		22.35	(392)
EUR:NTD		35.87	34
RMB:NTD		4.65	1,261

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

	Three months ended March 31, 2019		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1.00%	$ 2,201	$ -
HKD:NTD	1.00%	361	-
AUD:NTD	1.00%	103	-
EUR:NTD	1.00%	39	-
RMB:NTD	1.00%	809	-
Non-monetary items			
USD:NTD	1.00%	-	140
THB:NTD	1.00%	-	72
Financial liabilities			
Monetary items			
RMB:NTD	1.00%	38	-

	Three months ended March 31, 2018		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1.00%	$ 1,796	$ -
HKD:NTD	1.00%	240	-
AUD:NTD	1.00%	104	-
EUR:NTD	1.00%	41	-
RMB:NTD	1.00%	726	-
Non-monetary items			
USD:NTD	1.00%	-	125
Financial liabilities			
Monetary items			
USD:NTD	1.00%	4	-
RMB:NTD	1.00%	9	-

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise domestic beneficiary certificates and equity instrument issued by foreign listed companies. The prices of equity securities would change due to the variation of the future value of investee companies. If the prices of these equity securities had increased or decreased by 1% with all other variables held constant, post-tax profit for the three months ended March 31, 2019 and 2018 would have increased or decreased by $30 and $21, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows of debt instruments stated at amortised cost.

ii. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Group adopts the following assumption under IFRS 9 to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts the assumption under IFRS 9, that is, the default occurs when the contract payments are past due over 90 days.

v. The Group classifies customers' accounts receivable and contract assets in accordance with customer types. The Group applies the simplified approach using provision matrix, loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) It becomes probable that the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

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

(iii) Default or delinquency in interest or principal repayments;

(iv) Adverse changes in national or regional economic conditions that are expected to cause a default.

vii. The Group used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. On June 30, 2018, the provision matrix and loss rate methodology is as follows:

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 271 days	Total
March 31, 2019						
Expected loss rate	0%	0.05%~ 0.17%	0.25%~ 1.37%	3.3%~ 33.33%	100.00%	
Total book value	$ 61,652	$ 12,736	$ 2,321	$ 3,525	$ 2,203	$ 82,437
Loss allowance	$ 2	$ 8	$ 5	$ 349	$ 2,203	$ 2,567

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 271 days	Total
December 31, 2018						
Expected loss rate	0%	0.05%~ 0.17%	0.27%~ 1.31%	3.92%~ 41.67%	100.00%	
Total book value	$ 61,782	$ 8,196	$ 6,610	$ -	$ 4,026	$ 80,614
Loss allowance	$ 2	$ 6	$ 35	$ -	$ 4,026	$ 4,069

Group 1	Not past due	Up to 90 days	91-180 days	181-270 days	Over 271 days	Total
March 31, 2018						
Expected loss rate	0%	0.05%~ 0.17%	0.27%~ 1.31%	3.92%~ 41.67%	100.00%	
Total book value	$ 68,513	$ 9,842	$ 2,069	$ 1,441	$ 6,576	$ 88,441
Loss allowance	$ 2	$ 7	$ 11	$ 71	$ 6,205	$ 6,296

	Group 2	Group 3	Total
March 31, 2019			
Expected loss rate	0%	0%	
Total book value	$ 4,241	$ 6,854	$ 11,095
Loss allowance	$ -	$ -	$ -

	Group 2	Group 3	Total
December 31, 2018			
Expected loss rate	0%	0%	
Total book value	$ 19,581	$ 12,525	$ 32,106
Loss allowance	$ -	$ -	$ -

	Group 2	Group 3	Total
March 31, 2018			
Expected loss rate	0%	0%	
Total book value	$ 4,393	$ 2,918	$ 7,311
Loss allowance	$ -	$ -	$ -

Group 1: General business

Group 2: Government-owned corporation

Group 3: Government organisations

As of March 31, 2019, December 31, 2018 and March 31, 2018, contract assets amounted to $48,442, $55,406 and $52,954, and loss allowance was $0 if measured at expected credit loss rate of 0%.

ix. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable and contract assets are as follows:

	2019			
	Accounts receivable	Contract assets	Notes receivable	Total
At January 1	$ 4,069	$ -	$ -	$ 4,069
Reversal of impairment loss	(1,502)	-	-	(1,502)
March 31, 2019	$ 2,567	$ -	$ -	$ 2,567

	2018			
	Accounts receivable	Contract assets	Notes receivable	Total
At January 1_IAS 39	$ 7,460	$ -	$ -	$ 7,460
Adjustments under new standards	-	-	-	-
At January 1_IFRS 9	7,460	-	-	7,460
Write-offs	(1,028)	-	-	(1,028)
Reversal of impairment loss	(136)	-	-	(136)
March 31, 2018	$ 6,296	$ -	$ -	$ 6,296

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities: March 31, 2019	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years
Notes payable	$ 13	$ -	$ -
Accounts payable	32,645	2,463	-
Accounts payable to related parties	934	-	-
Other payables	56,967	13,899	-
Lease liabilities	4,314	26,845	-

Non-derivative financial liabilities: December 31, 2018	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years
Accounts payable	$ 46,876	$ 2,377	$ -
Accounts payable to related parties	3,809	-	-
Other payables	64,168	34,829	-

Non-derivative financial liabilities: March 31, 2018	Less than 3 months	Between 3 months and 2 years	Between 2 and 5 years
Notes payable	$ 12	$ -	
Accounts payable	36,511	3,290	-
Accounts payable to related parties	765	-	-
Other payables	52,739	9,723	-
Other payables to related parties	71	-	

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

Except for those listed in the table below, the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, notes payable, accounts payable and other payables are approximate to their fair values.

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

March 31, 2019	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 3,029	$ 3,029

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 2,775	$ 2,775

March 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income	$ -	$ -	$ 2,070	$ 2,070

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

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

	Listed shares	Closed-end fund	Open-end fund
Market quoted price	Closing price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date (i.e. yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

E. For the three months ended March 31, 2019 and 2018, there was no transfer between Level 1 and Level 2.

F. For the three months ended March 31, 2019 and 2018, there was no transfer into or out from Level 3.

G. Finance segment is in charge of valuation procedures for fair value measurements being categorised within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

H. Valuation techniques of fair value that the Group used in level 3 are net asset value and market comparable companies. The significant unobservable input of market comparable companies is the discount for lack of marketability. If the input and discount for lack of marketability are higher, the fair value will be lower.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

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

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

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

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

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting period: Please refer to table 2.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Please refer to table 3.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 4.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 2.

14. SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.

There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Segment information

The Group's segment profit and loss is measured with the operating income and loss, which is used as a basis for the Group in assessing the performance of the operating segments. The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

Three months ended March 31, 2019:

	Commercial segment	Financial business segment	Project segment	Total
Revenue from external customers	$ 87,182	$ 46,174	$ 28,589	$ 161,945
Inter-segment revenue	1,367	-	-	1,367
Total segment revenue	$ 88,549	$ 46,174	$ 28,589	$ 163,312
Segment income (loss)	($ 4,869)	$ 10,758	($ 3,926)	$ 1,963
Segment income (loss), including:				
Depreciation and amortisation	($ 1,357)	($ 2,046)	($ 1,811)	($ 5,214)

Three months ended March 31, 2018:

	Commercial segment	Financial business segment	Project segment	Total
Revenue from external customers	$ 62,439	$ 25,490	$ 44,731	$ 132,660
Inter-segment revenue	469	-	-	469
Total segment revenue	$ 62,908	$ 25,490	$ 44,731	$ 133,129
Segment income (loss)	($ 16,935)	($ 7,340)	$ 3,767	($ 20,508)
Segment income (loss), including:				
Depreciation and amortisation	($ 279)	($ 221)	($ 1,493)	($ 1,993)

The Group did not disclose the information in relation to segment assets and segment liabilities due to these information were not provided to the Chief Operating Decision-Maker.

(3) Reconciliation for segment income and loss

The segment operating loss reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income. The Group did not provide the amounts of total assets and total liabilities to the Chief Operating Decision-Maker for making operating decisions. The reconciliation on segment revenue, operating revenue, segment income/loss and income/loss before tax from continuing operations of reportable segment are as follows:

Profit or loss	Three months ended March 31, 2019	Three months ended March 31, 2018
Segment loss	$ 1,963	($ 20,508)
Adjustments and write-offs	(1,367)	(469)
Non-operating income and expenses	7,556	(2,498)
Income before tax from continuing operations	$ 8,152	($ 23,475)

Ares International Corp. and Subsidiaries

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Three months ended March 31, 2019

Table 1

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Marketable securities (Note 1)	Relationship with the securities issuer （Note 2）	General ledger account	As of March 31, 2019 Number of shares	Book value (Note 3)	Ownership (%)	Fair value	Footnote (Note 4)
Ares International Corp.	Common shares/Technology Partner IV Venture Capital Corp.	-	Financial assets at fair value through other comprehensive income	397,953	$ 3,029	2.16%	$ 3,029	-
Ares International Corp.	Common shares/Formosa First Country Club	-	Financial assets at fair value through other comprehensive income	2,025	-	0.01%	-	-

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities in accordance with IAS 39, 'Financial instruments: recognition and measurement'.

Note 2: Leave the column blank if the issuer of marketable securities is a non-related party.

Note 3: Fill in the amount after adjusted at fair value and deducted by accumulated impairment for the marketable securities measured at fair value; fill in the acquisition cost or amortised cost deducted by accumulated impairment for the marketable securities not measured at fair value.

Note 4: The number of shares of securities and their amounts pledged as security or pledged for loans and their restrictions on use under some agreements should be stated in the footnote if the securities presented herein have such conditions.

Ares International Corp. and Subsidiaries

Significant inter-company transactions during the reporting period

Three months ended March 31, 2019

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 3)
0	Ares International Corp.	APLUSOFT (SUZHOU) CORPORATION	1	Accounts payable-related parties	$ 3,803	Note 6	0.34%
0	Ares International Corp.	APLUSOFT (SUZHOU) CORPORATION	1	Accounts receivable-related parties	5,526	Note 5	0.49%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

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

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Note 5: Goods are sold based on the price lists in force and terms that would be available to third parties, and the collection period is 60 days after monthly billings under the current transaction volume and market condition.

Note 6: Goods and services are purchased on normal commercial terms and conditions, and the payment term is 60 days after monthly billings under the current transaction volume and market condition.

Ares International Corp. and Subsidiaries

Names, locations, and related information on investees (excluding information on investment in Mainland China)

Three months ended March 31, 2019

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

Investor	Investee (Note 1 and 2)	Location	Main business activities	Initial investment amount: Balance as at March 31, 2019	Initial investment amount: Balance as at December 31, 2018	Shares held as at March 31, 2019: Number of shares	Shares held as at March 31, 2019: Ownership (%)	Shares held as at March 31, 2019: Book value	Net profit (loss) of the investee for the three months ended March 31, 2019 (Note 2(2))	Investment income (loss) recognised by the Company for the three months ended March 31, 2019 (Note 2(3))	Footnote
Ares International Corp.	ARGO INTERNATIONAL CORPORATION	Taiwan	Provides professional service of computer application software and sells computer peripheral equipments	$ 14,014	$ 14,014	1,567,476	34.83	$ 19,230	$ 2,027	$ 706	
Ares International Corp.	M-Power Information Co., Ltd.	Taiwan	Agency and sale of database system and professional service of software	21,493	21,493	1,950,822	24.39	32,990	4,991	1,217	
Ares International Corp.	ARES GROUP CORP.	Seychelles	Investment business	35,029	35,029	1,500,000	100	14,295	316	316	Subsidiary
Ares International Corp.	APLUSOFT CO., LTD.	Taiwan	Installation of computer and consultant of information software	30,889	30,889	1,500,000	100	30,987	(489)	(489)	Subsidiary
Ares International Corp.	ARES INTERNATIONAL (THAILAND) CO., LTD.	Thailand	Provides professional service of computer application software and sells computer peripheral equipments	6,865	6,865	1,470,000	49	7,226	415	203	
APLUSOFT CO., LTD.	WELJOIN TECHNOLOGIES LIMITED (BVI)	British Virgin Islands	Investment business	26,177	26,177	50,000	100	30,618	(489)	Note3	Second-tier subsidiary
ARES GROUP CORP.	SHARP KEEN MANAGEMENT LIMITED	British Virgin Islands	Investment business	34,115	34,115	1,120,000	100	13,892	316	Note3	Second-tier subsidiary
SHARP KEEN MANAGEMENT LIMITED	BLITZ IT CONSULTANTS PTE LTD.	Singapore	Agency of computer software and internet	33,256	33,256	484,000	25	13,768	1,261	Note3	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the disclosure of related overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

(1)The columns of 'Investee', 'Location', 'Main business activities', Initial investment amount' and 'Shares held as at March 31, 2019' should fill orderly in the Company's (public company's) information on investees and every directly or indirectly controlled investee's investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the 'footnote' column.

(2)The 'Net profit (loss) of the investee for the three months ended March 31, 2019' column should fill in amount of net profit (loss) of the investee for this period.

(3)The 'Investment income (loss) recognised by the Company for the three months ended March 31, 2019' column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary's net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Note 3: Investment income (loss) for the period was recognised by subsidiaries of investees.

Ares International Corp. and Subsidiaries

Information on investments in Mainland China

Three months ended March 31, 2019

Table 4

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital (Note 3)	Investment method	Beginning balance of accumulated outflow of investment from Taiwan	Investment flows: Remitted to Mainland China	Investment flows: Remitted back to Taiwan	Ending balance of accumulated outflow of investment from Taiwan	Net income of investee for the three months ended March 31, 2019	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2019 （Note 2）	Book value of investments in Mainland China as of March 31, 2019	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2019	Note
APLUSOFT (SUZHOU) CORPORATION.	Research and development of enterprise management software and sale of self-produce product of the Company	$ 25,228	Note1	$ 23,806	-	-	$ 23,806	($ 449)	95.88	($ 442)	$ 28,939	-	

Note 1: Through investing in an existing company in the third area, which then invested in the investee in Mainland China. The investee in the third area is WELJOIN TECHNOLOGIES LIMITED (BVI).
Note 2: The financial statements that are not reviewed by the independent accountants.
Note 3: The paid-in capital of Aplusoft (Suzhou) Corporation amounted to RMB5,215,000 (USD750,592).

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2019	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Ares International Corp.	$ 49,446	$ 49,446	$ 438,949
APLUSOFT CO., LTD.	23,806	23,806	