Stock Code:4915

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

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2017 and 2016
(With Independent Auditors' Review Report Thereon)

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

Table of contents

Contents	Page

Independent Auditors' Review Report

To the Board of Directors PRIMAX ELECTRONICS LTD.:

We have reviewed the accompanying consolidated balance sheets of PRIMAX ELECTRONICS LTD. and its subsidiaries (the "Group") as of June 30, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months and for the six months ended June 30, 2017 and 2016. These consolidated interim financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our reviews. We have not reviewed the financial statements of Tymphany Worldwide Enterprises Ltd. with total assets of NT$5,472,464 thousand and NT$3,261,724 thousand, constituting 16.5% and 9.0% of the related consolidated total assets, as of June 30, 2017 and 2016, respectively. Its operating revenue amounted to NT$3,375,116 thousand and NT$1,650,384 thousand, constituting 24.4% and 11.1%, of the consolidated operating revenue for the three months ended June 30, 2017 and 2016, respectively. Also, Its operating revenue amounted to NT$6,190,089 thousand and NT$3,498,843 thousand, constituting 23.2% and 12.4% of the consolidated operating revenue for the six months ended June 30, 2017 and 2016, respectively. Those financial statements were reviewed by other auditors, whose reports have been furnished to us, and our review, insofar as it relates to the amounts included for those companies, is based solely on the reports of the other auditors.

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

Also included in the accompanying consolidated interim financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent auditors. These consolidated subsidiaries had the total assets of NT$3,238,979 thousand and NT$4,784,678 thousand, constituting 9.8% and 13.1% of the Group's consolidated total assets as of June 30, 2017 and 2016, respectively; the total liabilities of NT$2,541,923 thousand and NT$3,083,010 thousand, constituting 12.0% and 13.0% of the Group's consolidated total liabilities as of June 30, 2017 and 2016, respectively; as well as the comprehensive income of NT$38,094 thousand and NT$73,967 thousand, constituting 5.0% and 26.4% of the Group's consolidated comprehensive income for the three months ended June 30, 2017 and 2016, respectively. Also, the comprehensive income amounted to a loss of NT$50,717 thousand and a gain of NT$60,260 thousand, constituting 6.6% and 9.7% of the Group's consolidated comprehensive income for the six months ended June 30, 2017 and 2016, respectively.

Based on our reviews and the reports of the other auditors, except for the effects of the adjustments, if any, that might have emerged had the financial statements of the said consolidated subsidiaries been reviewed by independent auditors, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to in the first paragraph in order for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

KPMG

Taipei, Taiwan (Republic of China)
August 10, 2017

Notes to Readers

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

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

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

Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2017 and 2016

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2017, December 31, and June 30, 2016

(Expressed in Thousands of New Taiwan Dollars)

		June 30, 2017		December 31, 2016		June 30, 2016	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (note 6(a))	$ 5,659,292	17	6,359,916	17	5,511,310	15
1110	Current financial assets at fair value through profit or loss (note 6(b))	74,554	-	141,317	-	272,933	1
1170	Notes and accounts receivable, net (note 6(d))	11,345,339	34	13,603,873	37	11,486,773	32
1180	Accounts receivable from related parties, net (notes 6(d) and 7(b))	73,953	-	102,841	-	59,165	-
1200	Other receivables, net (note 6(d))	308,282	1	495,392	2	266,058	1
1310	Inventories (note 6(e))	6,009,168	18	6,670,547	18	5,967,200	16
1460	Non-current assets classified as held for sale, net (note 6(f))	-	-	-	-	3,372,535	9
1470	Other current assets	486,813	2	425,668	1	344,337	1
		23,957,401	72	27,799,554	75	27,280,311	75
	Non-current assets:						
1523	Available-for-sale financial assets－non-current (note 6(c))	1,000,913	3	887,801	2	545,819	1
1600	Property, plant and equipment (note 6(i))	4,443,605	13	4,717,422	13	5,107,488	14
1760	Investment property (note 6(j))	35,445	-	35,677	-	35,908	-
1780	Intangible assets (note 6(k))	2,752,476	8	2,673,670	7	2,732,978	8
1840	Deferred tax assets	563,356	2	570,205	2	359,321	1
1985	Long-term prepaid rents	228,589	1	264,014	1	181,837	1
1990	Other non-current assets (note 8)	177,014	1	173,706	-	172,705	-
		9,201,398	28	9,322,495	25	9,136,056	25
	Total assets	$ 33,158,799	100	37,122,049	100	36,416,367	100

		June 30, 2017		December 31, 2016		June 30, 2016	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term borrowings (note 6(l))	$ 547,848	2	-	-	1,808,016	5
2170	Notes and accounts payable	12,637,118	38	16,892,918	46	12,581,552	34
2120	Current financial liabilities at fair value through profit or loss (note 6(b))	64,555	-	150,430	-	59,635	-
2200	Other payables	4,817,918	15	3,878,606	10	3,959,590	11
2201	Salary payable (note 6(r))	713,971	2	1,146,183	3	648,571	2
2300	Other current liabilities	389,797	1	350,860	1	271,002	1
2320	Long-term borrowings, current portion (note 6(m))	215,556	1	382,222	1	715,556	2
2260	Liabilities related to non-current assets classified as held for sale (note f)	-	-	-	-	1,442,251	4
		19,386,763	59	22,801,219	61	21,486,173	59
	Non-Current liabilities:						
2540	Long-term borrowings (note 6(m))	111,111	-	218,889	1	326,667	1
2630	Long-term deferred revenue (note 6(i))	1,240,030	4	1,408,138	4	1,548,688	4
2600	Other non-current liabilities	481,936	1	449,345	1	408,032	1
		1,833,077	5	2,076,372	6	2,283,387	6
	Total liabilities	21,219,840	64	24,877,591	67	23,769,560	65
	Equity attributable to owners of parent:						
3110	Ordinary shares (note 6(q))	4,447,793	13	4,421,343	12	4,419,028	12
3140	Capital collected in advance	-	-	3,024	-	-	-
3200	Capital surplus (note 6(q))	880,091	3	791,466	2	786,087	2
3310	Legal reserve (note 6(q))	982,041	3	788,634	2	788,634	2
3320	Special reserve (note 6(q))	97,300	-	97,300	-	97,300	-
3350	Unappropriated retained earnings (note 6(q))	4,354,337	13	4,779,419	13	3,694,312	11
3400	Other equity interest	(119,642)	-	118,538	-	323,429	1
36XX	**Non-controlling interests** (note 6(h))	1,297,039	4	1,244,734	4	2,538,017	7
	Total equity	11,938,959	36	12,244,458	33	12,646,807	35
	Total liabilities and equity	$ 33,158,799	100	37,122,049	100	36,416,367	100

See accompanying notes to consolidated Interim Financial Statements.

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

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

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months and for the six months ended June 30, 2017 and 2016

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

		For the three months ended June 30				For the six months ended June 30			
		2017		2016		2017		2016	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (notes 6(t) and 7(b))**	$ 13,835,188	100	14,900,466	100	26,716,372	100	28,305,581	100
5000	**Operating costs (notes 6(e), (o), (r), (u), and 12(a))**	12,052,117	87	13,339,884	90	23,318,006	87	25,336,860	90
	Gross profit	1,783,071	13	1,560,582	10	3,398,366	13	2,968,721	10
	Operating expenses (notes 6(g), (o), (r), (u) and 12(a)):								
6100	Selling expenses	328,587	3	366,816	2	632,820	3	694,125	2
6200	Administrative expenses	303,441	2	250,043	2	609,755	2	474,428	2
6300	Research and development expenses	559,086	4	520,654	3	1,030,225	4	979,591	3
	Total operating expenses	1,191,114	9	1,137,513	7	2,272,800	9	2,148,144	7
	Net operating income	591,957	4	423,069	3	1,125,566	4	820,577	3
	Non-operating income and expenses:								
7010	Other income (note 6(v))	31,115	-	34,453	-	81,840	-	73,906	-
7020	Other gains and losses (notes 6(c) and (w))	62,781	-	181,587	1	79,688	-	351,197	1
7050	Finance costs	(5,881)	-	(39,737)	-	(17,115)	-	(50,790)	-
	Total non-operating income and expenses	88,015	-	176,303	1	144,413	-	374,313	1
	Profit from continuing operations before tax	679,972	4	599,372	4	1,269,979	4	1,194,890	4
7950	**Less: income tax expense (note 6(p))**	183,334	1	167,065	1	321,069	1	368,078	1
	Profit from continuing operations	496,638	3	432,307	3	948,910	3	826,812	3
8100	**Profit from discontinued operations, net of tax (note 12(b))**	-	-	50,304	-	-	-	95,873	-
	Profit	496,638	3	482,611	3	948,910	3	922,685	3
8300	**Other comprehensive income:**								
8360	**Items that may be reclassified subsequently to profit or loss:**								
8361	Exchange differences on translation of foreign operation's financial statements	176,047	1	(195,275)	(1)	(270,017)	-	(344,008)	(1)
8362	Unrealized gains on available-for-sale financial assets (note 6(c))	90,443	1	(7,383)	-	92,067	-	44,225	-
8399	Income tax expense related to items that may be reclassified to profit or loss	-	-	-	-	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	266,490	2	(202,658)	(1)	(177,950)	-	(299,783)	(1)
8300	**Other comprehensive income after tax**	266,490	2	(202,658)	(1)	(177,950)	-	(299,783)	(1)
	Comprehensive income	**$ 763,128**	**5**	**279,953**	**2**	**770,960**	**3**	**622,902**	**2**
	Profit attributable to:								
8610	Owners of parent	$ 461,775	3	446,908	3	880,211	3	847,623	3
8620	Non-controlling interests	34,863	-	35,703	-	68,699	-	75,062	-
		$ 496,638	**3**	**482,611**	**3**	**948,910**	**3**	**922,685**	**3**
	Comprehensive income attributable to:								
8710	Owners of parent	$ 717,108	5	260,265	2	719,216	3	571,607	2
8720	Non-controlling interests	46,020	-	19,688	-	51,744	-	51,295	-
	Earnings per share (note (s))	**$ 763,128**	5	**279,953**	2	**770,960**	**3**	**622,902**	**2**
9710	**Basic earnings per share (NT dollars)**								
	Profit from continuing operations	$	1.05		0.98		2.00		1.87
	Profit from discontinued operations	-			0.04	-			0.06
	Profit per share	**$**	**1.05**		**1.02**		**2.00**		**1.93**
9810	**Diluted earnings per share (NT dollars)**								
	Profit from continuing operations	$	1.04		0.98		1.98		1.85
	Profit from discontinued operations	-			0.03	-			0.06
	Profit per share	**$**	**1.04**		**1.01**		**1.98**		**1.91**

See accompanying notes to consolidated Interim Financial Statements.

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

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

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital			Retained earnings								
	Ordinary shares	capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of operation's financial statements	Unrealized gains (losses) on available-for-sale financial assets	Unearned employee compensation	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2016	$ 4,411,877	15,174	777,368	611,322	97,300	3,951,934	351,045	294,760	(80,399)	10,430,381	2,486,204	12,916,585
Profit	-	-	-	-	-	847,623	-	-	-	847,623	75,062	922,685
Other comprehensive income	-	-	-	-	-	-	(320,241)	44,225	-	(276,016)	(23,767)	(299,783)
Comprehensive income	-	-	-	-	-	847,623	(320,241)	44,225	-	571,607	51,295	622,902
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	177,312	-	(177,312)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(927,933)	-	-	-	(927,933)	-	(927,933)
Amortization expense of restricted employee stock	-	-	-	-	-	-	-	-	27,193	27,193	-	27,193
Retirement of restricted stock	(2,300)	-	(4,546)	-	-	-	-	-	6,846	-	-	-
Compensation cost of share-based payment	-	-	1,209	-	-	-	-	-	-	1,209	518	1,727
Exercise of employee stock options	-	6,333	-	-	-	-	-	-	-	6,333	-	6,333
Issuance of ordinary shares for employee stock option and abandonment	9,451	(21,507)	12,056	-	-	-	-	-	-	-	-	-
Balance at June 30, 2016	**$ 4,419,028**	**-**	**786,087**	**788,634**	**97,300**	**3,694,312**	**30,804**	**338,985**	**(46,360)**	**10,108,790**	**2,538,017**	**12,646,807**
Balance at January 1,2017	$ 4,421,343	3,024	791,466	788,634	97,300	4,779,419	(259,911)	405,466	(27,017)	10,999,724	1,244,734	12,244,458
Profit	-	-	-	-	-	880,211	-	-	-	880,211	68,699	948,910
Other comprehensive income	-	-	-	-	-	-	(253,062)	92,067	-	(160,995)	(16,955)	(177,950)
Comprehensive income	-	-	-	-	-	880,211	(253,062)	92,067	-	719,216	51,744	770,960
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	-	193,407	-	(193,407)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(1,111,886)	-	-	-	(1,111,886)	-	(1,111,886)
Amortization expense of restricted employee stock	-	-	-	-	-	-	-	-	31,664	31,664	-	31,664
Retirement of restricted stock	-	-	(3,361)	-	-	-	-	-	3,361	-	-	-
Compensation cost of share-based payment	-	-	1,312	-	-	-	-	-	-	1,312	561	1,873
Issuance of restricted stock	24,500	-	87,710	-	-	-	-	-	(112,210)	-	-	-
Exercise of employee stock options	-	1,890	-	-	-	-	-	-	-	1,890	-	1,890
Issuance of ordinary shares for employee stock option and abandonment	1,950	(4,914)	2,964	-	-	-	-	-	-	-	-	-
Balance at June 30, 2017	**$ 4,447,793**	**-**	**880,091**	**982,041**	**97,300**	**4,354,337**	**(512,973)**	**497,533**	**(104,202)**	**10,641,920**	**1,297,039**	**11,938,959**

See accompanying notes to consolidated Interim Financial Statements.

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

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

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30, 2017	For the six months ended June 30, 2016
Cash flows from (used in) operating activities:		
Profit from continuing operations before tax	$ 1,269,979	1,194,890
Profit from discontinued operations before tax	-	135,017
Profit before tax	1,269,979	1,329,907
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation and amortization	741,470	839,490
Losses related to inventories	144,777	558,192
Provision (reversal of provision) for bad debt expense and sales returns and discounts	(83,282)	30,127
Gain on disposal of available-for-sale financial assets	-	(140,969)
Interest expense	16,689	57,683
Interest income	(76,944)	(70,117)
Compensation cost of share-based payments	33,537	28,920
Other	1,757	577
Total adjustments to reconcile profit	778,004	1,303,903
Changes in operating assets and liabilities:		
Financial assets at fair value through profit or loss－current	66,763	(185,210)
Notes and accounts receivable	2,743,931	2,253,841
Accounts receivable from related parties	28,888	(4,169)
Other receivable－current and non-current	192,714	145,300
Inventories	928,844	401,073
Other current assets	(12,605)	14,459
Other operating assets	8,979	17,893
Changes in operating assets	3,957,514	2,643,187
Notes and accounts payable	(4,569,264)	(5,691,311)
Salary payable	(432,212)	(578,536)
Other payables	(295,380)	(858,834)
Other current liabilities	(34,155)	25,970
Financial liabilities at fair value through profit or loss-current	(85,875)	-
Other operating liabilities	(378)	(629)
Changes in operating liabilities	(5,417,264)	(7,103,340)
Total changes in operating assets and liabilities	(1,459,750)	(4,460,153)
Total adjustments	(681,746)	(3,156,250)
Cash inflow (outflow) generated from operations	588,233	(1,826,343)
Interest received	76,944	70,117
Interest paid	(16,655)	(57,650)
Income taxes paid	(233,618)	(338,550)
Net cash from (used in) operating activities	414,904	(2,152,426)
Cash flows from (used in) investing activities:		
Acquisition of subsidiary (minus cash aquired)	(605,949)	-
Acquisition of available-for-sale financial assets	(21,045)	-
Proceeds from disposal of available-for-sale financial assets	-	220,270
Cash from non-current assets held for sale	-	(322,855)
Acquisition of property, plant and equipment	(670,210)	(136,142)
Proceeds from disposal of property, plant and equipment	12,378	46,325
Acquisition of unamortized expense	(25,198)	(23,568)
Other investing activities	(5,324)	23,450
Net cash flows used in investing activities	(1,315,348)	(192,520)
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	547,848	724,205
Decrease in long-term borrowings	(274,444)	(338,035)
Increase in guarantee deposits	32,935	17,818
Decrease in other payables to related parties	-	(63,994)
Exercise of employee share options	1,890	6,333
Net cash flows from financing activities	308,229	346,327
Effect of exchange rate changes on cash and cash equivalents	(108,409)	(113,451)
Net decrease in cash and cash equivalents	(700,624)	(2,112,070)
Cash and cash equivalents at beginning of period	6,359,916	7,623,380
Cash and cash equivalents at end of period	$ 5,659,292	5,511,310

See accompanying notes to consolidated Interim Financial Statements.

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

Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2017 and 2016

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

June 30, 2017 and 2016

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

(1) Company history

PRIMAX ELECTRONICS LTD. ("the Company"), formerly known as Hong Chuan Investments Ltd., was incorporated on March 20, 2006, and registered under the Ministry of Economic Affairs, ROC. The Company changed its name to Hong Chuan Electronics Ltd. and Primax Electronics Ltd. in October 2007 and February 2008, respectively. The address of the Company's registered office is No. 669, Ruey Kuang Road, Neihu, Taipei.

Primax Electronics Holdings, Ltd. (Primax Holdings, formerly known as Apple Holdings Ltd.) acquired all shares of the Company from YWAN PANG Management Limited on April 2, 2007. The investment was approved by the Investment Commission, Ministry of Economic Affairs. However, all shares of the Company were sold by Primax Holdings to its shareholders in October 2009.

Based on the resolution approved by the Company's board of directors on November 5, 2007, the Company resolved to acquire and merge with Primax Electronics Ltd. ("Primax", a listed company) on December 28, 2007. The Company is the surviving company, and Primax was dissolved upon completion of the merger.

The consolidated interim financial statements of the Company as at and for the years ended June 30, 2017, comprised the Company and subsidiaries (together referred to as "the Group"). The major business activities of the Group were the manufacture and sale of multi-function printers, scanners, digital camera modules, computer mice, keyboards, track pads, mobile phone accessories, consumer electronics products, shredders, amplifiers, speakers, audio systems and industrial automation parts. Please refer to note 14 for further information.

The Company's common shares were registered with the Financial Supervisory Commission, ROC ("FSC") on June 22, 2012, and listed on the Taiwan Stock Exchange ("TWSE") on October 5, 2012.

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

The consolidated interim financial statements were authorized for issuance by the board of directors on August 10, 2017.

(3) New standards, amendments and interpretations adopted:

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

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2017:

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 "Investment Entities: Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
IFRS 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendment to IAS 1 "Presentation of Financial Statements-Disclosure Initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS 16 and IAS 41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS 19 "Defined Benefit Plans: Employee Contributions"	July 1, 2014
Amendment to IAS 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS 36 " Impairment of Non-Financial assets- Recoverable Amount Disclosures for Non Financial Assets"	January 1, 2014
Amendments to IAS 39 " Financial Instruments-Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016
IFRIC 21 "Levies"	January 1, 2014

The Group assesed that the initial application of the above IFRSs would not have any material impact on the consolidated interim financial statements.

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018 in accordance with Ruling No. 1060025773 issued by the FSC on July 14, 2017:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IFRS 2 "Classification and Measurement of Share based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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

(i) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 " Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting. The actual impact of adopting IFRS 9 on the Group's consolidated financial statements in 2018 can only be determined and reliably estimated depending on the financial instruments that the Group holds and economic conditions at that time, as well as the accounting elections and judgments that it will make in the future. The new standard will require the Group to revise its accounting processes and internal controls related to reporting financial instruments. However, the Group has performed a preliminary assessment of the potential impact of the adoption of IFRS 9 based on its positions at June 30, 2017 and hedging relationships designated under during the first half of 2017 under IAS 39.

1) Classification- Financial assets

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

In addition, IAS 39 has an exception to the measurement requirements for investments in unquoted equity instruments that do not have a quoted market price in an active market (and derivatives on such an instrument) and for which fair value cannot therefore be measured reliable. Such financial instruments are measured at cost. IFRS 9 removes this exception, requiring all equity investments (and derivatives on them) to be measured at fair value.

At June 30, 2017, the Group had equity investments classified as available-for-sale with a fair value of $1,000,913 that are held for long-term strategic purposes. If these investments continue to be held for the same purpose at initial application of IFRS 9, the Group may elect then to classify them as FVOCI or FVTPL. The Group has not yet made a decision in this regard. In the former case, all fair value gains and losses would be reported in other comprehensive income, no impairment losses would be recognized in profit or loss and no gains or losses would be reclassified to profit or loss on disposal. In the latter case, all fair value gains and losses would be recognized in profit or loss as they arise, increasing volatility in the Group's profits.

2) Impairment-Financial assets and contact assets

IFRS 9 replaces the "incurred loss" model in IAS 39 with a forward-looking "expected credit loss" (ECL) model. This will require considerable judgment as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and

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

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.

(Continued)

3) Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Group's preliminary assessment included an analysis to identify data gaps against current processes and the Group plans to implement the system and controls changes that it believes will be necessary to capture the required data.

(ii) IFRS 15 Revenue from Contracts with Customers

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

For the sale of products, revenue is currently recognized when the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership transfer. Revenue is recognized at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods. The Group has performed an initial assessment, indicating the timing of the related risks and rewards transferred is similar to the timing of control transferred. Therefore, the Group believes that there would not be any material impact on its consolidated financial statements.

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

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019

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

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

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

(4) Summary of significant accounting policies:

(a) Statement of compliance

These consolidated interim financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“ the Regulations”) and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated interim financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2016. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2016.

(b) Basis of consolidation

(i) Except as described in the following paragraph, the principles of preparation of the consolidated interim financial statements are the same as those of the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to note 4(c) of the consolidated financial statements for the year ended December 31, 2016.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

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

The consolidated interim financial statements comprise the Company and its subsidiaries. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

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

			Percentage of shareholding			
Name of investor	**Name of subsidiary**	**Principal activities**	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**	**Description**
The Company	Primax Industries (Cayman Holding) Ltd. (Primax Cayman)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Primax Technology (Cayman Holding) Ltd. (Primax Tech.)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Destiny Technology Holding Co., Ltd. (Destiny BVI.)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Primax Destiny Co., Ltd. (Destiny Japan)	Market development and customer service	100.00 %	100.00 %	100.00 %	
The Company	Diamond (Cayman) Holdings Ltd. (Diamond)	Holding company	100.00 %	100.00 %	100.00 %	
The Company	Gratus Technology Corp. (Gratus Tech.)	Market development and customer service	100.00 %	100.00 %	100.00 %	
The Company	Global TEK Fabrication Co., Ltd. (Global TEK)	Manufacture and sale of sophisticated machinery components, automotive parts, industrial automation parts, communication parts and aerospace components	- %	- %	30.00 %	(note 1)
Primax Cayman	Primax Industries (Hong Kong) Ltd. (Primax HK)	Holding company and customer service	100.00 %	100.00 %	100.00 %	
Diamond	Tymphany Worldwide Enterprises Ltd. (TWEL)	Holding company	70.00 %	70.00 %	70.00 %	
Global TEK	Global TEK Co., Ltd. (GT)	Manufacture of sophisticated machinery components and automotive parts	- %	- %	100.00 %	(note 1)
Global TEK	Global TEK Fabrication Co., Ltd. (Samoa) (GTF-S)	Holding company	- %	- %	100.00 %	(note 1)
Primax HK and Primax Tech.	Dongguan Primax Electronic & Telecommunication Products Ltd. (PCH2)	Manufacture of multifunctional peripherals, computer mice, mobile phone accessories, consumer electronics products, and shredders	100.00 %	100.00 %	100.00 %	
Primax HK	Primax Electronics (KS) Corp., Ltd. (PKS1)	Manufacture of computer, peripherals and keyboards	100.00 %	100.00 %	100.00 %	

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding June 30, 2017	December 31, 2016	June 30, 2016	Description
Primax HK	Primax Electronics (Chongqing) Corp., Ltd. (PCQ1)	Manufacture of computer peripherals and keyboards	100.00 %	100.00 %	100.00 %	
Primax Tech.	Polaris Electronics Inc. (Polaris)	Sale of multi-function printers and computer peripheral devices	100.00 %	100.00 %	100.00 %	
Destiny BVI.	Destiny Electronic Corp. (Destiny Beijing)	Research and development of computer peripheral devices and software	100.00 %	100.00 %	100.00 %	
TWEL	Tymphany HK Ltd. (TYM HK)	Sale of audio accessories, amplifiers and their components	100.00 %	100.00 %	100.00 %	
TWEL	TYP Enterprises, Inc. (TYP)	Market development and customer service of amplifiers and their components	100.00 %	100.00 %	100.00 %	
TYM HK	Premium Loudspeakers (Hui Zhou) Co., Ltd. (Premium Hui Zhou)	Manufacture, research and development, design, and sale of audio accessories, amplifiers and their components	100.00 %	100.00 %	100.00 %	
TYM HK	TYMPHANY LOGISITCS, INC. (TYML)	Sale of audio accessories, amplifiers and their components	100.00 %	100.00 %	100.00 %	
TYM HK	Dongguan Tymphany Acoustic Technology Co., Ltd. (Tymphany Dongguan)	Manufacture, research and development, design, and sale of audio accessories, amplifiers and their components	100.00 %	100.00 %	100.00 %	
Tymphann Dongguan	Dong Guan Dong Cheng Tymphany Acoustic Technology Co., Ltd. (TYDC)	Research and Development , design, and sale of audio accessories, ampliers and their components	100.00 %	100.00 %	- %	TYDC was incorporated in October 2016
Premium Hui Zhou	Tymphany Acoustic Technology HK Ltd. (TYM Acoustic HK)	Research and Development , design, and sale of audio accessories, ampliers and their components and holdings	100.00 %	- %	- %	(note 2)
TYM Acoustic HK	TYMPHANY ACOUSTIC TECHNOLOGY (UK) LIMITED (TYM UK)	Research and Development , design of audio accessories, ampliers and their components	100.00 %	- %	- %	(note 2)
TYM Acoustic HK	Tymphany Acoustic Technology Europe, s.r.o. (TYM Acoustic Europe)	Manufacture, install and repair of audio accessories and their components	100.00 %	- %	- %	(note 3)

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

Name of investor	Name of subsidiary	Principal activities	Percentage of shareholding June 30, 2017	December 31, 2016	June 30, 2016	Description
GT	GP Tech, Inc. (GP)	Sale of automotive parts, industrial automation parts, communication parts and aerospace components	- %	- %	100.00 %	(note 1)
GTF-S	Global TEK Fabrication Co., Ltd. (HK) (GTF-HK)	Holding company	- %	- %	100.00 %	(note 1)
GTF-S	Global TEK Co., Ltd. (Samoa) (GTS)	Holding company	- %	- %	100.00 %	(note 1)
GTF-HK	WUXI GLOBAL TEK FABRICATION CO., LTD. (WUXI GLOBAL TEK)	Manufacture of sophisticated machinery components	- %	- %	100.00 %	(note 1)
GTS	GLOBAL TEK (XI' AN) CO., LTD. (GLOBAL TEK XI' AN)	Manufacture of industrial automation parts, communication parts and aerospace components	- %	- %	100.00 %	(note 1)
GTS and WUXI GLOBAL TEK	GLOBAL TEK CO. (WUXI), LTD. (GLOBAL TEK WUXI)	Manufacture of sophisticated machinery components and automotive parts	- %	- %	100.00 %	(note 1)

Note 1: The Board resolved to dispose 20% of the shares of Global TEK on June 21 and September 21, 2016. The disposal transaction has been settled on October 3, 2016, and the Company lost control over Global TEK on the same date.
Note 2: The Company was incorporated in January 2017.
Note 3: TYM Acoustic HK acquired all shares of Bang & Olufsen s.r.o. (renamed as Tymphany Acoustic Technology Europe, s.r.o. after merger) by cash on June 1, 2017.

(c) Business combination

Goodwill is measured as the aggregation of the consideration transferred (which generally is measured at fair value at the acquisition date) and the amount of any non-controlling interest in the acquiree, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, provisional amounts for the items for which the accounting is incomplete are reported in the Group's financial statements. During the measurement period, the provisional amounts recognized are retrospectively adjusted at the acquisition date, or additional assets or liabilities are recognized to reflect the new information obtained about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

All the transaction costs incurred for the business combination are recognized immediately as the Group's expenses when incurred, except for the issuance of debt or equity instruments.

(d) Non-current assets held for sale and discontinued operations

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use are reclassified as held for sale or held for distribution to owners. Non-current assets or disposal group under this classification must be available for instant sale, which is highly probable within a year, under current condition. The assets or components of a disposal group are re-measured in accordance with the Group's accounting policies before classifying them as held for sale or held for distribution to owners. Thereafter, generally, the assets or disposal groups are measured at the lower of their carrying amount and fair value, less, costs to sell. Any impairment loss on a disposal group will first be allocated to goodwill, and then the remaining assets and liabilities will be apportioned on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale or held for distribution to owners and any subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

When the assets classified as held for sale or held for distribution to owners are intangible assets or property, plant and equipment, they are no longer amortized or depreciated, and any equity-accounted investee is no longer equity accounted.

(ii) Discontinued operations

A discontinued operation is a component, which is a single operating line or area, disposed or available for sale of the Group or a subsidiary acquired for resale. An operation will be classified as a discontinued operation upon disposal or when the operation meets the criteria to be classified as held for sale or held for distribution to owners, whichever comes first.

(e) Income taxes

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

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

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

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(f) Employee benefits

The pension cost in the consolidated interim financial statements was calculated and disclosed on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior fiscal year adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

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

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

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2016.

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2016. Please refer to Note 6 of the 2016 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2017	December 31, 2016	June 30, 2016
Cash on hand	$ 3,349	2,946	3,084
Checking accounts and demand deposits	3,797,115	1,761,981	1,380,129
Time deposits	1,608,828	4,594,989	4,128,097
Repurchase agreement	250,000	-	-
	$ 5,659,292	6,359,916	5,511,310

Please refer to note 6(x) for the currency risk and the interest rate risk of the Group's cash and cash equivalents.

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

(i) The fair value of financial instruments was as follows:

		June 30, 2017	December 31, 2016	June 30, 2016
Financial assets at fair value through profit or loss – current:				
Non-derivative financial assets:				
Mutual funds	$	-	-	190,169
Derivative financial assets:				
Forward exchange contracts	$	64,573	141,317	82,764
Foreign exchange swap contracts		9,981	-	-
	$	74,554	141,317	82,764
Financial liabilities at fair value through profit or loss – current:				
Derivative financial liabilities:				
Forward exchange contracts	$	(57,652)	(72,909)	(22,756)
Foreign exchange swap contracts		(6,903)	(77,521)	(36,879)
	$	(64,555)	(150,430)	(59,635)

(ii) The Group held the following derivative financial instruments not designated as hedging instruments presented as held-for-trading financial assets as of June 30, 2017, and December 31 and June 2016:

June 30, 2017

Derivative financial instruments	Nominal amount	Maturity date	Predetermined rate
Forward exchange contracts —buy USD / sell TWD	USD 218,800 thousand	July 10, 2017~ September 22, 2017	29.865~30.377
Forward exchange contracts —buy TWD / sell USD	USD 274,800 thousand	July 10, 2017~ December 28, 2017	29.904~30.468
Foreign exchange swap contracts —swap in USD / swap out TWD	USD 70,000 thousand	October 3, 2017~ December 28, 2017	30.062~30.436
Foreign exchange swap contracts —swap in TWD / swap out USD	USD 14,000 thousand	August 25, 2017~ September 1, 2017	29.973~29.999

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

December 31, 2016

Derivative financial instruments	Nominal amount	Maturity date	Predetermined rate
Forward exchange contracts －buy USD / sell TWD	USD 252,000 thousand	January 5, 2017~ March 27, 2017	31.157~32.015
Forward exchange contracts －buy TWD / sell USD	USD 189,500 thousand	January 5, 2017~ March 27, 2017	31.765~32.290
Foreign exchange swap contracts －swap in TWD / swap out USD	USD 81,000 thousand	January 5, 2017~ January 19, 2017	31.245~31.920

June 30, 2016

Derivative financial instruments	Nominal amount	Maturity date	Predetermined rate
Forward exchange contracts －buy USD / sell TWD	USD 180,000 thousand	July 8, 2016~ September 2, 2016	32.069~32.532
Forward exchange contracts －buy TWD / sell USD	USD 321,000 thousand	July 8, 2016~ September 29, 2016	32.111~32.822
Foreign exchange swap contracts － swap in USD / swap out TWD	USD 141,000 thousand	August 23, 2016~ September 29, 2016	32.354~32.753

(iii) Please refer to note 6(x) for the liquidity risk of the Group's financial instruments.

(iv) The Group did not provide any of the aforementioned financial assets at fair value through profit or loss – current as collateral.

(c) Available-for-sale financial assets – non-current

	June 30, 2017	December 31, 2016	June 30, 2016
Stocks listed in domestic markets	$ 591,404	586,404	519,919
Stocks unlisted in domestic markets	382,117	287,517	12,017
Stocks unlisted in foreign markets	27,392	13,880	13,883
	$ 1,000,913	887,801	545,819

(i) In the second quarter of 2016, the Group sold 841 thousand shares of Nien Made Enterprise Co., Ltd. for $220,270. The gain on disposal which was recognized as other gains and losses, amounted to $140,969, deducting the cost of $79,301.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(ii) The unrealized gains and losses were recognized as unrealized gains and losses on available-for-sale financial assets. Details were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Unrealized gains (losses)	$ 90,443	(7,383)	92,067	44,225

(iii) The Group did not provide any of the aforementioned available-for-sale financial assets as collateral.

(d) Notes and accounts receivable, and other receivables (including related parties)

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Notes receivable	$ -	3,761	29,489
Accounts receivable	11,454,723	13,798,350	11,547,846
Accounts receivable – related parties	73,953	102,841	59,165
Other receivables	308,282	495,392	266,058
Less: allowance for doubtful accounts	(90,521)	(99,936)	(58,053)
allowance for sales returns and discounts	(18,863)	(98,302)	(32,509)
Total	$ 11,727,574	14,202,106	11,811,996

(i) The Group did not provide any of the aforementioned notes and accounts receivable, and other receivables (including related parties) as collateral.

(ii) Please refer to note 6(x) for the movements in the allowance for doubtful accounts and the credit risk and currency.

(iii) The Company entered into agreements with banks to sell its accounts receivable without recourse. According to the agreements, within the limit of its credit facilities, the Company does not need to guarantee the capability of its customers to pay for reasons other than commercial disputes when transferring its accounts receivable. The Company receives partial advances upon sales of accounts receivable and pays interest calculated based on the interest rates agreed for the period through the collection of the accounts receivable. The remaining amounts are received upon the collection of the accounts receivable, and are recorded as other receivables. In addition, the Company shall pay handling charges based on a fixed rate. As of June 30, 2017, and December 31 and June 30, 2016, the details of transferred accounts receivable which conformed to the criteria for derecognition were as follows:

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

June 30, 2017

Buyer	Amount sold NT$	Credit facilities US$ (expressed in thousand)	Cash received in advance NT$	Interest rate	Guarantee (promissory note) expressed in thousands	Amount derecognized NT$	Amount not received NT$
Mega International Commercial Bank	$ -	15,000	-		US$ 3,750	-	-
HSBC Bank	-	64,400	-		US$ 58,000	-	-
	$ -	79,400	-			-	-

December 31, 2016

Buyer	Amount sold NT$	Credit facilities US$ (expressed in thousand)	Cash received in advance NT$	Interest rate	Guarantee (promissory note) expressed in thousands	Amount derecognized NT$	Amount not received NT$
Mega International Commercial Bank	$ 374,057	20,000	336,651	1.75 %	US$ 5,000	336,651	37,406
HSBC Bank	592,397	64,400	533,157	1.42 %	US$ 58,000	533,157	59,240
Bank of Taiwan	449,051	26,000	404,146	2.10 %	NT$ 772,200	404,146	44,905
	$ 1,415,505	110,400	1,273,954			1,273,954	141,551

June 30, 2016

Buyer	Amount sold NT$	Credit facilities US$ (expressed in thousand)	Cash received in advance NT$	Interest rate	Guarantee (promissory note) expressed in thousands	Amount derecognized NT$	Amount not received NT$
Mega International Commercial Bank	$ -	20,000	-		US$ 5,000	-	-
HSBC Bank	-	64,400	-		US$ 58,000	-	-
Bank of Taiwan	-	26,000	-		NT$ 772,200	-	-
	$ -	110,400	-			-	-

(iv) Please refer to note 9 for guarantee notes provided by the Company to sell its accounts receivable.

(e) Inventories

	June 30, 2017	December 31, 2016	June 30, 2016
Raw materials	$ 1,938,216	1,618,227	1,481,433
Semi-finished goods and work in process	1,396,465	1,485,837	1,521,554
Finished goods and merchandise	2,674,487	3,566,483	2,964,213
	$ 6,009,168	6,670,547	5,967,200

The Group did not provide any of the aforementioned inventories as collateral.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

The Group recognized the following items as cost of goods sold from continuing operations:

	For the three months ended June 30,		For the six months ended June 30,	
	2017	**2016**	**2017**	**2016**
Gains (losses) on inventory valuation	$ 28,987	(178,286)	(19,079)	(459,215)
Unallocated manufacturing overhead resulting from the actual production being lower than the normal capacity	(8,494)	(49,052)	(44,400)	(81,076)
Loss on disposal of inventories	(67,422)	(19,591)	(86,967)	(19,737)
Gain on physical inventories	3,837	1,473	5,669	1,836
	$ (43,092)	**(245,456)**	**(144,777)**	**(558,192)**

(f) Non-current assets held for sale

The Group resolved to dispose parts of the shares of Global TEK in the directors' meeting held on June 21, 2016, and started the selling progress. It is estimated to be sold on October 3, 2016, therefore, Global TEK and its subsidiaries were recognized as non-current assets held for sale. Details of assets and liabilities held for sale as of June 30, 2016 were as follows:

	June 30, 2016
Current assets:	
Cash and cash equivalents	$ 322,855
Financial assets at fair value through profit or loss – current	994
Notes and accounts receivable, net	653,881
Other receivables	50,898
Inventories, net	424,144
Other current assets	103,279
	1,556,051
Non-current assets:	
Property, plant and equipment	$ 1,171,081
Intangible assets	515,368
Deferred tax assets	28,366
Other non-current assets	101,669
	1,816,484
Reclassified as assets held for sale	**$ 3,372,535**

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

		June 30, 2016
Current liabilities:		
Short-term borrowings	$	266,758
Notes and accounts payable		451,067
Other payables		277,520
Other current liabilities		19,106
Current portion of long-term borrowings		70,510
		1,084,961
Non-current liabilities:		
Long-term borrowings		226,719
Deferred tax liabilities		124,013
Other non-current liabilities		6,558
		357,290
Reclassified as liabilities held for sale	**$**	**1,442,251**

Please refer to note 12(b) for the operating results and cash flows from discontinued operations.

(g) Acquisition of subsidiaries

Based on the resolution approved during the board of directors' meeting of TWEL, one of the main subsidiaries of the Company, held on March 13, 2017, acquired all shares of Bang & Olufsen s.r.o. (renamed as TYM Acoustic Europe after merger) amounting to EUR18,000 through TYM Acoustic HK. Through this transaction, the Company will establish the market for its audio products in Europe, strengthen the cooperation with its clients and expand its technique, manufacturing process and global market. The purchase agreement was settled on June 1, 2017.

(i) Consideration transferred

According to the share purchase agreement, the consideration transferred was EUR18,000. As of June 30, 2017, TYM Acoustic HK deposited EUR1,500 in Escrow Account based on the share purchase agreement.

(ii) Obtaining control

The Company indirectly holds 70% of TYM Acoustic Europe's shares through TWEL. The Company has included TYM Acoustic Europe in its consolidated financial statements since the settlement date.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(iii) According to IFRSs, the fair value of net assets acquired should be measured on the acquisition date. Therefore, the Company evaluated the fair value and useful lives of intangible assets at the time of acquisition. As of the reporting date, the share purchase agreement was in accordance with the preliminary purchase price allocation, which is subject to change in the future. The Company engaged experts to evaluate its identifiable net assets, and the preliminary information was as follows:

Items	Amount
Consideration transferred	$ 613,107
Less: fair value of identifiable net assets	475,000
Goodwill	**$ 138,107**

(iv) The cost of acquisition

The consulting fees and on-site examination expenses of $19,004 due to the acquisition transaction were recognized as administrative expenses in the statement of comprehensive income.

(v) Simulated operating results

Operating results of Bang & Olufsen s.r.o. were merged into the Company' s consolidated comprehensive income statement since the acquisition date, which had contributed to the operating revenue and the net income of $161,823 and $2,203, respectively. If the acquisition had occurred on January 1, 2017, the simulated operating revenue and income before tax would have been $27,701,621 and $1,273,617, respectively.

(h) Material non-controlling interests of subsidiaries

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

		Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
Name of subsidiaries	**Main operation place Business/Registered Country**	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
TWEL and its subsidiaries	Hong Kong and China/Cayman Is.	30 %	30 %	30 %
Global TEK and its subsidiaries	Taiwan and China/Taiwan	- %	- %	70 %

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

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(i) TWEL and its subsidiaries:

	June 30, 2017	December 31, 2016	June 30, 2016
Current assets	$ 5,555,382	4,510,885	2,929,749
Non-current assets	3,501,583	3,377,729	3,061,838
Current liabilities	(4,508,319)	(3,496,113)	(1,803,001)
Non-current liabilities	(225,183)	(243,387)	(232,527)
Net assets	**$ 4,323,463**	**4,149,114**	**3,956,059**
Non-controlling interests	**$ 1,297,039**	**1,244,734**	**1,186,818**

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Operating revenue	**$ 3,402,117**	**1,659,225**	**6,279,166**	**3,516,153**
Profit	$ 116,213	1,637	228,998	26,503
Other comprehensive income	37,186	(14,967)	(56,522)	(42,144)
Comprehensive income	**$ 153,399**	**(13,330)**	**172,476**	**(15,641)**
Profit attributable to non-controlling interests	**$ 34,863**	**491**	**68,699**	**7,951**
Comprehensive income attributable to non-controlling interests	**$ 46,020**	**(3,998)**	**51,744**	**(4,692)**

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Cash flows from operating activities	$ 375,106	(58,263)	775,431	(698,674)
Cash flows from investing activities	(899,434)	(21,350)	(962,728)	(74,646)
Cash flows from financing activities	544,769	(111)	544,078	(308)
Effect of foreign currency exchange translation	26,376	(8,773)	(39,117)	(30,775)
Net increase (decrease) in cash and cash equivalents	**$ 46,817**	**(88,497)**	**317,664**	**(804,403)**
Dividends paid to non-controlling interests	**$ -**	**-**	**-**	**-**

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(ii) Global TEK and its subsidiaries

	June 30, 2017	December 31, 2016	June 30, 2016
Current assets	$ -	-	1,556,051
Non-current assets	-	-	1,816,484
Current liabilities	-	-	(1,084,961)
Non-current liabilities	-	-	(357,290)
Net assets	**$ -**	**-**	**1,930,284**
Non-controlling interests	**$ -**	**-**	**1,351,199**

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Operating revenue	**$ -**	**657,393**	**-**	**1,264,841**
Net income	$ -	50,304	-	95,873
Other comprehensive income	-	(16,466)	-	(15,891)
Comprehensive income	**$ -**	**33,838**	**-**	**79,982**
Net income attributable to non-controlling interests	**$ -**	**35,212**	**-**	**67,111**
Comprehensive income attributable to non-controlling interests	**$ -**	**23,686**	**-**	**55,987**

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Cash flows from operating activities	$ -	198,018	-	210,335
Cash flows from investing activities	-	(110,094)	-	(118,657)
Cash flows from financing activities	-	2,195	-	(26,884)
Effect of foreign currency exchange translation	-	(10,836)	-	(20,501)
Net increase in cash and cash equivalents	**$ -**	**79,283**	**-**	**44,293**
Dividends paid to non-controlling interests	**$ -**	**-**	**-**	**-**

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(i) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group for the six months ended June 30, 2017 and 2016, were as follows:

		Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Government grants	Total
Cost or deemed cost:								
Balance on January 1, 2017	$	134,701	3,802,758	5,672,304	510,457	347,678	(16,286)	10,451,612
Additions		-	38,210	214,527	24,153	246,329	-	523,219
Disposals		-	(41,783)	(127,254)	(7,335)	-	-	(176,372)
Acquisition from business combination		-	25,997	-	12,883	59	-	38,939
Reclassifications		-	72,295	213,185	4,361	(317,482)	-	(27,641)
Effect of movements in exchange rates		-	(119,505)	(194,823)	(16,437)	(11,058)	561	(341,262)
Balance on June 30, 2017	$	**134,701**	**3,777,972**	**5,777,939**	**528,082**	**265,526**	**(15,725)**	**10,468,495**
Balance on January 1, 2016	$	284,973	4,145,565	6,578,407	680,211	503,242	(12,731)	12,179,667
Additions		-	31,515	194,230	23,999	607,520	-	857,264
Disposals		-	(55,528)	(381,802)	(19,967)	-	-	(457,297)
Acquisition from business combination		111,822	315,363	340,425	(17,002)	(602,063)	-	148,545
Reclassifications		(262,096)	(424,878)	(728,549)	(159,034)	(128,330)	-	(1,702,887)
Effect of movements in exchange rates		-	(166,073)	(272,048)	(24,968)	(18,220)	558	(480,751)
Balance on June 30, 2016	$	**134,699**	**3,845,964**	**5,730,663**	**483,239**	**362,149**	**(12,173)**	**10,544,541**
Depreciation and impairments loss:								
Balance on January 1, 2017	$	-	1,731,111	3,632,382	383,934	-	(13,237)	5,734,190
Depreciation		-	113,272	508,068	26,629	-	(2,238)	645,731
Disposals		-	(41,611)	(113,301)	(7,325)	-	-	(162,237)
Reclassifications		-	-	(931)	(60)	-	-	(991)
Effect of movements in exchange rates		-	(54,565)	(124,588)	(13,091)	-	441	(191,803)
Balance on June 30, 2017	$	**-**	**1,748,207**	**3,901,630**	**390,087**	**-**	**(15,034)**	**6,024,890**
Balance on January 1, 2016	$	-	1,737,377	3,718,475	449,371	-	(9,579)	5,895,644
Depreciation		-	120,867	573,366	41,087	-	(1,452)	733,868
Disposals		-	(53,198)	(340,359)	(16,857)	-	-	(410,414)
Reclassifications		-	(115,154)	(313,558)	(103,094)	-	-	(531,806)
Effect of movements in exchange rates		-	52,076	(28,039)	(12,105)	-	-	11,932
		-	(72,566)	(170,899)	(19,169)	-	463	(262,171)
Balance on June 30, 2016	$	**-**	**1,669,402**	**3,438,986**	**339,233**	**-**	**(10,568)**	**5,437,053**

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

		Land	Buildings, leasehold improvement, and additional equipment	Machinery and equipment	Office and other equipment	Construction in progress and testing equipment	Government grants	Total
Carrying amounts:								
Balance on January 1, 2017	$	134,701	2,071,647	2,039,922	126,523	347,678	(3,049)	4,717,422
Balance on June 30, 2017	$	134,701	2,029,765	1,876,309	137,995	265,526	(691)	4,443,605
Balance on January 1, 2016	$	284,973	2,408,188	2,859,932	230,840	503,242	(3,152)	6,284,023
Balance on June 30, 2016	$	134,699	2,176,562	2,291,677	144,006	362,149	(1,605)	5,107,488

(i) The unamortized deferred revenue of equipment subsidy amounted to $1,147,177, $1,310,945 and $1,445,919 as of June 30, 2017, and December 31 and June 30, 2016, respectively.

(ii) The Group did not provide any of the aforementioned property, plant and equipment as collateral.

(j) Investment property

		Land	Buildings and other equipment	Total
Carrying amounts:				
Balance at January 1, 2017	$	16,249	19,428	35,677
Balance at June 30, 2017	$	16,249	19,196	35,445
Balance at January 1, 2016	$	128,071	130,638	258,709
Balance at June 30, 2016	$	16,249	19,659	35,908

(i) The Group reclassified $220,053 as property, plant and equipment from investment property due to the change of the use of such property in the first quarter of 2016.

(ii) Except for the above paragraph, there was no significant additions, disposals, or recognition and reversal of impairment losses of the investment property for the six months ended June 30, 2017 and 2016. Please refer to note 6(j) of the consolidated financial statements for the year ended December 31, 2016 for further information.

(iii) The fair value of the investment property has no significant change from note 6(j) of the consolidated financial statements for the year ended December 31, 2016.

(iv) The Group did not provide any of the aforementioned investment property as collateral.

(k) Intangible assets

The carrying amounts of the intangible assets of the Group as of June 30, 2017 and 2016, were as follows:

	Goodwill	Customer Relationships	Technology	Trademarks, Patents and Copyrights	Total
Carrying amounts:					
Balance at January 1, 2017	$ 1,850,383	504,899	294,524	23,864	2,673,670
Balance at June 30, 2017	$ 1,988,490	468,959	273,559	21,468	2,752,476
Balance at January 1, 2016	$ 2,191,382	676,241	423,954	30,614	3,322,191
Balance at June 30, 2016	$ 1,850,383	540,840	315,489	26,266	2,732,978

(i) For the intangible assets identified from the acquisition of TYM Acoustic Europe on June 1, 2017, please refer to note 6(g).

(ii) Intangible assets were transferred out due to the resolution to dispose parts of shares of Global TEK approved by the board of directors' meeting held on June 21, 2016. Please refer to note 6(f) for further detail.

(iii) Except for above paragraph, there was no significant change on intangible assets for the six months ended June 30, 2017 and 2016. Please refer to note 6(k) of the consolidated financial statements for the year ended December 31, 2016.

(iv) The Group did not provide any of the aforementioned intangible assets as collateral.

(l) Short-term borrowings

The details were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Short-term borrowings	$ 547,848	-	1,808,016
Unused credit lines	$ 14,315,809	13,301,651	9,507,328
Annual interest rates	1.09%~1.93%	0.93%~1.27%	0.96%~1.19%

(m) Long-term borrowings

	June 30, 2017			
	Currency	**Annual interest rate**	**Maturity year**	**Amount**
Unsecured bank loans	TWD	1.19%~1.48%	2018~2020	$ 326,667
Less: current portion				(215,556)
Total				**$ 111,111**
Unused credit lines				**$ -**

	December 31, 2016			
	Currency	**Annual interest rate**	**Maturity year**	**Amount**
Unsecured bank loans	TWD	0.95~1.56%	2017~2020	$ 601,111
Less: current portion				(382,222)
Total				**$ 218,889**
Unused credit lines				**$ -**

	June 30, 2016			
	Currency	**Annual interest rate**	**Maturity year**	**Amount**
Unsecured bank loans	TWD	0.95%~1.56%	2017~2020	$ 1,042,223
Less: current portion				(715,556)
Total				**$ 326,667**
Unused credit lines				**$ -**

(i) Pursuant to the loan agreements with The Export-Import Bank of the ROC and CTBC Bank, the Company has to maintain the following financial ratios calculated based on the Company's semi-annual audited (reviewed) consolidated financial statements. As of June 30, 2017, the Company had not violated the financial covenants. The financial covenants include (1) a current ratio of not less than 100%; (2) a financial debt ratio of not greater than 75%; (3) an interest coverage ratio of not less than 400%; and (4) shareholders' equity of not less than $4,000,000. If the Company violates the financial covenants, the banks have the right to charge a default penalty or to require the Company to improve its financial ratios.

(ii) Please refer to note 9 for the details of the outstanding guarantee notes.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(n) Operating lease

(i) Lessee

Non-cancellable operating lease rentals are payable as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Less than one year	$ 256,140	234,469	228,438
Between one and five years	451,784	327,873	380,114
More than five years	467,602	12,989	-
	$ 1,175,526	**575,331**	**608,552**

The Group leases a number of offices and warehouses and pieces of equipment under operating leases. The lease terms are between 1 and 20 years.

(o) Employee benefits from continuing operations

(i) Defined benefit plans

There was no material volatility of the market, no material reimbursement and settlement or other material one-time events since prior fiscal year. As a result, the pension cost in the accompanying interim consolidated financial statements was measured and disclosed according to the actuarial report as of December 31, 2016 and 2015.

(ii) Defined contribution plans

The Company contribute the pension cost on the defined contribution plans to the labor pension personal account at the Bureau of Labor Insurance. Subsidiaries other than the Company set up their defined contribution plans in accordance with the regulations of their respective countries.

(iii) The Group recognized its pension costs from continuing operations and recorded them as operating expenses and operating cost in the statement of comprehensive income.

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Defined benefit plans	$ 501	619	1,002	1,238
Defined contribution plans	79,960	90,269	163,666	182,956
Total	**$ 80,461**	**90,888**	**164,668**	**184,194**

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(p) Income taxes from continuing operations

(i) Income tax expense for the period is best estimated by multiplying the profit before tax of the reporting period by the effective annual tax rate as forecasted by the management.

(ii) The details of the Group's income tax expenses from continuing operations were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Income tax expense	$ 183,334	167,065	321,069	368,078

(iii) There were no income tax recognized in equity or other comprehensive income.

(iv) The Company's income tax returns have been examined by the tax authority through the years up to 2013. However, the Company disagreed with the examination of the income tax return for 2008 and requested an administrative remedy. The tax effect of the administrative remedy has been recognized by the Company.

(v) Information related to the unappropriated earnings and tax deduction ratio is summarized below:

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Unappropriated earnings of 1998 and after	$ 4,354,337	4,779,419	3,694,312
Balance of imputation credit account	$ 693,155	508,028	541,139

	2016 (actual)	**2015 (actual)**
Creditable ratio for earnings distribution to ROC residents	14.50 %	13.69 %

The above stated information was prepared in accordance with information letter No. 10204562810 issued by the Ministry of Finance of the ROC, on October 17, 2013.

(q) Capital and other equity

Except for the following disclosure, there was no significant change for capital and other equity for the six months ended June 30, 2017 and 2016. For the related information, please refer to note 6(q) of the consolidated financial statements for the year ended December 31, 2016.

(i) Ordinary shares

As of June 30, 2017 and December 31 and June 30, 2016, the nominal ordinary shares amounted to $5,000,000. Par value of each share is $10 (dollars), which means in total there were 500,000 thousand authorized common shares, of which 444,779, 442,134 and 441,903 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

Reconciliation of shares outstanding was as follows:

	Ordinary shares (in thousands of shares) For the six months ended June 30	
	2017	**2016**
Balance on January 1	442,134	441,188
Exercise of employee stock options	195	945
Issuance of restricted stock	2,450	-
Retirement of restricted stock	-	(230)
Balance on June 30	**444,779**	**441,903**

(ii) Capital surplus

The balances of capital surplus were as follows:

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Additional paid-in capital	$ 522,947	508,583	478,455
Employee stock options	228,826	229,175	231,089
Restricted employee stock options	128,318	53,708	76,543
	$ 880,091	**791,466**	**786,087**

(iii) Retained earnings

According to the articles of the Company, when allocating the earnings for each year, the Company shall first offset its losses in previous year and set aside a legal capital reserve at 10% of the earing left over, until the accumulated legal capital reserve has equaled the total capital of the Company; then set aside a special capital reserve in accordance with relevant laws, the balance of the earnings shall combined into an aggregate amount of undistributed earnings, which shall become the aggregate distributable earnings to be distributed by the directors' distribution proposals according to the resolution adopted at the shareholders' meeting.

The Company is at the growth stage and considers its future cash demand, long-term financial plans, benefits to shareholders, and balanced dividends. Earnings distribution is made by stock dividend and cash dividend. The cash dividend shall not be less than 10 percent of the total dividends and could be adjusted depending on the Company's operating condition.

1) Legal reserve

In accordance with the Company Act, 10 percent of the net income after tax should be set aside as legal reserve, until it is equal to share capital. If the Company experiences profit for the year, the distribution of the statutory earnings reserve, either by new shares or by cash, shall be decided at the shareholders' meeting, and the distribution amount is limited to the portion of legal reserve which exceeds 25 percent of the paid-in capital.

(Continued)

2) Special reserve

By choosing to apply exemptions granted under IFRS 1 " First-time Adoption of International Financial Reporting Standards" during the Company's first-time adoption of the International Financial Reporting Standards endorsed by the FSC, retained earnings increased by $97,300 by recognizing the cumulative translation adjustments (gains) on the adoption date as deemed cost. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, the increase in retained earnings due to the first-time adoption of IFRSs shall be reclassified as special reserve, and when the relevant asset is used, disposed of, or reclassified, this special reserve, shall be reversed as distributable earnings proportionately. The carrying amount of special reserve amounted to $97,300 on June 30, 2017.

In accordance with the guidelines of the above Ruling, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On May 25, 2017 and on June 20, 2016, the shareholders' meeting resolved to distribute the 2016 and 2015 earnings, respectively. The distributions were NT$2.5 and 2.1 (dollars) per share, which amounted to $1,111,886 and $927,933, respectively.

(r) Share-based payment

Except for the following disclosure, there were no significant changes for share-based payment for the six months ended June 30, 2017 and 2016. Please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2016 for further information.

After the shareholders' meeting on June 20, 2016, the Company decided to issue 3,000 thousand shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 2,450 thousand shares on January 23, 2017.

(i) Employee stock options and share-based payment

1) As of June 30, 2017, outstanding employee stock options of the Company for equity-settled share-based payment were as follows:

	Plan 1 (note)	Plan 2 (note)	Plan 3 (note)	
			Issued in November 2011	Issued in October 2012
Modification and grant date	December 30, 2008/ November 12, 2009	December 30, 2008/ November 12, 2009	November 24, 2011	October 22, 2012
Exercise price	11.42	11.42	16.20	24.10
Granted units (thousand)	30,828	7,224	1,500	3,500
Service period (from the grant date of the original stock options)	5 years (May 23, 2005~ November 11, 2014)	6~8 years (January 2, 2008~November11, 2017)	5 years (November 24, 2011~November 23, 2016)	5 years (October 22, 2012~ October 21, 2017)
Vesting period (from the grant date of the original stock options)	2 ~ 3 years	3 ~ 5 years	2 ~ 3 years	2 ~ 3 years

Note: Stock options under Plan 1 included those granted by Primax in May 2005, June and December 2006, and February and March 2007; those granted by Primax Holdings in January, May and November 2008; and those granted by the Company in November 2009.
Stock options under Plan 2 included those granted by Primax Holdings in January and May 2008, and those granted by the Company in November 2009.
Stock options under Plan 3 included those granted by the Company in November 2011 and October 2012.

The Company applied the Black-Scholes Option pricing model to measure the fair value of employee stock options.

The related information on compensatory employee stock option plans was as follows:

	For the six months ended June 30			
	2017		2016	
	Weighted-average exercise price	Stock options (in thousands)	Weighted-average exercise price	Stock options (in thousands)
Outstanding at January 1	22.16	957	24.66	1,728
Granted during the year	-	-	-	-
Forfeited during the year	24.10	(15)	-	-
Exercised during the year	25.20	(75)	26.50	(239)
Expired during the year	-	-	-	-
Outstanding at June 30	21.01	**867**	24.36	**1,489**
Exercisable at June 30	21.01	**867**	24.36	**1,489**

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

As of June 30, 2017, and December 31 and June 30, 2016, the information on the employee stock option plans outstanding was as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Employee stock option plan 1	-	-	-
Employee stock option plan 2	211	211	211
Employee stock option plan 3 -Issued in November 2011	-	-	-
Employee stock option plan 3 -Issued in October 2012	656	746	1,278
Outstanding at end of year	**867**	**957**	**1,489**

2) As of June 30, 2017, the outstanding employee stock options of TWEL for equity-settled share-based payment were as follows:

	November 2014	July 2015
Grant date	November 18, 2014	July 1, 2015
Exercise price	$15.74	$18.82
Granted units (thousand)	700	2,750
Service period	5 years	5 years
Vesting period	3 ~4 years	3 ~5 years

TWEL applied the Black-Scholes option pricing model to measure the fair value of employee stock options.

The related information on compensatory employee stock option plans of TWEL was as follows:

	For the six months ended June 30			
	2017		2016	
	Weighted-average exercise price	Stock options (in thousands)	Weighted-average exercise price	Stock options (in thousands)
Outstanding at January 1	18.27	3,308	18.20	3,450
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	15.74	(107)
Outstanding at June 30	18.27	**3,308**	18.27	**3,343**
Exercisable at June 30	-	**-**	-	**-**

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(ii) Restricted stock

1) As of June 30, 2017, the outstanding restricted stock of the Company was as follows:

	Plan 1 (note 1)				Plan 2 (note 1)		Plan 3 (note 1)
Grant date	October 1, 2013	November 20, 2013	February 10, 2014	July 17, 2014	February 24, 2015	August 18, 2015	February 13, 2017
Fair value on grant date (per share)	22.80	25.15	27.30	52.00	43.70	38.40	45.80
Exercise price	Free grants	Free grants	Free grants	Free grants	Free grants	Free grants	Free grants
Granted units (thousand shares)	1,450	186	135	220	1,225	1,775	2,450
Vesting period	1~3 years (notes 2 and 3)	1~2 years (notes 3 and 4)	1~2 years (notes 3 and 4)	1~2 years (note 3)	1~3years (note 2 and 3)	1~3 years (note 2)	1~3 years (note 2)

Note 1: Plan 1 – After the shareholders' meeting on June 25, 2013, the Company decided to issue shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 1,450 thousand shares, 186 thousand shares, 135 thousand shares, and 220 thousand shares on August 13 and November 12, 2013, and January 22 and June 27, 2014, respectively.

Plan 2 – After the shareholders' meeting on June 24, 2014, the Company decided to issue shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 1,225 thousand shares and 1,775 thousand shares on January 28 and August 13, 2015, respectively.

Plan 3 – After the shareholders' meeting on June 20, 2016, the Company decided to issue shares of restricted stock to those full-time employees who meet the Company's requirements. The restricted stock has been registered with and approved by the Securities and Futures Bureau of the FSC. The board of directors' meeting resolved to issue 2,450 thousand shares on January 23 2017.

Note 2: If the employees continue to provide service to the Company and meet the prior year's performance indicator, 30% of the restricted stock shall be vested in year 1 after the grant date, and the remaining 30% and 40% shall be vested in year 2 and year 3, respectively, after the grant date.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

Note 3: If the employees continue to provide service to the Company and meet the prior year's performance indicator, 50% of the restricted stock shall be vested in year 1 after the grant date, and the remaining 50% shall be vested in year 2 after the grant date.

Note 4: If the employees continue to provide service to the Company and meet the prior year's performance indicator, the restricted stock shall be vested in year 1 after the grant date.

The related information on restricted stock of the Company was as follows:

	For the six months ended June 30	
(Thousand shares)	**2017**	**2016**
Outstanding at January 1	1,771	3,270
Granted during the year	2,450	-
Forfeited during the year	-	-
Vesting during the year	(289)	(389)
Expired during the year	(82)	(170)
Outstanding at June 30	**3,850**	**2,711**

(iii) Expenses and liabilities attributable to share-based payment were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Expenses attributable to employee stock options	$ 936	863	1,873	1,727
Restricted stock	19,482	10,411	31,664	27,193
Total	**$ 20,418**	**11,274**	**33,537**	**28,920**

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Salary payable:			
Current	**$ 1,938**	**1,938**	**1,938**

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(s) Earnings per share

The calculation of basic earnings and diluted earnings per shares was as follows:

(i) Basic earnings per share

		For the three months ended June 30		For the six months ended June 30	
		2017	**2016**	**2017**	**2016**
Profit attributable to owners of parent					
Continuing operations	$	461,775	431,817	880,211	818,861
Discontinued operations		-	15,091	-	28,762
Total	$	**461,775**	**446,908**	**880,211**	**847,623**
Weighted-average number of ordinary shares (thousand shares)		**440,830**	**438,992**	**440,665**	**438,595**
Basic earnings per share (NT dollars)					
Continuing operations	$	1.05	0.98	2.00	1.87
Discontinued operations		-	0.04	-	0.06
Total	$	**1.05**	**1.02**	**2.00**	**1.93**

(ii) Diluted earnings per share

		For the three months ended June 30		For the six months ended June 30	
		2017	**2016**	**2017**	**2016**
Profit attributable to owners of parent					
Continuing operations	$	461,775	431,817	880,211	818,861
Discontinued operations		-	15,091	-	28,762
Total	$	**461,775**	**446,908**	**880,211**	**847,623**
Weighted-average number of ordinary shares (diluted) (thousand shares)		**443,485**	**441,644**	**443,976**	**442,804**
Diluted earnings per share					
Continuing operations	$	1.04	0.98	1.98	1.85
Discontinued operations		-	0.03	-	0.06
Total	$	**1.04**	**1.01**	**1.98**	**1.91**

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Weighted-average number of ordinary shares at June 30 (basic)	440,830	438,992	440,665	438,595
Effect of employee stock options	552	603	544	719
Effect of employee stock bonuses	262	535	1,045	1,976
Effect of restricted stock	1,841	1,514	1,722	1,514
Weighted-average number of ordinary shares at June 30 (diluted)	**443,485**	**441,644**	**443,976**	**442,804**

(t) Operating revenue

The operating revenue was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Goods sold	$ 13,487,642	14,522,664	26,077,177	27,453,034
Services rendered	347,546	377,802	639,195	852,547
Continuing operations	13,835,188	14,900,466	26,716,372	28,305,581
Discontinued operations	-	657,393	-	1,264,841
Total	**$ 13,835,188**	**15,557,859**	**26,716,372**	**29,570,422**

Please refer to note 12(b) for profit and loss, and cash flows from discontinued operations.

(u) Employee and directors' and supervisors' remuneration

In accordance with the Articles of incorporation, the Company should contribute 2 to 10 percent of the profit as employee remuneration and less than 2 percent as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit. The recipients of shares and cash may include the employees of the Company's affiliated companies who meet certain conditions.

Details of remuneration to employees and directors were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2017	2016	2017	2016
Employee remuneration	$ 16,337	22,506	33,552	41,395
Directors' remuneration	8,168	9,002	16,779	16,558
	$ 24,505	**31,508**	**50,331**	**57,953**

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees, directors and supervisors of each period, multiplied by the percentage of remuneration to employees, directors and supervisors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during each period. The differences between the amounts distributed and those accrued in the financial statements, if any, are accounted for as changes in accounting estimates and recognized as profit or loss in the distribution year.

The differences between the amounts approved in the directors' meeting and those recognized in the financial statements for the distributions of earnings for 2016 and 2015 were as follows:

	2016		
	Actual earnings Distributed	**Accrued in the financial statement**	**Difference**
Employee remuneration			
Stock	$ -	-	-
Cash	74,000	74,000	-
Directors' remuneration	36,800	36,803	3

	2015		
	Actual earnings Distributed	**Accrued in the financial statement**	**Difference**
Employee remuneration			
Stock	$ -	-	-
Cash	78,500	78,269	(231)
Directors' remuneration	32,000	31,907	(93)

The differences were accounted for as changes in accounting estimates and recognized as profit or loss in the year 2017 and 2016. Information about the remuneration to employee and directors approved in the board of directors' meetings can be accessed in the Market Observation Post System website.

(v) Other income

The other income from continuing operations was as follows:

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Interest revenue of cash in banks	$ 28,485	30,644	76,944	69,621
Rent revenue	2,319	1,368	4,069	1,260
Other	311	2,441	827	3,025
	$ 31,115	**34,453**	**81,840**	**73,906**

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(w) Other gains and losses

The other gains and losses from continuing operations were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Gains on disposal of held-for-trading financial assets	$ 9,239	345	14,127	631
Gains on disposal of available-for-sale financial assets	-	140,969	-	140,969
Net gains(losses) on disposal of property, plant and equipment	(442)	882	(1,757)	(577)
Net gains(losses) on financial assets/liabilities measured at fair value through profit or loss	(10,151)	(21,381)	9,997	23,159
Foreign currency exchange gains(loss), net	22,567	39,735	(3,233)	154,119
Other	41,568	21,037	60,554	32,896
	$ 62,781	**181,587**	**79,688**	**351,197**

(x) Financial instruments

Except for the following paragraph, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(y) of the consolidated financial statements for the year ended December 31, 2016 for further information.

(i) Credit risk

The aging analysis of notes, accounts, and other receivables (including related parties) that were past due but not impaired was as follows:

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Past due 0-30 days	$ 501,673	763,565	537,210
Past due 31-90 days	104,319	213,509	33,563
Past due 91-180 days	501	17,593	69,844
Past due 181-360 days	133,928	13,247	5,410
Past due over a year	-	-	-
	$ 740,421	**1,007,914**	**646,027**

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

The Group assesses the uncollectible amount of notes, accounts, and other receivables (including related parties) based on the aging analysis, the collection history, the customers' current financial status and the insurance status, and recognizes an allowance for doubtful debts accordingly. After the Group's assessment, there is no significant change in the customers' credit quality and the collectability of related receivables, and relevant receivables are able to be collected through insurance.

The movements in the allowance for the six months ended June 30, 2017 and 2016 were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance on January 1, 2017	$ -	99,936	99,936
Reversal gains recognized	-	(3,843)	(3,843)
Amounts written off	-	-	-
Exchange differences on translation of foreign currency	-	(5,572)	(5,572)
Balance on June 30, 2017	**$ -**	**90,521**	**90,521**

	Individually assessed impairment	Collectively assessed impairment	Total
Balance on January 1, 2016	$ -	29,247	29,247
Impairment loss recognized	-	32,545	32,545
Amounts written off	-	(865)	(865)
Reclassification to assets held for sale	-	(2,450)	(2,450)
Exchange differences on translation of foreign currency	-	(424)	(424)
Balance on June 30, 2016	**$ -**	**58,053**	**58,053**

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities:

	Carrying amount	Contractual cash flows	Within 6 months	6~12 months	1~2 years	2~5 years	Over 5 years
June 30, 2017							
Non-derivative financial liabilities:							
Short-term borrowings	$ 547,848	547,848	547,848	-	-	-	-
Notes and accounts payable	12,637,118	12,637,118	12,637,118	-	-	-	-
Other payables	2,471,936	2,471,936	2,471,936	-	-	-	-
Long-term borrowings	326,667	331,894	110,102	108,721	57,051	56,020	-
Guarantee deposits	176,172	176,172	-	-	-	-	176,172
Derivative financial liabilities:	64,555	-	-	-	-	-	-
Outflow	-	2,631,095	2,631,095	-	-	-	-
Inflow	-	(2,565,486)	(2,565,486)	-	-	-	-
	$ 16,224,296	16,230,577	15,832,613	108,721	57,051	56,020	176,172
December 31, 2016							
Non-derivative financial liabilities:							
Notes and accounts payable	$ 16,892,918	16,892,918	16,892,918	-	-	-	-
Other payables	2,713,494	2,713,494	2,713,494	-	-	-	-
Long-term borrowings	601,111	609,653	277,546	110,096	137,431	84,580	-
Guarantee deposits	143,237	143,237	-	-	-	-	143,237
Derivative financial liabilities:	150,430	-	-	-	-	-	-
Outflow	-	2,766,941	2,766,941	-	-	-	-
Inflow	-	(2,615,359)	(2,615,359)	-	-	-	-
	$ 20,501,190	20,510,884	20,035,540	110,096	137,431	84,580	143,237
June 30, 2016							
Non-derivative financial liabilities:							
Short-term borrowings	$ 1,808,016	1,808,016	1,808,016	-	-	-	-
Notes and accounts payable	12,581,552	12,581,552	12,581,552	-	-	-	-
Other payables	1,854,410	1,854,410	1,854,410	-	-	-	-
Long-term borrowings	1,042,223	1,058,353	114,436	611,052	219,171	113,694	-
Guarantee deposits	136,459	136,459	-	-	-	-	136,459
Derivative financial liabilities:	59,635	-	-	-	-	-	-
Outflow	-	9,390,046	9,390,046	-	-	-	-
Inflow	-	(9,442,051)	(9,442,051)	-	-	-	-
	$ 17,482,295	17,386,785	16,306,409	611,052	219,171	113,694	136,459

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	June 30, 2017			December 31, 2016			June 30, 2016		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
Financial assets									
Monetary items									
USD:CNY	$ 307,915	6.7744	9,371,713	385,629	6.937	12,447,718	302,528	6.6312	9,767,419
USD:HKD	101,736	7.8055	3,096,434	101,376	7.755	3,272,316	168,861	7.7588	5,451,842
USD:TWD	319,673	30.4360	9,729,567	428,216	32.279	13,822,384	320,877	32.286	10,359,832
Financial liabilities									
Monetary items									
USD:CNY	304,219	6.7744	9,259,195	366,735	6.937	11,837,839	302,448	6.6312	9,764,829
USD:HKD	102,822	7.8055	3,129,493	94,552	7.755	3,052,044	168,767	7.7588	5,448,804
USD:TWD	302,461	30.4360	9,205,703	377,974	32.279	12,200,623	259,847	32.286	8,389,412

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, notes and accounts receivable, other receivables, loans and borrowings, notes and accounts payable, and other payables that are denominated in foreign currency. A weakening (strengthening) of 5% of the TWD, CNY and HKD against the USD as of June 30, 2017 and 2016, would have increased or decreased the net profit before tax by $30,166 and $98,802, respectively. The analysis is performed on the same basis for both periods.

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months ended June 30, 2017 and 2016, the foreign exchange gains (losses), including both realized and unrealized, amounted to $22,567 and $39,735, respectively. For the six months ended June 30, 2017 and 2016, the foreign exchange gains (losses), including both realized and unrealized, amounted to $(3,233) and $154,119, respectively.

2) Interest rate analysis

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

The following sensitivity analysis is based on the exposure to the interest rate risk of non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 0.25% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate had increased or decreased by 0.25%, the net profit before tax would have increased or decreased by $918 and $1,597 for the six months ended June 30, 2017 and 2016, respectively, mainly as a result of bank savings and borrowings with variable interest rates.

3) Other price risk:

For the six months ended June 30, 2017 and 2016, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the other comprehensive income before tax as illustrated below:

	For the six months ended June 30	
	2017	2016
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Other comprehensive income before tax**
Increasing 10%	$ 59,140	51,992
Decreasing 10%	$ (59,140)	(51,992)

(iv) Fair value

1) Kinds of financial instruments and fair value

The carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy were as follows; however, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required :

	June 30, 2017				
		Fair Value			
	Carrying amounts	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss – current	$ 74,554	-	-	74,554	74,554
Available-for-sale financial assets – non-current	$ 1,000,913	591,404	-	409,509	1,000,913
Loans and receivables					
Cash and cash equivalents	$ 5,659,292				
Notes and accounts receivable (including related parties)	11,419,292				
Other receivables	308,282				
Refundable deposits	49,719				
Total	$ 17,436,585				

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

	June 30, 2017				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial liabilities at fair value through profit or loss – current	$ 64,555	-	-	64,555	64,555
Financial liabilities carried at amortized cost					
Borrowings	$ 874,515				
Notes and accounts payable	12,637,118				
Other payables	2,471,936				
Guarantee deposits	176,172				
Total	$ 16,159,741				

	December 31, 2016				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss – current	$ 141,317	-	-	141,317	141,317
Available-for-sale financial assets – non-current	$ 887,801	586,404	-	301,397	887,801
Loans and receivables					
Cash and cash equivalents	$ 6,359,916				
Notes and accounts receivable (including related parties)	13,706,714				
Other receivables	495,392				
Refundable deposits	44,429				
Total	$ 20,606,451				
Financial liabilities at fair value through profit or loss – current	$ 150,430	-	-	150,430	150,430
Financial liabilities carried at amortized cost:					
Borrowings	$ 601,111				
Notes and accounts payable	16,892,918				
Other payables	2,713,494				
Guarantee deposits	143,237				
Total	$ 20,350,760				

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

	June 30, 2016				
		Fair Value			
	Carrying amounts	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss – current	**$ 272,933**	**190,169**	**-**	**82,764**	**272,933**
Available-for-sale financial assets – non-current	**$ 545,819**	**519,919**	**-**	**25,900**	**545,819**
Loans and receivables					
Cash and cash equivalents	$ 5,511,310				
Notes and accounts receivable (including related parties)	11,545,938				
Other receivables	266,058				
Refundable deposits	43,539				
Total	**$ 17,366,845**				
Financial liabilities at fair value through profit or loss – current	**$ 59,635**	**-**	**-**	**59,635**	**59,635**
Financial liabilities carried at amortized cost					
Borrowings	$ 2,850,239				
Notes and accounts payable	12,581,552				
Other payables	1,854,410				
Guarantee deposits	136,459				
Total	**$ 17,422,660**				

2) Valuation techniques for financial instruments measured at fair value

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. The quoted price of a financial instrument obtained from major exchanges and over-the counter markets are the basis used to determine the fair value of a listed company's stock and the quoted prices in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's-length basis. If these conditions can not be reached, then the market is non-active. In general, a market with low trading volume or high bid-ask spreads is an indication of a non-active market.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

The Group uses the following methods in determining the fair value of its financial instruments without a quoted price in an active market:

a) The fair value of derivative instruments is based on quoted prices. When quoted prices are unavailable, the fair value is estimated on the basis of the contract's spot exchange rate and swap point.

b) Available-for-sale financial assets – non-current are investments in domestic or foreign non-listed stock. If the price of capital increase by cash is reliable, the fair value will be estimated on the issuance price of ordinary shares, while others will be based on market approach of comparable business. For stocks in the emerging market, the estimated fair value is adjusted for the lack of liquidity. When prices listed in the emerging market are unavailable, the fair value is estimated on the basis of unadjusted prior trade prices.

3) The is no transferring of fair value hierarchy for the six months ended June 30, 2017 and 2016.

4) Changes in Level 3

	For the six months ended June 30					
	2017			2016		
	Fair value through profit or loss	Available for sale	Total	Fair value through profit or loss	Available for sale	Total
Balance on January 1	$ (9,113)	301,397	292,284	27,643	32,830	60,473
Recognized in profit or loss	9,999	-	9,999	23,129	-	23,129
Recognized in other comprehensive income	-	87,067	87,067	-	(3,396)	(3,396)
Acquisition / disposal	9,113	21,045	30,158	(27,643)	(3,534)	(31,177)
Balance on June 30	**$ 9,999**	**409,509**	**419,508**	**23,129**	**25,900**	**49,029**

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

The Group's financial instruments that use Level 3 inputs to measure fair value include "financial assets and liabilities at fair value through profit or loss", "derivative financial instruments" and "available-for-sale financial assets – equity investments". Quantified information of significant unobservable inputs was as follows:

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

Item	Valuation technique	Significant unobservable inputs	Inter-relationships between significant unobservable inputs and fair value measurement
Available-for-sale financial assets – equity securities listed on emerging stock market	Guideline Public Company method	Lack-of-Marketability Discount (90% on June 30, 2017)	The Higher the Lack-of-Marketability Discount is, the lower the fair value will be
Available-for-sale financial assets – equity securities not listed on emerging stock market	(note 1)	(note 1)	(note 1)
Financial assets and liabilities at fair value through profit or loss	(note 2)	(note 2)	(note 2)

note 1: The fair value is based on unadjusted prior trade prices, therefore there is no need to show the sensitivity analysis of unobservable inputs.

note 2: The fair value is based on the quotation of a third party, therefore there is no need to show the sensitivity analysis of unobservable inputs.

6) Sensitivity analysis for fair values of financial instrument using Level 3 Inputs

The Group's fair value measurement on financial instruments is reasonable. However, the measurement would be different if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters changed, the impact on net income or loss and other comprehensive income or loss are as follows:

			Other comprehensive income	
June 30, 2017	**Input**	**Variation**	**Advantageous change**	**Disadvantageous change**
Available-for-sale financial assets – equity securities listed on emerging stock market	Discount of lock Marketability	±10%	$ 38,356	38,356

(y) Financial risk management

The Group's objectives and policies on financial risk management are consistent with note 6(z) of the consolidated financial statements for the year ended December 31, 2016.

(z) Capital management

Management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2016. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2016. Please refer to Note 6(aa) of the consolidated financial statements for the year ended December 31, 2016 for further details.

(7) Related-party transactions:

(a) Names and relationship of the related parties

The followings are entities that have had transactions with related party during the periods covered in the consolidated interim financial statements.

Name	Relationship
Specialty Technologies, LLC (Specialty)	Real related party
Key management personnel	Key management personnel of the Group

(b) Other related-party transactions

(i) Sales

The amounts of sales by the Group to related parties and the outstanding balances were as follows:

	Sales				Notes and accounts receivable		
	For the three months ended June 30		For the six months ended June 30		June 30,	December 31,	June 30,
	2017	2016	2017	2016	2017	2016	2016
Other related parties	$ 63,327	45,480	116,538	88,085	73,953	102,841	59,165

There were no significant differences in the selling prices and trading terms between the related parties and other customers.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(c) Key management personnel transactions

Key management personnel compensation from continuing operations:

	For the three months ended June 30		For the six months ended June 30	
	2017	**2016**	**2017**	**2016**
Short-term employee benefits	$ 35,587	45,583	84,648	84,253
Post-employment benefits	-	286	-	572
Termination benefits	-	-	-	-
Other long-term benefits	-	-	-	-
Share-based payments	11,035	4,541	22,069	9,087
	$ 46,622	**50,410**	**106,717**	**93,912**

Please refer to note 6(r) for information related to share-based payments.

(8) Pledged assets:

The carrying amounts of pledged assets were as follows:

Pledged assets	**Pledged to secure**	**June 30, 2017**	**December 31, 2016**	**June 30, 2016**
Other non-current assets – restricted assets	Loan collateral and guarantee letters issued by bank	**$ 1,123**	**1,163**	**1,217**

(9) Significant commitments and contingencies:

(a) The Group's guarantee of purchasing materials and borrowings, please refer to note 13.

(b) The following are savings accounts provided by the Group to the bank in order for the bank to issue a guarantee letter to customs as guarantee deposits. Please refer to note 8.

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Guarantee letters	**$ 186,107**	**198,121**	**61,532**

(c) Guarantee notes provided as part of agreements with banks to sell accounts receivables, to acquire long-term borrowings, and to purchase materials were as follows:

	June 30, 2017	**December 31, 2016**	**June 30, 2016**
Sales of accounts receivable	**$ 1,879,423**	**2,805,777**	**2,806,218**
Long-term borrowings	**$ 880,000**	**2,160,000**	**2,160,000**

(Continued)

(d) The aggregate unpaid amounts of contracts pertaining to the purchase of equipment were as follows:

	June 30, 2017	December 31, 2016	June 30, 2016
Property, plant and equipment	$ 78,609	42,286	96,756

(e) The Group entered into lease agreements for its offices and warehouses. Please refer to note 6(n) for future rent payables.

(10) Losses due to major disasters:None

(11) Subsequent events:None

(12) Other:

(a) Employee benefit, depreciation, and amortization expenses are summarized by function from continuing operations are below:

By function / By item	For the three months ended June 30, 2017			For the three months ended June 30, 2016		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	781,435	648,343	1,429,778	966,467	561,251	1,527,718
Labor and health insurance	24,246	28,887	53,133	24,761	23,412	48,173
Pension	53,796	26,665	80,461	66,266	24,622	90,888
Others	13,345	34,150	47,495	11,750	38,076	49,826
Depreciation	297,318	25,649	322,967	319,246	28,749	347,995
Amortization	4,275	43,583	47,858	4,712	40,555	45,267

By function / By item	For the six months ended June 30, 2017			For the six months ended June 30, 2016		
	Operating cost	Operating expenses	Total	Operating cost	Operating expenses	Total
Employee benefits						
Salaries	1,461,879	1,206,129	2,668,008	1,767,978	1,079,207	2,847,185
Labor and health insurance	48,134	63,920	112,054	53,669	55,833	109,502
Pension	109,722	54,946	164,668	134,509	49,685	184,194
Others	27,756	69,961	97,717	25,735	69,832	95,567
Depreciation	594,029	51,702	645,731	635,417	58,599	694,016
Amortization	8,774	86,733	95,507	9,998	80,196	90,194

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(b) Discontinued operations

The Group resolved to dispose parts of the shares of Global TEK in the directors' meeting held on June 21, 2016. Profit and loss, and cash flows from discontinued operations are summarized as follows:

	For the three months ended June 30, 2016	For the six months ended June 30, 2016
Operating revenue	$ 657,393	1,264,841
Operating cost	(494,760)	(958,250)
Gross profit	162,633	306,591
Operating expenses	(92,329)	(171,252)
Net operating income	70,304	135,339
Non-operating income (expenses)	1,019	(322)
Income before income taxes	71,323	135,017
Income tax expense	(21,019)	(39,144)
Net income from discontinued operations	**$ 50,304**	**95,873**
Net income attributable to:		
Stockholders of parent	15,091	28,762
Non-controlling interests	35,213	67,111
	$ 50,304	**95,873**
Cash flows from discontinued operations:		
Cash flows from operating activities	198,018	210,335
Cash flows from investing activities	(110,094)	(118,657)
Cash flows from financing activities	2,195	(26,884)
Effect of foreign currency exchange translation	(10,836)	(20,501)
Net increase in cash and cash in equivalents	**$ 79,283**	**44,293**

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the Regulations for the Group:

(i) Loans to other parties:

No.	Name of lender	Name of borrower	Account name	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
												Item	Value		
1	PKS1	The Company	Other accounts receivable	781,263	736,656	736,656	-	Necessary to loan to other parties	-	Operating capital	-		-	857,911	857,911
2	Tymphany Dongguan	TYDC	Other accounts receivable	38,341	-	-	2%	〃	-	〃	-		-	89,824	89,824
3	TYM HK	TYM Acoustic HK	Other accounts receivable	639,156	639,156	639,156	2%	〃	-	Investing capital	-		-	1,783,656	1,783,656

Note 1: After approval by the Board of directors, PKS1, Tymphany Dongguan and TYM HK can lend the individual and total amount shall not exceed its net worth in the latest financial statements to parent company and subsidiaries whose voting shares are 100% owned, directly or indirectly.
Note 2: Related transactions have been eliminated during preparing the consolidated interim financial statements.

(ii) Guarantees and endorsements for other parties:

No.	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	The Company	PCH2	The subsidiary of PHK1 and PTH2	3,192,576	338,930	319,578	-	-	3.00 %	8,513,536	Y	-	Y
1	PCH2	PCQ1	The same parent company	1,361,553	193,674	133,918	16,659	-	2.95 %	3,630,808	-	-	Y
〃	〃	PKS1	〃	1,361,553	167,398	167,398	54,722	-	3.69 %	3,630,808	-	-	Y

Note 1: The amount of the guarantee to a company shall not exceed 30% of the Company's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 80% of the Company's net worth in the latest financial statements.
Note 2: The amount of the guarantee to a company shall not exceed 30% of the PCH2's net worth in the latest financial statements. The total amount of the guarantee to total company shall not exceed 80% of the PCH2's net worth in the latest financial statements.
Note 3: The above counter-parties of guarantee and endorsement are subsidiaries included in the consolidated interim financial statements.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(iii) Information regarding securities held at the reporting date (subsidiaries, associates and joint ventures not included):

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance: Shares/Units (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
The Company	Shares:							
	Green Rich Technology Co., Ltd.	-	Available-for-sale financial asset-non-current	359	4,000	3.59	4,000	
	WK Technology Fund IV LTD.	-	〃	512	3,820	0.38	3,820	
	Changing Information Technology Inc.	-	〃	179	2,802	1.62	2,802	
	Formosoft International Inc.	-	〃	53	246	0.76	246	
	Syntronix Corp.	-	〃	6	749	0.02	749	
	Ricavision International Inc.	-	〃	917	-	2.04	-	
	Nien Made Enterprise Co., Ltd.	-	〃	1,764	591,404	0.60	591,404	
	Global TEK	-	〃	5,510	370,500	9.18	370,500	
	Grove Ventures, L.P.	-	〃	-	16,740	5.74	16,740	
					990,261			
Primax Tech.	Shares:							
	Echo. Bahn.	-	Available-for-sale financial asset-non-current	400	-	11.90	-	
	WK Global Investment III Ltd.	-	〃	630	10,652	1.32	10,652	
					10,652			

(iv) Information regarding purchase or sale of securities for the period exceeding 300 million or 20% of the Company's paid-in capital:

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance: Shares (thousands)	Beginning Balance: Amount	Purchases: Shares (thousands)	Purchases: Amount	Sales: Shares (thousands)	Sales: Price	Sales: Cost	Sales: Gain (loss) on disposal	Ending Balance: Shares (thousands)	Ending Balance: Amount
TYM Acoustic HK	Shares: TYM Acoustic Europe	Investment accounted for using equity method	Inital offerings	Subsidiary	-	-	-	613,107	-	-	-	32,758 (note 1)	-	645,865
PCH2	Financial instruments of floating income and capital guaranteed	Held-for-trading financial assets	Initial offerings	None	-	-	-	1,450,402	-	1,455,108	1,450,402	4,706 (note 2)	-	-
PCH2	Money market fund of RMB	〃	〃	〃	-	-	-	5,300,169	-	5,293,800	5,282,457	(6,369) (note 2)	-	-
PCQ1	Money market fund of RMB	〃	〃	〃	-	-	-	1,365,830	-	1,366,903	1,364,358	1,073 (note 2)	-	-

Note 1: The adjustment of valuation based on equity method. Also, the investment has been eliminated during preparing the consolidated interim financial statements.
Note 2: Gains of disposal include valuation and exchange differences on translation.

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(v) Information on acquisition of real estate with purchase amount exceeding 300 million or 20% of the Company’s paid-in capital: None

(vi) Information regarding receivables from disposal of real estate exceeding 300 million or 20% of the Company’s paid-in capital: None

(vii) Information regarding related-parties purchases and/or sales exceeding 100 million or 20% of the Company’s paid-in capital:

			Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		
Name of company	Related party	Nature of relationship	Purchase/ Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	Note
The Company	PCH2	The subsidiary of Primax HK	Purchase	12,693,982	80 %	60 days	Price agreed by both side	The same as general purchasing	(5,145,167)	(73)%	
〃	PKS1	The subsidiary of Primax HK	Purchase	502,072	3 %	〃	〃	〃	(342,989)	(5)%	
〃	PCQ1	The subsidiary of Primax HK	Purchase	2,533,963	16 %	〃	〃	〃	(1,033,094)	(15)%	
〃	Polaris	The subsidiary of Primax Tech	(Sale)	(1,541,208)	(9)%	90 days	〃	The same as general selling	119,927	2%	
〃	TYM HK	The subsidiary of TWEL	(Sale)	(123,816)	(1)%	60 days	〃	〃	7,193	-%	
PCH2	The Company	The parent of Primax Cayman	(Sale)	(12,693,982)	(81)%	〃	〃	〃	5,145,167	73%	
PKS1	The Company	The parent of Primax Cayman	(Sale)	(502,072)	(100)%	〃	〃	〃	342,989	32%	
PCQ1	The Company	The parent of Primax Cayman	(Sale)	(2,533,963)	(92)%	〃	〃	〃	1,033,094	90%	
Polaris	The Company	The parent of Primax Tech	Purchase	1,541,208	100 %	90 days	〃	The same as general purchasing	(119,927)	(100)%	
TYM HK	Premium Hui Zhou	Subsidiary	Purchase	1,721,486	31 %	60 days	〃	〃	(848,968)	(42)%	
〃	The Company	The parent of Diamond	Purchase	123,816	2 %	〃	〃	〃	(7,193)	-%	
〃	Tymphany Dongguan	Subsidiary	Purchase	2,723,486	49 %	〃	〃	〃	(917,590)	(45)%	
〃	TYDC	Subsidiary	Purchase	379,736	7 %	〃	〃	〃	(99,761)	(5)%	
Premium Hui Zhou	TYM HK	Parent	(Sale)	(1,721,486)	(94)%	〃	〃	The same as general selling	848,968	98%	
Tymphany Dongguan	TYM HK	Parent	(Sale)	(2,723,486)	(94)%	〃	〃	〃	917,590	88%	
TYDC	TYM HK	Parent	(Sale)	(379,736)	(100)%	〃	〃	〃	99,761	100%	
TYM Acoustic Europe	TYM Acoustic HK	Parent	(Sale)	(157,554)	(91)%	〃	〃	〃	157,342	38%	
TYM Acoustic HK	TYM Acoustic Europe	Subsidiary	Purchase	157,554	100 %	〃	〃	The same as general purchasing	(157,342)	(99)%	

Note 1: Accounts receivables over payment terms has been classified as other payables-non-current.
Note 2: Related transactions have been eliminated during preparing the consolidated interim financial statements.

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(viii) Information regarding receivables from related-parties exceeding 100 million or 20% of the Company's paid-in capital:

Name of company	Counter-party	Nature of relationship	Ending balance (note 2)	Turnover rate	Overdue		Amounts received in subsequent period (note 1)	Allowance for bad debts
					Amount	Action taken		
The Company	Polaris	The Subsidiary of Primax Tech	119,927	17.82	-		119,927	-
PCH2	The Company	The Parent of Primax Cayman	5,145,167	4.19	-		2,139,468	-
PKS1	The Company	The Parent of Primax Cayman	1,079,645	2.67	736,656	Reclassify to Long-term payable, and enhance the control of receivables	89,174	-
PCQ1	The Company	The Parent of Primax Cayman	1,033,094	3.43	-		658,731	-
Premium Hui Zhou	TYM HK	Parent	848,968	3.75	-		438,292	-
Tymphany Dongguan	TYM HK	Parent	917,590	5.16	-		423,956	-
TYM Acoustic Europe	TYM Acoustic HK	Subsidiary	157,342	4.01	-		103,234	-

Note 1: The above information ended Aug 10, 2017.
Note 2: Related transactions have been eliminated during preparing the consolidated interim financial statements.

(ix) Information regarding trading in derivative financial instruments: Please refer to note 6(b).

(x) Significant transactions and business relationship between the parent company and its subsidiaries:

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the three months ended, 2017			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	PCH2	The subsidiary of Primax HK	Purchase	12,693,982	Price agreed by both side	47.51%
〃	〃	〃	〃	Accounts payable	5,145,167	60 days	15.52%
〃	〃	PKS1	〃	Purchase	502,072	Price agreed by both side	1.88%
〃	〃	〃	〃	Accounts payable	342,989	60 days	1.03%
〃	〃	PCQ1	〃	purchase	2,533,963	Price agreed by both side	9.48%
〃	〃	〃	〃	Accounts payable	1,033,094	60 days	3.12%
〃	〃	Polaris	The subsidiary of Primax Tech	Sale	1,541,208	Price agreed by both side	5.77%
〃	〃	〃	〃	Accounts receivable	119,927	90 days	0.36%
〃	〃	TYM HK	The subsidiary of TWEL	Sale	123,816	Price agreed by both side	0.46%

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

No. (Note 1)	Name of company	Name of counter-party	Nature of relationship (Note 2)	Intercompany transactions for the three months ended, 2017			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
1	TYM HK	Premium Hui Zhou	Subsidiary	Purchase	1,721,486	Price agreed by both side	6.44%
〃	〃	〃	〃	Accounts payable	848,968	60 days	2.56%
〃	〃	Tymphany Dongguan	Subsidiary	Purchase	2,723,486	Price agreed by both side	10.19%
〃	〃	〃	〃	Accounts payable	917,590	60 days	2.77%
〃	〃	TYDC	Subsidiary	Purchase	379,736	Price agreed by both side	1.42%
2	TYM Acoustic Europe	TYM Acoustic HK	Subsidiary	Sale	157,554	Price agreed by both side	0.59%
〃	〃	〃	〃	Accounts receivable	157,342	60 days	0.47%

Note 1: Disclosure of the amounts exceeding the lower of NT$100 million.
Note 2: Related transactions have been eliminated during preparing the consolidated interim financial statements.

(b) Information on investments:

The following are the information on investees for the six months ended June 30, 2017 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2017			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2017	December 31, 2016	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Primax Cayman	Cayman Islands	Holding company	2,540,588	2,540,588	8,147,636	100.00	4,538,732	174,353	220,516	
〃	Primax Tech.	Cayman Islands	Holding company	897,421	897,421	285,067	100.00	1,934,528	75,714	85,731	
〃	Destiny BVI.	Virgin Island	Holding company	30,939	30,939	1,050	100.00	25,269	80	80	
〃	Destiny Japan	Japan	Market development and customer service	7,032	7,032	0.50	100.00	16,976	7	7	
〃	Diamond	Cayman Islands	Holding company	2,517,298	2,517,298	84,050	100.00	3,124,936	155,931	155,931	
〃	Gratus Tech.	USA	Market development and customer service	9,330	9,330	300	100.00	9,513	203	203	
	Total			6,002,608	6,002,608			9,649,954	406,288	462,468	
Primax Cayman	Primax HK	Hong Kong	Holding company and customer service	2,375,164	2,375,164	602,817	100.00	4,593,972	177,864	177,864	
Primax Tech.	Polaris	USA	Sale of multi-function printers and computer peripheral devices	52,680	52,680	1,600	100.00	377,365	5,525	5,525	
Diamond	TWEL	Cayman Islands	Holding company	2,515,800	2,515,800	38,501	70.00	3,026,425	283,178	160,298	
TWEL	TYM HK	Hong Kong	Holding company and sale of audio accessories, amplifiers and their components	76,280 (note 1)	76,280 (note 1)	144,395	100.00	1,755,300	264,795	264,795	
〃	TYP	USA	Market development and customer service of amplifiers and their components	15 (note 1)	15 (note 1)	0.50	100.00	6,746	2,149	2,149	
TYM HK	TYML	USA	Sales of audio accessories, amplifiers and their components	6,628	6,628	200	100.00	(562)	243	9,763	

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount June 30, 2017	Original investment amount December 31, 2016	Balance as of June 30, 2017 Shares (thousands)	Balance as of June 30, 2017 Percentage of ownership	Balance as of June 30, 2017 Carrying value	Net income (losses) of investee	Share of profits/losses of investee	Note
Premium Hui Zhou	TYM Acoustic HK	Hong Kong	Research and development, design, and sale of audio accessories, ampliers and their components	19,497	-	5,000	100.00	48,508	(2,198)	(2,198)	
TYM Acoustic HK	TYM UK	United Kingdom	Research and development and design of audio accessories, ampliers and their components	3,960	-	100	100.00	4,113	142	142	
〃	TYM Acoustic Europe	Czech Republic	Manufacture, install and repair of aduio accessories and their components	613,107	-	187,800	100.00	645,865	1,559	1,559	

Note 1: The amount is the initial investment costs from the original shareholders prior to the acquisition of the Company through Diamond.
Note 2: Related transactions have been eliminated during preparing the consolidated interim financial statements.

(c) Information on investment in Mainland China:

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

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2017	Investment flows Outflow	Investment flows Inflow	Accumulated outflow of investment from Taiwan as of June 30, 2017	Net income (losses) of the investee	Percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
PCH2	Manufacture of multifunctional peripherals, computer mice, mobile phone accessories, consumer electronics products, and shredders	2,003,515	Indirect investment through Primax Cayman and Primax Tech.	1,773,902 (note 2)	-	-	1,669,540 (note 2)	227,647	100%	227,647	4,538,507	-
Destiny Bejing	Research and development of computer peripheral devices and software	39,688	Indirect investment through Destiny BVI.	33,893 (note 2)	-	-	31,958 (note 2)	80	100%	80	25,265	-
PKS1	Manufacture of computer, peripherals and keyboards	877,273	Indirect investment through Primax Cayman	710,138 (note 2)	-	-	669,592 (note 2)	(30,918)	100%	(30,918)	857,911	-
PCQ1	Manufacture of computer, peripherals and keyboards	563,048	Indirect investment through Primax Cayman	645,580 (note 2)	-	-	608,720 (note 2)	64,179	100%	64,179	947,667	-
Premium Hui Zhou	Research and development, design, and sale of audio accessories, amplifiers and their components	141,260 (note 3)	Indirect investment through Diamond	2,711,436	-	-	2,556,624	28,057	70%	19,640	432,758	-
Tymphany Dongguan	〃	15,218	〃	16,140	-	-	15,218	42,199	70%	34,234	62,877	-
TYDC	〃	89,856	〃	-	-	-	- (Note 2)	3,803	70%	2,662	65,960	-

Note 1: The above information on the exchange rate is as follows: HKD:TWD \$3.8993; USD:TWD 30.436; RMB:TWD 4.4928.
Note 2: The difference between accumulated out flow of investments and paid-in capital derived was from the currency exchange on translation, capital increase from retained earning and working capital.
Note 3: The amount is the initial investment costs from the original shareholders prior to the acquisition of the Company through Diamond.
Note 4: Related transactions have been eliminated during preparing the consolidated interim financial statements.

(Continued)

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(ii) Upper limit on investment in Mainland China:

Name of Company	Accumulated Investment in Mainland China as of June 30, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	5,636,121	6,406,709	None (Note)

Note: The Company has received the Certificate issued by the Industrial Development Bureau, Ministry of Economic Affairs, allowing it to start the operating of its headquarters.

The above investment income (losses) in Mainland China, except for PCH2, was reviewed by the Company's auditors, Premium Hui Zhou, Tymphany Dongguan and TYDC were reviewed by other auditors, and other information related to subsidiaries came from financial reports prepared by the investees, not reviewed by auditors.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated interim financial statements for the six months ended June 30, 2017, are disclosed in " Information on significant transactions" and " Significant transactions and business relationship between the parent company and its subsidiaries."

(14) Segment information:

For the six months ended June 30, 2017 and 2016, the Group's segment information has no significant change. Please refer to note 14 of the consolidated financial statements for the year ended December 31, 2016 for further information.

	For the three months ended June 30, 2017		
	Computer Peripherals	**Non-computer Peripherals**	**Total**
Revenue			
External revenue	$ 5,314,636	8,520,552	13,835,188
Intra-group revenue	-	-	-
Elimination from discontinued operations	-	-	-
Total segment revenue	**$ 5,314,636**	**8,520,552**	**13,835,188**
Profit from segments reported	$ 316,723	363,249	679,972
Elimination from discontinued operations	-	-	-
Total profit	**$ 316,723**	**363,249**	**679,972**

PRIMAX ELECTRONICS LTD. AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

	For the three months ended June 30, 2016		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	$ 6,291,550	9,266,309	15,557,859
Intra-group revenue	-	-	-
Elimination from discontinued operations	-	(657,393)	(657,393)
Total segment revenue	**$ 6,291,550**	**8,608,916**	**14,900,466**
Profit from segments reported	$ 438,078	232,617	670,695
Elimination from discontinued operations	-	(71,323)	(71,323)
Total profit	**$ 438,078**	**161,294**	**599,372**

	For the six months ended June 30, 2017		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	$ 10,072,437	16,643,935	26,716,372
Elimination from discontinued operations	-	-	-
Total profit	**$ 10,072,437**	**16,643,935**	**26,716,372**
Profit from segments reported	$ 548,435	721,544	1,269,979
Elimination from discontinued operations	-	-	-
Total profit	**$ 548,435**	**721,544**	**1,269,979**

	For the six months ended June 30, 2016		
	Computer Peripherals	Non-computer Peripherals	Total
Revenue			
External revenue	$ 13,041,600	16,528,842	29,570,442
Intra-group revenue	-	-	-
Elimination from discontinued operations	-	(1,264,861)	(1,264,861)
Total segment revenue	**$ 13,041,600**	**15,263,981**	**28,305,581**
Profit from segments reported	$ 779,252	550,655	1,329,907
Elimination from discontinued operations	-	(135,017)	(135,017)
Total profit	**$ 779,252**	**415,638**	**1,194,890**