Stock Code:6462

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Financial Statements

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

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

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Independent Auditors' Review Report

To the Board of Directors of Egis Technology Inc.:

Introduction

We have reviewed the accompanying consolidated balance sheets of Egis Technology Inc. ("the Company") and its subsidiaries ("the Group") as of June 30, 2019 and 2018, and the related consolidated statements of comprehensive income for the three months and six months then ended as well as the changes in equity and cash flows for the six months then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. The management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2019 and 2018, and of its consolidated financial performance for the three months and six months then ended as well as its consolidated cash flows for the six months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the audit resulting in this independent auditors' report are Wei-Ming Shih and Huei-Chen Chang .

KPMG

Taipei, Taiwan (Republic of China)
August 12, 2019

Notes to Readers

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

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

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

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Balance Sheets

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

(Expressed in Thousands of New Taiwan Dollars)

	Assets	June 30, 2019 Amount	%	December 31, 2018 Amount	%	June 30, 2018 Amount	%
	Current assets:						
1100	Cash and cash equivalents (notes 6(a)(x))	$ 2,492,038	48	2,473,863	57	2,257,205	46
1110	Financial assets at fair value through profit or loss－current (notes 6(b)(x))	32,411	1	-	-	-	-
1170	Accounts receivable, net (notes 6(d)(r)(x))	1,231,554	23	614,327	14	1,013,485	20
130X	Inventories (note 6(e))	265,867	5	555,919	13	1,114,972	23
1410	Prepaid expenses and other current assets	85,676	2	77,611	2	74,860	2
1476	Other financial assets－current (notes 6(a)(f)(x) and 8)	439,824	8	28,681	1	46,222	1
	Total current assets	4,547,370	87	3,750,401	87	4,506,744	92
	Non-current assets:						
1517	Non-current financial assets at fair value through other comprehensive income(note 6(c))	195,216	4	41,033	1	87,425	2
1550	Investments accounted for using equity method (note 6(g))	59,141	1	25,963	1	-	-
1600	Property, plant and equipment (note 6(j))	49,230	1	39,437	1	33,722	-
1755	Right-of-use assets (note 6(k))	113,626	2	-	-	-	-
1780	Intangible assets (notes 6(i)(l))	231,696	4	214,695	5	192,599	4
1840	Deferred income tax assets	40,361	1	40,361	1	50,690	1
1960	Prepayments for investments (note 6(h))	-	-	186,593	4	34,157	1
1920	Refundable deposits (note 6(x))	10,825	-	9,581	-	9,685	-
1980	Other financial assets－non-current (notes 6(a)(x))	461	-	472	-	-	-
1995	Other non-current assets	-	-	-	-	153	-
	Total non-current assets	700,556	13	558,135	13	408,431	8
	Total assets	$ 5,247,926	100	4,308,536	100	4,915,175	100

	Liabilities and Equity	June 30, 2019 Amount	%	December 31, 2018 Amount	%	June 30, 2018 Amount	%
	Current liabilities:						
2100	Short-term borrowings (notes 6(m)(w)(x)(y) and 8)	$ 968,042	18	961,315	22	967,087	20
2170	Notes and accounts payable (notes 6(x)(y))	573,731	11	396,474	9	720,091	14
2216	Cash dividends payable (note 6(r))	554,844	11	-	-	301,462	6
2230	Current tax liabilities	102,834	2	110,812	3	139,659	3
2280	Current lease liabilities (notes 6(n))	38,747	1	-	-	-	-
2399	Accrued expenses and other current liabilities (notes 6(v)(x)(y))	726,744	14	446,773	10	355,236	7
	Total current liabilities	2,964,942	57	1,915,374	44	2,483,535	50
	Non-current liabilities:						
2570	Deferred income tax liabilities	1,038	-	1,038	-	-	-
2580	Non-current lease liabilities (notes 6(n))	76,311	1	-	-	-	-
	Total liabilities	3,042,291	58	1,916,412	44	2,483,535	50
	Equity (notes 6(r)(s)):						
3110	Common stock	711,608	13	709,743	16	709,803	15
3140	Common stock subscribed	-	-	930	-	-	-
3200	Capital surplus	974,534	19	963,159	22	948,681	19
	Retained earnings:						
3310	Legal reserve	137,801	3	70,722	2	70,722	2
3320	Special reserve	48,867	1	-	-	-	-
3350	Unappropriated earnings	705,075	13	1,005,824	23	845,950	17
	Other equity interest:						
3411	Exchange differences on translation of foreign financial statements	4,375	-	3,935	-	4,152	-
3420	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	(83,824)	(2)	(52,802)	(1)	(6,410)	-
3491	Deferred compensation cost arising from issuance of restricted stock	(16,992)	-	(30,647)	-	(62,383)	(1)
3500	Treasury stock	(278,740)	(5)	(278,740)	(6)	(78,875)	(2)
	Equity attributable to shareholders of the Company	2,202,704	42	2,392,124	56	2,431,640	50
36XX	Non-controlling interests (note 6(r))	2,931	-	-	-	-	-
	Total equity	2,205,635	42	2,392,124	56	2,431,640	50
	Total liabilities and equity	$ 5,247,926	100	4,308,536	100	4,915,175	100

See accompanying notes to consolidated financial statements.

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

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

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

(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			
		2019		2018		2019		2018	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Revenue (note 6(u))**	$ 1,898,529	100	1,479,849	100	3,291,648	100	3,113,534	100
5000	**Costs of revenue (notes 6(e)(j) and 12)**	(1,175,578)	(62)	(913,469)	(62)	(1,993,451)	(61)	(1,970,994)	(63)
	Gross profit	722,951	38	566,380	38	1,298,197	39	1,142,540	37
	Operating expenses (notes 6(d)(j)(k)(l)(n)(o)(p)(s)(v), 7 and 12):								
6100	Selling expenses	(66,272)	(3)	(67,624)	(5)	(119,979)	(4)	(129,763)	(4)
6200	Administrative expenses	(82,477)	(4)	(63,354)	(4)	(148,729)	(4)	(116,455)	(4)
6300	Research and development expenses	(340,691)	(18)	(177,684)	(12)	(641,335)	(19)	(328,981)	(11)
	Total operating expenses	(489,440)	(25)	(308,662)	(21)	(910,043)	(27)	(575,199)	(19)
	Operating income	233,511	13	257,718	17	388,154	12	567,341	18
	Non-operating income and loss:								
7010	Other income (notes 6(w) and 7)	23,886	1	10,565	1	41,999	1	16,752	-
7020	Other gains and losses, net (note 6(w))	31,169	2	87,967	6	44,147	1	53,598	2
7050	Finance costs (note 6(w))	(4,495)	-	(1,752)	-	(8,673)	-	(4,191)	-
7060	Share of profits of associates and joint ventures accounted for using equity method (note 6(g))	(14,970)	(1)	-	-	(29,058)	(1)	-	-
	Total non-operating income and loss	35,590	2	96,780	7	48,415	1	66,159	2
	Net income before tax	269,101	15	354,498	24	436,569	13	633,500	20
7950	Less: Income tax expenses (note 6(q))	(41,415)	(2)	(60,067)	(4)	(82,206)	(2)	(122,583)	(4)
	Net income	227,686	13	294,431	20	354,363	11	510,917	16
	Other comprehensive income:								
8310	**Items that will not be reclassified subsequently to profit or loss:**								
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income (notes 6(r)(x))	(30,245)	(2)	(6,626)	-	(31,022)	(1)	(7,585)	-
8349	Income tax related to items that will not be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
		(30,245)	(2)	(6,626)	-	(31,022)	(1)	(7,585)	-
8360	**Items that may be reclassified subsequently to profit or loss:**								
8361	Exchange differences on translation of foreign operations(notes 6(g)(r))	761	-	1,157	-	440	-	914	-
8399	Income tax related to items that may be reclassified subsequently to profit or loss	-	-	-	-	-	-	-	-
		761	-	1,157	-	440	-	914	-
	Other comprehensive income (loss), net	(29,484)	(2)	(5,469)	-	(30,582)	(1)	(6,671)	-
	Comprehensive income	$ 198,202	11	288,962	20	323,781	10	504,246	16
	Net income attributable to:								
8610	Shareholders of the Company	$ 236,373	13	294,431	20	370,041	11	510,917	16
8620	Non-controlling interests	(8,687)	-	-	-	(15,678)	-	-	-
		$ 227,686	13	294,431	20	354,363	11	510,917	16
	Total comprehensive income attributable to:								
8710	Shareholders of the Company	$ 206,889	11	288,962	20	339,459	10	504,246	16
8720	Non-controlling interests	(8,687)	-	-	-	(15,678)	-	-	-
		$ 198,202	11	288,962	20	323,781	10	504,246	16
	Earnings per share (in New Taiwan dollars) (note 6(t)) :								
9750	Basic earnings per share	$	3.46		4.20		5.42		7.27
9850	Diluted earnings per share	$	3.43		4.18		5.37		7.22

See accompanying notes to consolidated financial statements.

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

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Attributable to shareholders of the Company												
				Retained earnings			Other equity interest						
	Common stock	Common stock subscribed	Capital Surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Deferred compensation cost arising from issuance of restricted stock	Treasury stock	Total	Non-controlling interests	Total equity
Balance at January 1, 2018	$ 704,908	4,415	942,038	11,403	-	695,814	3,238	-	(97,734)	-	2,264,082	-	2,264,082
Effects of retrospective application	-	-	-	-	-	-	-	1,175	-	-	1,175	-	1,175
Equity at beginning of period after adjustments	704,908	4,415	942,038	11,403	-	695,814	3,238	1,175	(97,734)	-	2,265,257	-	2,265,257
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	59,319	-	(59,319)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(301,462)	-	-	-	-	(301,462)	-	(301,462)
Purchase of treasury share	-	-	-	-	-	-	-	-	-	(78,875)	(78,875)	-	(78,875)
Issuance of common stock from exercise of employee stock options	4,895	(4,415)	5,045	-	-	-	-	-	-	-	5,525	-	5,525
Compensation cost of employee stock options	-	-	1,598	-	-	-	-	-	-	-	1,598	-	1,598
Compensation cost arising from restricted shares of stock issued to employees	-	-	-	-	-	-	-	-	35,351	-	35,351	-	35,351
Net income in 2018	-	-	-	-	-	510,917	-	-	-	-	510,917	-	510,917
Other comprehensive income in 2018	-	-	-	-	-	-	914	(7,585)	-	-	(6,671)	-	(6,671)
Total comprehensive income in 2018	-	-	-	-	-	510,917	914	(7,585)	-	-	504,246	-	504,246
Balance at June 30, 2018	$ 709,803	-	948,681	70,722	-	845,950	4,152	(6,410)	(62,383)	(78,875)	2,431,640	-	2,431,640
Balance at January 1, 2019	$ 709,743	930	963,159	70,722	-	1,005,824	3,935	(52,802)	(30,647)	(278,740)	2,392,124	-	2,392,124
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	-	67,079	-	(67,079)	-	-	-	-	-	-	-
Special reserve	-	-	-	-	48,867	(48,867)	-	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	-	(554,844)	-	-	-	-	(554,844)	-	(554,844)
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	18,609	18,609
Issuance of common stock from exercise of employee stock options	1,895	(930)	11,308	-	-	-	-	-	-	-	12,273	-	12,273
Compensation cost arising from restricted shares of stock issued to employees	-	-	37	-	-	-	-	-	13,655	-	13,692	-	13,692
Retirement of restricted shares of stock issued to employees	(30)	-	30	-	-	-	-	-	-	-	-	-	-
Net income in 2019	-	-	-	-	-	370,041	-	-	-	-	370,041	(15,678)	354,363
Other comprehensive income in 2019	-	-	-	-	-	-	440	(31,022)	-	-	(30,582)	-	(30,582)
Total comprehensive income in 2019	-	-	-	-	-	370,041	440	(31,022)	-	-	339,459	(15,678)	323,781
Balance at June 30, 2019	$ 711,608	-	974,534	137,801	48,867	705,075	4,375	(83,824)	(16,992)	(278,740)	2,202,704	2,931	2,205,635

See accompanying notes to consolidated financial statements.

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

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2019	**2018**
Cash flows from operating activities:		
Income before income taxes	$ 436,569	633,500
Adjustments for:		
Adjustments to reconcile profit (loss):		
Depreciation	28,393	7,469
Amortization	20,808	11,088
Net loss (gain) on financial assets at fair value through profit or loss	(1,572)	755
Interest expense	8,673	4,191
Interest income	(39,134)	(16,535)
Share-based payments	13,692	36,949
Share of loss of associates and joint ventures accounted for using equity method	29,058	-
Total adjustments to reconcile profit	59,918	43,917
Changes in operating assets and liabilities:		
Changes in operating assets:		
Accounts receivable	(617,227)	(284,196)
Inventories	290,052	(415,419)
Prepayments and other current assets	(2,599)	(8,937)
Total changes in operating assets	(329,774)	(708,552)
Changes in operating liabilities:		
Notes and accounts payable	177,257	77,493
Accrued expenses and other current liabilities	271,284	43,368
Total changes in operating liabilities	448,541	120,861
Total changes in operating assets and liabilities	118,767	(587,691)
Cash provided by operations	615,254	89,726
Interest received	34,450	18,019
Interest paid	(8,389)	(3,964)
Income taxes paid	(96,388)	(112,587)
Net cash provided by (used in) operating activities	544,927	(8,806)

See accompanying notes to consolidated financial statements.

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

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued)

For the six months ended June 30, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30	
	2019	2018
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(62,140)	-
Acquisition of financial assets at fair value through profit or loss	(30,839)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	57,157
Acquisition of investments accounted for using equity method	(43,232)	-
Increase in prepayments for investments	-	(34,157)
Net cash flows from acquisition of subsidiaries	34,034	-
Acquisition of property, plant and equipment	(13,463)	(7,422)
Acquisition of intangible assets	(5,580)	(3,046)
Decrease (Increase) in other financial assets	(406,448)	485,710
Increase in refundable deposits	(702)	-
Increase in other non-current assets	-	(63)
Net cash provided by (used in) investing activities	(528,370)	498,179
Cash flows from financing activities:		
Proceeds from short-term borrowings	2,431,338	1,770,172
Repayments of short-term borrowings	(2,424,611)	(1,083,604)
Payment of lease liabilities	(17,399)	-
Proceeds from exercise of employee stock options	12,273	5,525
Purchase of treasury stock	-	(78,875)
Net cash provided by financing activities	1,601	613,218
Effects of foreign exchange rate changes	17	903
Net increase in cash and cash equivalents	18,175	1,103,494
Cash and cash equivalents at beginning of the period	2,473,863	1,153,711
Cash and cash equivalents at end of the period	$ 2,492,038	2,257,205

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Issued in Chinese)

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

EGIS TECHNOLOGY INC. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the six months ended June 30, 2019 and 2018

(expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

1. Organization and business

Egis Technology Inc. (the "Company") was incorporated on December 26, 2007 as a company limited by shares under the laws of the Republic of china ("R.O.C.") and registered under the Ministry of Economic Affairs, R.O.C. The address of its registered office is 2F No. 360 Ruiguang Rd., Neihu Dist., Taipei City, Taiwan. The Company and its subsidiaries (collectively the "Group") are primarily engaged in research, development, and sales of data security software, biometric identification software and hardware. On December 23, 2015, the Company' s common shares became listed on the Taipei Exchange (formerly "GreTai Securities Market").

2. Authorization of the consolidated financial statements

The consolidated financial statements were authorized for issuance by the Board of Directors on August 12, 2019.

3. Application of new and revised accounting standards and interpretations:

(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, 2019.

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019

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

(i) IFRS 16 "Leases"

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

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applied IFRS 16 using the modified retrospective approach. The details of the changes in accounting policies are disclosed below,

1) Definition of a lease

Previously, the Group determined at contract inception whether an arrangement is or contains a lease under IFRIC 4. Under IFRS 16, the Group assesses whether a contract is or contains a lease based on the definition of a lease, as explained in note 4(d).

On transition to IFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after January 1, 2019.

2) As a lessee

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under IFRS 16, the Group recognizes right-of-use assets and lease liabilities for most leases – i.e. these leases are on balance sheet.

The Group decided to apply recognition exemptions to short-term and low-value lease assets such as offices, office equipments and employees dormitories.

At transition, if the leases were previously classified as operating leases under IAS 17, its right-of-use assets and lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group's incremental borrowing rate as at January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

In addition, the Group used the following practical expedients when applying IFRS 16 to leases.

a. Applied a single discount rate to a portfolio of leases with similar characteristics.

b. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term.

c. Excluded initial direct costs from measuring the right-of-use asset at the date of initial application.

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Impacts on financial statements

On transition to IFRS 16, the Group recognised additional $114,259 thousands of both right-of-use assets and lease liabilities. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at January 1, 2019. The weighted-average rate applied is 2.13%.

The explanation of differences between operating lease commitments disclosed at the end of the annual reporting period immediately preceding the date of initial application, and lease liabilities recognized in the statement of financial position at the date of initial application disclosed as follows:

		January 1, 2019
Operating lease commitment at December 31, 2018 as disclosed in the Group's consolidated financial statements	$	120,393
Recognition exemption for:		
Short-term leases		(1,438)
Leases of low-value assets		(136)
	$	**118,819**
Lease liabilities recognized at January 1, 2019 (Discounted using the incremental borrowing rate at January 1, 2019)	$	**114,259**

(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, 2020 in accordance with Ruling No. 1080323028 issued by the FSC on July 29, 2019:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The Group assesses that the adoption of the abovementioned standards would not have any material impact on its consolidated financial statements.

(Continued)

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(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 International Accounting Standards Board (IASB), but have yet to be endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Effective date to be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021

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

4. Summary of significant accounting policies

(a) Statement of compliance

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

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statements for the year ended December 31, 2018. Please refer to note 4 of the consolidated financial statements for the year ended December 31, 2018 for the related information.

(b) Basis of consolidation

(i) List of subsidiaries included in the consolidated financial statements :

Name of Investor	Name of Subsidiary	Principal Activity	Shareholding June 30, 2019	Shareholding December 31, 2018	Shareholding June 30, 2018
The Company	Egis Inc.(Cayman Islands)	Investment and holding activity	100.00 %	100.00 %	100.00 %
The Company	Egis Technology (Japan) Inc.	Sale of data security software and biometric authentication software and hardware	100.00 %	100.00 %	100.00 %
The Company	Egis Tec USA Inc.	Technology development	100.00 %	100.00 %	100.00 %
The Company	Egis Technology Korea Inc.	Customer service, business promotion and technical support	100.00 %	100.00 %	100.00 %
The Company	Igistec Co., Ltd.	Technology development	74.69 % (Note 1)	-	-

Note 1: The Group acquired and took control over Igistec on January 14, 2019. Therefore, Igistec has been included in the Group's consolidated financial statements from the date the control commenced.

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Investments accounted for using equity method

Investments accounted for using the equity method include investments in associates and interests in joint venture.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The operating results as well as assets and liabilities of associates and joint venture are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated balance sheet at cost, and adjusted thereafter, to recognize the Group's share of profit or loss and other comprehensive income (loss) of the associate and joint venture, as well as the distribution received. The Group also recognizes its share in the changes in the equities of associates and joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities, and contingent liabilities of an associate or a joint venture recognized at the date of acquisition, is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group subscribes to additional shares in an associate or a joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate or joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate or joint venture by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate or joint venture shall be reclassified to profit or loss on the same basis as would be required if the associate or joint venture had directly disposed of the related assets or liabilities.

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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Unrealized profits resulting from transactions between the Group and an associate or joint venture are eliminated to the extent of the Group' s interest in the associate or joint venture. Unrealized losses on transactions with associates or joint venture are eliminated in the same way, except to the extent that the underlying asset is impaired.

Adjustments are made to associates' and joint ventures' financial statements to conform to the accounting polices applied by the Group.

(d) Leases (applicable from January 1, 2019)

(i) Identifying a lease

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

1) The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) The Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) The Group has the right to direct the use of an asset if either:

- the Group has the right to operate the asset during the whole contract period, wherein the supplier does not have the right to change this operation; or

- the Group designed the asset in a way that predetermines how, and for what purpose, it will be used during the whole contract period.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a leasee

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

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

— fixed payments ;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change of its assessment on whether it will exercise a purchase, extension or termination option; or

— there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group applies the recognition exemptions to its offices, office equipment and employee dormitories, which qualifies as short-term leases and low-value asset leases. The Group recognizes the lease payments associated with these leases as expenses on a straight-line basis over their lease terms.

(Continued)

(e) Income taxes

Tax expense in the consolidated interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting".Income tax expense is best estimated by multiplying pre-tax income for the interim reporting period with the effective annual tax rate as forecasted by the management, and is recognized as current tax expense.

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 effective tax rate at the time of realizations or liquidation and shall be recognized directly in equity or other comprehensive income as tax expense.

For a change in tax rate that is substantively enacted in an interim period, the effect of the change is spread in the tax rate by an adjustment to the estimated annual effective income tax rate.

(f) Business combination

Business combination are accounted for using the acquisition method. Goodwill is measured as the excess of the acquisition-date fair value of the consideration transferred, including any non-controlling interest in the acquiree, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed (generally at fair value). If the residual balance is negative, the Group shall re-assess whether it has correctly identified all of the assets acquired and liabilities assumed and recognize any additional assets or liabilities that are identified in that review, and shall recognize a gain on the bargain purchase thereafter.

Acquisition-related costs are expensed as incurred except for the costs related to issuance of debt or equity instruments.

For each business combination non-controlling interests in the acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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 at the acquisition date are retrospectively adjusted, or additional assets or liabilities are recognized to reflect the newly acquired information on facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date.

5. Critical accounting judgments and key sources of estimation uncertainty

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

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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, 2018. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2018.

6. Significant account disclosures

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, 2018. Please refer to note 6 of the 2018 annual consolidated financial statements.

(a) Cash and cash equivalents

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand	$ 839	728	685
Bank deposits	388,437	513,814	529,438
Time deposits	2,102,762	1,867,176	1,635,702
Repurchase agreements－bond	-	92,145	91,380
	$ 2,492,038	2,473,863	2,257,205

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

	June 30, 2019	December 31, 2018	June 30, 2018
Open-end mutual fund	$ 32,411	-	-

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

	June 30, 2019	December 31, 2018	June 30, 2018
Equity instruments at fair value through other comprehensive income：			
Unlisted common shares	$ 195,216	41,033	87,425

The Group designated the investments shown above as equity securities as at fair value through other comprehensive income because these equity securities represent those investments that the Group intends to hold for long-term for strategic purposes.

No strategic investments were disposed in the six months ended June 30, 2019 and 2018, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

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(d) Accounts receivable

	June 30, 2019	December 31, 2018	June 30, 2018
Accounts receivable	$ 1,231,892	616,524	1,038,623
Less: Allowance for impairment	(338)	(2,197)	(25,138)
	$ 1,231,554	614,327	1,013,485

The Group applies the simplified approach to provide for its expected credit loss, i.e. the use of lifetime expected loss provision for all receivables. The loss allowance provision was determined as follows:

	June 30, 2019		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,231,554	0.0001%	-
More than 180 days past due	338	100%	338
	$ 1,231,892		338

	December 31, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 614,327	0.0001%	-
More than 180 days past due	2,197	100%	2,197
	$ 616,524		2,197

	June 30, 2018		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	$ 1,013,485	0.0001%	-
More than 180 days past due	25,138	100%	25,138
	$ 1,038,623		25,138

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The movement in the allowance for accounts receivable was as follows:

	For the six months ended June 30	
	2019	**2018**
Balance at January 1	$ 2,197	24,560
Write-off	(1,917)	-
Foreign exchange losses (gain)	58	578
Balance at June 30	$ **338**	**25,138**

(e) Inventories

	June 30, 2019	**December 31, 2018**	**June 30, 2018**
Raw materials	$ 74,429	17,249	95,158
Work in process	188,833	508,556	982,674
Finished goods	2,605	30,114	37,140
	$ **265,867**	**555,919**	**1,114,972**

For the three months and six months ended June 30, 2019 and 2018, the cost of inventories sold, which were included in costs of revenue, amounted to $942,553, $896,806, $1,687,134 and $1,956,556, respectively, of which the write-downs of inventories to net realizable value amounted to $28,476, $13,547, $60,672 and $12,540, respectively.

(f) Other financial assets – current

	June 30, 2019	**December 31, 2018**	**June 30, 2018**
Time deposit (with original maturities of between three months and one year)	$ 413,098	9,215	9,138
Restricted bank deposits	10,000	10,000	30,713
Other receivables	16,726	9,466	6,371
	$ **439,824**	**28,681**	**46,222**

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(g) Investments accounted for using equity method

The Group's investments accounted for using equity method at the reporting date were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Associates	$ 55,676	-	-
Joint ventures	3,465	25,963	-
	$ **59,141**	**25,963**	**-**

The Group's financial information on its investments in individually insignificant investments accounted for using equity method (please refer to note 13(b)) at the reporting date was as follows. The financial information is included in the consolidated financial statements.

	For the three months ended June 30		For the six months ended June 30	
	2019	**2018**	**2019**	**2018**
Attributable to the Group:				
Net income (loss)	$ (14,970)	-	(29,058)	-
Other comprehensive income	465	-	476	-
Total comprehensive income (loss)	$ **(14,505)**	**-**	**(28,582)**	**-**

(h) Prepayments for investments

As of December 31 and June 30, 2018, the Group invested the amounts of $186,593 and $34,157, respectively, to acquire the common shares of its investees for the development techniques of its optical sensing and fingerprint identification. During the first quarter of 2019, the prepayments for investments were reclassified to investments in subsidiary, investments accounted for using equity method, and financial assets at fair value through other comprehensive income.

(i) Acquisition of subsidiaries

(i) The cost of acquisition

On January 14, 2019 (the acquisition date), the Group acquired 74.69% ownership of Igistec Co., Ltd. (Igistec) for a cash consideration of $59,497, and obtained control over it since then.

Igistec is primarily engaged in IC design and research of thin-film transistor sensor readout circuits; which was the main reason the Group acquired it to expand the development of its biometric products.

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(ii) Identifiable net assets acquired in a business combination

The consideration paid for the acquisition, as well as fair value information of assets acquired and liabilities assumed from the acquisition on the acquisition date are as follows:

Purchase consideration:		
Cash		$ 59,497
Add: Non-controlling interests in the acquiree (proportionate share of the fair value of the identifiable net assets)		18,609
Less: Fair value of identifiable assets acquired and liabilities assumed		
Cash	48,531	
Prepaid expensed and other current assets	1,710	
Property, plant and equipment	491	
Intangible assets—technology	27,352	
Intangible assets—software	292	
Other non-current assets	571	
Accrued expenses and other current liabilities	(5,417)	73,530
Goodwill		$ 4,576

The Group will continually inspect the aforementioned items during valuation period; and if there is information discovered within one year from the acquisition date about facts and circumstances that existed at the acquisition date which leads to an adjustment to the above provision amounts, or any additional provisions as at the acquisition date, then the acquisition accounting will be revised.

(iii) Intangible assets—technology

Intangible assets—technology is amortized on a straight-line basis over the estimated future economic useful life of 8 years.

Goodwill arising from the acquisition of Igistec is due to its expertise in the design of thin-film transistor sensor readout circuit, which did not meet the criteria for intangible assets; therefore, it cannot be recognized individually. None of the goodwill recognized is expected to be deductible for income tax purposes.

(iv) Pro forma information

From the acquisition date to June 30, 2019, Igistec contributed revenue of $0 and net loss of $(60,378) to the Group's results. However, if this acquisition had occured on January 1, 2019, the management estimates that the consolidated revenue and net income after tax from January 1 to June 30, 2019 would have been $3,291,648 and $354,247, respectively.

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(j) Property, plant and equipment

		Tooling	Research and development equipment	Leasehold improvement	Other equipment	Total
Carrying amounts:						
Balance at June 30, 2019	$	1,050	14,815	6,758	26,607	49,230
Balance at January 1, 2019	$	1,230	9,172	3,994	25,041	39,437
Balance at June 30, 2018	$	201	5,073	4,556	23,892	33,722

There were no significant additions, disposals, or recognition and reversal of impairment losses of property, plant and equipment for the six months ended June 30, 2019 and 2018. Information on depreciation for the period is discussed in note 12. Please refer to note 6(i) of the 2018 annual consolidated financial statement for other related information.

(k) Right-of-use assets

		Buildings
Cost:		
Balance at January 1, 2019	$	-
Effects of retrospective application of IFRS 16		114,259
Balance at January 1, 2019 after adjustments		114,259
Additions		18,233
Effect of exchange rates changes		(35)
Balance at June 30, 2019	$	132,457
Accumulated depreciation:		
Balance at January 1, 2019	$	-
Depreciation		18,832
Effect of exchange rates changes		(1)
Balance at June 30, 2019	$	18,831
Carrying amount:		
Balance at June 30, 2019	$	113,626

The Group leases office, employee dormitories and other office equipments under operating leases for the six months ended June 30, 2018, please refer to note 6(o).

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(l) Intangible assets

	Goodwill	Patent	Technology	Computer software	Total
Costs:					
Balance at January 1, 2019	$ 106,827	25,714	84,726	53,516	270,783
Acquisition through business combination	4,576	-	27,352	305	32,233
Additions	-	-	-	5,580	5,580
Effect of exchange rate changes	-	-	-	9	9
Balance at June 30, 2019	$ 111,403	25,714	112,078	59,410	308,605
Balance at January 1, 2018	$ 106,827	25,714	84,726	14,873	232,140
Additions	-	-	-	3,046	3,046
Balance at June 30, 2018	$ 106,827	25,714	84,726	17,919	235,186
Accumulated amortization and impairment loss:					
Balance at January 1, 2019	$ -	16,325	23,830	15,933	56,088
Acquisition through business combination	-	-	-	13	13
Amortization	-	3,511	6,862	10,435	20,808
Balance at June 30, 2019	$ -	19,836	30,692	26,381	76,909
Balance at January 1, 2018	$ -	9,302	13,239	8,958	31,499
Amortization	-	3,511	5,295	2,282	11,088
Balance at June 30, 2018	$ -	12,813	18,534	11,240	42,587
Carrying amount:					
Balance at June 30, 2019	$ 111,403	5,878	81,386	33,029	231,696
Balance at January 1,2019	$ 106,827	9,389	60,896	37,583	214,695
Balance at June 30, 2018	$ 106,827	12,901	66,192	6,679	192,599

(m) Short-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
Secured bank loans	$ 968,042	961,315	967,087
Unused credit facilities	$ 2,091,178	1,244,425	979,473
Interest rate	1.06%~1.30%	1.15%~3.04%	1.20%~3.04%

Please refer to note 8 for details on related assets pledged as collateral for secured loans.

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(n) Lease liabilities

The Group's lease liabilities were as follows:

	June 30, 2019		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	$ 39,120	373	38,747
Between one and five years	79,748	3,437	76,311
	$ 118,868	3,810	115,058
Current	$ 39,120	373	38,747
Non-current	$ 79,748	3,437	76,311

The amounts recognized in profit or loss were as follows:

	For the three months ended June 30, 2019	For the six months ended June 30, 2018
Interest expenses on lease liabilities	$ 622	1,255
Expenses relating to short-term leases	$ 1,301	2,893

The amounts recognized in the statement of cash flows for the Group was as follows:

	For the six months ended June 30, 2019
Total cash outflow for leases	$ 21,547

(i) Buildings leases

The Group leases buildings for its office, which typically run for a period of three to five years.

(ii) Other leases

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term and low-value leases of offices, office equipments, employees dormitories and warehouses.

(o) Operating lease

There were no significant additions in operating lease contracts for the six months ended June 30, 2018. Please refer to note 6(l) of the consolidated financial statements for the year ended December 31, 2018 for the details.

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(p) Employee benefits

The Company contributes monthly an amount equal to 6% of each employee's monthly wages to the employee's individual pension fund account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Foreign subsidiaries make contributions in compliance with the respective local regulations.

For the three months and six months ended June 30, 2019 and 2018, the Group recognized the pension expenses of $6,326, $4,254, $12,016 and $8,090, respectively, in relation to the defined contribution plans.

(q) Income taxes

(i) Income tax expense

	For the three months ended June 30		For the six months ended June 30	
	2019	**2018**	**2019**	**2018**
Current income tax expense				
Current period	$ 40,580	59,737	80,799	121,831
Withholding tax in foreign jurisdiction	835	330	1,407	752
Income tax expense	$ **41,415**	**60,067**	**82,206**	**122,583**

(ii) For the six months ended June 30, 2019 and 2018, there was no income tax expense recognized in other comprehensive income.

(iii) The Company' s income tax returns for all fiscal years through 2017 were examined and approved by the R.O.C. income tax authorities.

(r) Capital and other equity

Except for the following disclosures, there was no significant change in capital and other equity for the six months ended June 30, 2019 and 2018. For the related information, please refer to note 6(o) of the consolidated financial statements for the year ended December 31, 2018.

(i) Common stock

As of June 30, 2019, December 31 and June 30, 2018, the Company's authorized shares of common stock amounted to $1,000,000 in total, at par value of $10 per share, and consisted of 100,000 thousand shares, of which 71,161 thousand shares, 70,974 thousand shares and 70,980 thousand shares, respectively, were issued and outstanding.

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The movements in outstanding shares of common stock (excluding unvested restricted stock issued to employees) were as follows (in thousands of shares):

	Ordinary shares	
	For the six months ended June 30	
	2019	2018
Balance at January 1	$ 68,111	70,036
Exercise of employee stock options	189	489
Vested restricted stock issued to employees	2	-
Purchase of treasury stock	-	(600)
Balance at June 30	$ 68,302	69,925

(ii) Capital surplus

	June 30, 2019	December 31, 2018	June 30, 2018
Paid-in capital in excess of par value	$ 898,303	881,352	823,411
Compensation cost of employee stock options	18,586	23,757	27,364
Restricted stock issued to employees	57,645	58,050	97,906
	$ 974,534	963,159	948,681

(iii) Retained earnings and dividend policy

1) Legal reserve

According to the Company Act, the Company must retain 10% of its annual income as a legal reserve until such retention equals the amount of paid-in capital. If a company has no accumulated deficit, it may, pursuant to a resolution approved by the stockholders, distribute its legal reserve to its shareholders by issuing new shares or by distributing cash for the portion in excess of 25% of the paid-in capital.

2) Special reserve

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

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3) Earnings distribution

The Company's articles of incorporation stipulate that at least 10% of annual net income, after deducting accumulated deficit, if any, must be retained as legal reserve until such retention equals the amount of paid-in capital. In addition, a special reserve shall be set aside in accordance with applicable laws and regulations. The remaining balance, together with the unappropriated earnings from the previous years, can be distributed as dividends to stockholders. The appropriation of earnings should be proposed by the Board of Directors and approved by the shareholders.

Earnings are distributed in consideration of long-term interest of its shareholders, operating and the overall economic enviroment and the Company's long-term development and stability in its financial position. Earnings can be distributed by stock or cash, referring to the dividend ratio of others in the same industry and capital market, in which a cash dividend comprises at least 20% of the total dividend distribution.

The appropriations of 2018 and 2017 earnings were resolved by the shareholder's meeting held on June 18, 2019, and May 30, 2018, respectively; and the distribution to shareholders were as follows:

	2018		2017	
	Dividends per share (NT$)	**Amount**	**Dividends per share (NT$)**	**Amount**
Dividends distributed to ordinary shareholders：				
Cash	$ 8.09	554,844	4.25	301,462

(iv) Treasury shares

As of June 30, 2019, in accordance with Article 28-2 of the Securities and Exchange Act, the Company purchased 2,600 thousand of its own ordinary shares for an aggregate amount of $278,740, in order to maintain and motivate its employees.

In accordance with Securities and Exchange Act requirements as stated above, the number of shares repurchased should not exceed 10 percent of all shares outstanding. Also, the value of the repurchased shares should not exceed the sum of the Company's retained earnings, share premium, and realized capital reserves. The shares bought back by the Company in order to transfer to its employees shall be transferred within three years from the date of buyback. The shares not transferred within the said period shall be deemed as not issued by the company. Besides, treasury shares can not be collateralized and do not bear any shareholder rights prior to being sold to third parties.

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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(v) Other equity

	Exchange differences on translation of foreign operations	Deferred compensation cost arising from issuance of restricted stock	Unrealized gains (losses) from financial assets at fair value through other comprehensive income
Balance at January 1, 2019	$ 3,935	(30,647)	(52,802)
Foreign exchange difference arising from translation of foreign operations:			
The Group	(36)	-	-
Joint ventures and associates	476	-	-
Deferred compensation cost	-	13,655	-
Unrealized gains (losses) from equity instruments at fair value through other comprehensive income	-	-	(31,022)
Balance at June 30, 2019	$ **4,375**	**(16,992)**	**(83,824)**
Balance at January 1, 2018	$ 3,238	(97,734)	-
Effects of retrospective application	-	-	1,175
Balance at January 1, 2018 after adjustments	3,238	(97,734)	1,175
Foreign exchange difference arising from translation of foreign operations:			
The Group	914	-	-
Deferred compensation cost	-	35,351	-
Unrealized gains (losses) from equity instruments at fair value through other comprehensive income	-	-	(7,585)
Balance at June 30, 2018	$ **4,152**	**(62,383)**	**(6,410)**

(vi) Non-controlling interests (net after tax)

	For the six months ended June 30 2019	2018
Balance at January 1	$ -	-
Acquisition of subsidiary	18,609	-
Equity attributable to non-controlling interest:		
Net loss	(15,678)	-
Balance at June 30	$ **2,931**	**-**

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(s) Share-based payment

(i) There were no significant changes for share-based payment for the six months ended June 30, 2019 and 2018. Please refer to note 6(p) of the 2018 annual consolidated financial statement for the information on stock option plans and the assumptions adopted in the valuation model.

(ii) Informations in employee stock option plans were as follows (Amounts in New Taiwan dollars):

	For the six months ended June 30			
	2019		2018	
	Weighted-average exercise price	Number of shares	Weighted-average exercise price	Number of shares
Outstanding, beginning of year	$ 110.60	498,000	112.76	643,000
Exercised	127.18	(96,500)	115.11	(48,000)
Forfeited	-	-	127.18	(4,000)
Outstanding, at June 30	106.61	401,500	112.47	591,000
Exercisable, at June 30	106.61	401,500	105.39	399,000

June 30, 2019

Year of grant	Number of shares outstanding	Weighted-average remaining contractual years	Weighted-average exercise price	Number of shares exercisable
2014/12	285,000	0.47	$ 98.20	285,000
2015	116,500	1.34	127.18	116,500
	401,500			401,500

December 31, 2018

Year of grant	Number of shares outstanding	Weighted-average remaining contractual years	Weighted-average exercise price	Number of shares exercisable
2014/12	285,000	0.96	$ 98.20	285,000
2015	213,000	1.84	127.18	213,000
	498,000			498,000

June 30, 2018

Year of grant	Number of shares outstanding	Weighted-average remaining contractual years	Weighted-average exercise price	Number of shares exercisable
2014/12	300,000	1.47	$ 98.20	300,000
2015	291,000	2.34	127.18	99,000
	591,000			399,000

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(iii) Restricted stock

During the meeting on June 22, 2017, the Company's shareholders approved a resolution to issue 650,000 shares of restricted stock to full-time employees who conformed to certain requirements. The Company issued 572,000 shares of restricted stock to its employees, and the effective date of capital increase was set on December 5, 2017. The employees who were granted restricted stocks are entitled to purchase them without any exercise price. The restricted stock received by the employees shall be deposited and held in an escrow account and could not be sold, pledged, transferred, gifted, or disposed of in any other forms during the vesting period; nevertheless, the rights of a shareholder (such as voting and election at the shareholders' meeting) are the same as the rights of the Company's shareholders but are executed by the custodian. During the vesting period, the restricted shares of stock are entitled to any earnings distribution. The Company will recall and retire those shares from employees who do not meet the vesting conditions.

1) 2017 plan of issuance of restricted stock

Type	2017 condition 1	2017 condition 2
Granted date	2017.12.04	2017.12.04
Number of shares granted	350,000 shares	222,000 shares
Vested period	The restricted shares will be vested into 116,600, 116,700 and 116,700 shares at the year end of 2017, 2018, 2019, respectively, based on the individual performance of the employee.	The restricted shares will be vested into 74,000, 74,000 and 74,000 shares at the year end of 2018, 2019, 2020, respectively, based on the individual performance of the employee.

2) Movements in the number of restricted shares of stock (in thousands) was as follows:

	For the six months ended June 30	
	2019	**2018**
Balance at January 1	563	572
Forfeited	-	(6)
Balance at June 30	563	566
Accumulated vested shares	(304)	(117)
Unvested shares	**259**	**449**

The fair value of restricted stock was NT$246 per share, which was determined by reference to the closing price of the company's common stock traded on the Taiwan stock Exchange at the grant date.

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(iv) Expenses resulted from share-based payments

	For the three months ended June 30		For the six months ended June 30	
	2019	2018	2019	2018
Employee stock options	$ -	883	-	1,598
Restricted stock	6,827	17,675	13,692	35,351
	$ 6,827	18,558	13,692	36,949

(t) Earnings per share ("EPS")

(i) Basic earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2019	2018	2019	2018
Net income attributable to the shareholders of the Company	$ 236,373	294,431	370,041	510,917
Weighted-average number of ordinary shares outstanding (in thousands)	68,287	70,044	68,252	70,282
Basic earnings per share (in New Taiwan dollars)	$ 3.46	4.20	5.42	7.27

(ii) Diluted earnings per share

	For the three months ended June 30		For the six months ended June 30	
	2019	2018	2019	2018
Net income attributable to the shareholders of the Company	$ 236,373	294,431	370,041	510,917
Weighted-average number of ordinary shares outstanding (in thousands)	68,287	70,044	68,252	70,282
Effect of diluted potential ordinary shares:				
Stock options	219	82	215	110
Employees compensation	211	237	296	319
Restricted stock	171	36	166	53
Weighted-average shares of ordinary shares outstanding (in thousands) (including effect of dilutive potential ordinary shares)	68,888	70,399	68,929	70,764
Diluted earnings per share (in New Taiwan dollars)	$ 3.43	4.18	5.37	7.22

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30		For the six months ended June 30	
	2019	2018	2019	2018
Primary geographical markets:				
Taiwan	$ 2,716	1,590	4,251	4,384
Asia	1,895,813	1,478,259	3,287,397	3,109,150
	$ 1,898,529	1,479,849	$ 3,291,648	3,113,534
Major products/ services line:				
Biometric authentication IC sensor and its application	$ 1,897,559	1,478,738	3,289,083	3,110,002
Data security protection and its application	970	1,111	2,505	2,346
Non-recurring engineering service revenue	-	-	60	1,186
	$ 1,898,529	1,479,849	3,291,648	3,113,534

(ii) Contract balances

	June 30, 2019	December 31, 2018	June 30, 2018
Accounts receivable	$ 1,231,892	616,524	1,038,623
Less: Allowance for impairment	(338)	(2,197)	(25,138)
Total	$ 1,231,554	614,327	1,013,485

Please refer to note 6(d) for details on accounts receivable and allowance for impairment.

(v) Remuneration to employees and directors

Pursuant to the Company's articles of incorporation, the Company shall distribute no less than 5% of its profits in the current period as remuneration to its employees, and no more than 1% to its directors. Nevertheless, the profits in the current period should be reserved for offsetting the accumulated deficit, if any, prior to distributing the remuneration to the employees and directors. The aforementioned remuneration to employees could be distributed in the form of cash or stock to the employees of the Company's subsidiaries conforming to certain requirements. The remuneration to directors only can be distributed by cash.

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For the three months and six months ended June 30, 2019 and 2018, the Company accrued its remuneration to employees amounting to $31,493, $18,865, $51,058 and $33,674, respectively, and its remuneration to directors amounting to $3,149, $3,773, $5,106 and $6,735, respectively, which were calculated by using the net profits before tax in the current period (excluding the remuneration to employees and directors), multiplied by the distribution ratio of remuneration to employees and directors under the Company's Article of Incorporation, and recognized them as operating expenses. The differences between the distributed and estimated amounts, if any, shall be accounted for as a change in accounting estimate and recognized as profit or loss in the distribution year.

For the years ended December 31, 2018 and 2017, the Company accrued its remuneration to employees amounting to $46,308 and $38,934, respectively, and its remuneration to directors amounting to $8,972 and $7,787, respectively. The differences between the aforementioned accrued remuneration and the amounts approved by the Board of Directors were $6 and $1, respectively, which shall be accounted as changes in accounting estimates. Related information would be available at the Market Observation Post System website.

(w) Non-operating income and loss

(i) Other income

	For the three months ended June 30		For the six months ended June 30	
	2019	**2018**	**2019**	**2018**
Interest income	$ 21,332	10,466	39,134	16,535
Others	2,554	99	2,865	217
	$ **23,886**	**10,565**	**41,999**	**16,752**

(ii) Other gains and losses

	For the three months ended June 30		For the six months ended June 30	
	2019	**2018**	**2019**	**2018**
Foreign exchange gains (losses), net	$ 29,924	91,022	42,826	57,418
Net gain (loss) on financial assets at fair value through profit or loss	1,344	-	1,572	(755)
Others	(99)	(3,055)	(251)	(3,065)
	$ **31,169**	**87,967**	**44,147**	**53,598**

(iii) Finance costs

	For the three months ended June 30		For the six months ended June 30	
	2019	**2018**	**2019**	**2018**
Interest expense on bank loans	$ (3,873)	(1,752)	(7,418)	(4,191)
Lease liabilities	(622)	-	(1,255)	-
	$ **(4,495)**	**(1,752)**	**(8,673)**	**(4,191)**

(Continued)

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Financial instruments

Except for the following disclosures, there was no significant change in the fair value of the Group's financial instruments and in the degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. Please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2018 for the related information.

(i) Categories of financial instruments

1) Financial assets

	June 30, 2019	December 31, 2018	June 30, 2018
Financial assets at fair value through profit or loss	$ 32,411	-	-
Financial assets at fair value through other comprehensive income	195,216	41,033	87,425
Financial assets at amortized cost:			
Cash and cash equivalents	2,492,038	2,473,863	2,257,205
Accounts receivable, net	1,231,554	614,327	1,013,485
Other financial assets—current and non-current	440,285	29,153	46,222
Refundable deposits	10,825	9,581	9,685
Subtotal	4,174,702	3,126,924	3,326,597
Total	$ 4,402,329	3,167,957	3,414,022

2) Financial liabilities

	June 30, 2019	December 31, 2018	June 30, 2018
Financial liabilities at amortized cost:			
Short-term borrowings	$ 968,042	961,315	967,087
Notes and accounts payable	573,731	396,474	720,091
Cash dividends payable	554,844	-	301,462
Accrued expenses	545,260	252,916	225,210
	$ 2,641,877	1,610,705	2,213,850

(ii) Foreign currency risk

1) Exposure to foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities. The foreign currency used in these transactions is mainly the US dollar (USD). The Group management continuously controls the net exposure in an acceptable level.

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At the reporting date, the carrying amounts of the Group's significant monetary assets and liabilities denominated in a currency, other than the respective functional currencies of Group entities, was as follows:

	June 30, 2019				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude of the exchange rate	Pre-tax effect on profit or loss (in thousands)
Financial assets					
USD	$ 129,996	31.06	4,037,676	1 %	40,377
Financial liabilities					
USD	33,662	31.06	1,045,542	1 %	10,455

	December 31, 2018				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude of the exchange rate	Pre-tax effect on profit or loss (in thousands)
Financial assets					
USD	$ 96,587	30.715	2,966,670	1 %	29,667
Financial liabilities					
USD	18,284	30.715	561,578	1 %	5,616

	June 30, 2018				
	Foreign currency (in thousands)	Exchange rate	TWD (in thousands)	Change in magnitude of the exchange rate	Pre-tax effect on profit or loss (in thousands)
Financial assets					
USD	$ 94,244	30.46	2,870,672	1 %	28,707
Financial liabilities					
USD	28,679	30.46	873,562	1 %	8,736

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2) Gains or losses on monetary items

Information related to gains and losses (included unrealized and realized) by the fluctuation of foreign exchange rate is as follows:

	For the three months ended June 30			
	2019		2018	
	Foreign exchange gains (losses) (in thousands)	Exchange rate	Foreign exchange gains (losses) (in thousands)	Exchange rate
Financial assets				
USD:TWD	$ 30,334	31.1375	126,450	29.79
Financial liabilities				
USD:TWD	(662)	31.1375	(35,794)	29.79

	For the six months ended June 30			
	2019		2018	
	Foreign exchange gains (losses) (in thousands)	Exchange rate	Foreign exchange gains (losses) (in thousands)	Exchange rate
Financial assets				
USD:TWD	$ 39,631	30.9874	84,266	29.5454
Financial liabilities				
USD:TWD	3,025	30.9874	(28,314)	29.5454

(iii) Information on fair value

1) Financial instruments not measured at fair value

The Group considers that the carrying amounts of financial assets and financial liabilities measured at amortized cost approximate their fair values.

2) Financial instruments measured at fair value

The fair value of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The table below analyzes the financial instruments measured at fair value subsequent to initial recognition, grouped into Levels 1 to 3, based on the degree to which the fair value is observable. The different levels have been defined as follows:

a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.

(Continued)

b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

c) Level 3: inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

	June 30, 2019				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss :					
Open-end mutual fund	$ 32,411	32,411	-	-	32,411
Financial assets at fair value through other comprehensive income—non-current:					
Unlisted common shares	195,216	-	-	195,216	195,216
	$ 227,627	32,411	-	195,216	227,627

	December 31, 2018				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income—non-current:					
Unlisted common shares	$ 41,033	-	-	41,033	41,033

	June 30, 2018				
	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income—non-current:					
Unlisted common shares	$ 87,425	-	-	87,425	87,425

3) Valuation techniques and assumptions used in fair value measurement

A financial instrument is regarded as being quoted in an active market if quoted prices are ready.

The fair value of open-end fund beneficiary certificates with standard terms and conditions and traded on active liquid markets are determined based on quoted market prices.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date.

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The fair value of unlisted common shares is estimated by using the market approach and is determined by reference to valuations of similar companies, recent financing acivities, market conditions and other economic indicators. The significant unobservable input is the liquidity discount. Since the possible changes in liquidity discount did not cause any significant potential impact on the financial statements, therefore, the quantitative information need not be disclosed.

4) Transfer between fair value levels

There are no transfers between fair value levels for the six months ended June 30, 2019 and 2018.

5) Reconciliation of Level 3 fair values (financial assets classified as financial assets at fair value through other comprehensive income) were as follows:

	For the three months ended June 30		For the six months ended June 30	
	2019	**2018**	**2019**	**2018**
Opening balance	$ 163,321	94,051	41,033	95,010
Loss recognized in other comprehensive income	(30,245)	(6,626)	(31,022)	(7,585)
Additions	62,140	-	185,205	-
Ending Balance	$ 195,216	87,425	195,216	87,425

(y) Financial risk management

There were no significant changes in the Group' s financial risk management and policies as disclosed in note 6(w) of the consolidated financial statements for the year ended December 31, 2018.

(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, 2018. Also, management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2018. Please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2018 for further details.

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

(i) The Group's non-cash transactions from investing activities were acquisition of right-of-use assets by lease. Please refer to note 6(k).

(ii) Reconciliation of liabilities arising from financing activities were as follows:

	January 1,2019	Effect of retrospective adoption of IFRS 16	Cash flows	Non-cash changes Additions to lease liabilities	June 30, 2019
Short-term borrowings	$ 961,315	-	6,727	-	968,042
Lease liabilities	-	114,259	(17,399)	18,198	115,058
Total amount of liabilities from financing activities	$ 961,315	114,259	(10,672)	18,198	1,083,100

	January 1, 2018	Cash flows	June 30, 2018
Short-term borrowings	$ 280,519	686,568	967,087

7. Related-party transactions

(a) Compensation for key management personnel

	For the three months ended June 30		For the six months ended June 30	
	2019	2018	2019	2018
Short-term employee benefits	$ 19,664	12,775	33,101	24,592
Post-employment benefits	241	189	457	378
Share-based payments	3,846	11,435	7,691	22,865
	$ 23,751	24,399	41,249	47,835

Please refer to note 6(s) for information on share-based payment.

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8. Pledged assets

Assets	Pledged to secure	June 30, 2019	December 31, 2018	June 30, 2018
Other financial assets—current (time deposits)	Deposit for purchase fulfillment	$ 10,000	10,000	10,000
Other financial assets—current (time deposits)	Credit facilities	-	-	20,713
Other financial assets—non-current (time deposits)	Performance guarantee	461	472	-
		$ 10,461	10,472	30,713

9. Significant commitments and contingencies: None.

10. Significant loss from casualty: None.

11. Significant subsequent events

Shenzhen Goodix Technology Co., Ltd. (Goodix) has filed a patent infringement complaint with the Beijing Intellectual Property Court against the Company in July 2019, wherein it requested the Company to pay the compensation amounting to CNY 50,500 thousands (approximately NT$228,000 thousands) for the damage. However, as of August 12, 2019, the Company has not yet received any notice from the Beijing Intellectual Property Court. Therefore, the Company was not able to confirm the reason behind the claim, resulting in the impact of the matter on the Group' s operating and financial activities to be unpredictable.

12. Others

(a) Employee benefits, depreciation and amortization of the Group were categorized by function as below:

By function / By item	For the three months ended June 30, 2019			For the three months ended June 30, 2018		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	-	204,469	204,469	-	133,698	133,698
Labor and health insurance	-	8,690	8,690	-	4,717	4,717
Pension	-	6,326	6,326	-	4,254	4,254
Other employees benefits	-	8,370	8,370	-	6,253	6,253
Depreciation	694	14,061	14,755	496	3,095	3,591
Amortization	-	10,574	10,574	-	5,662	5,662

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By function / By item	For the six months ended June 30, 2019			For the six months ended June 30, 2018		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits:						
Salaries	-	386,970	386,970	-	260,851	260,851
Labor and health insurances	-	17,282	17,282	-	10,748	10,748
Pension	-	12,016	12,016	-	8,090	8,090
Other employees benefits	-	15,498	15,498	-	11,765	11,765
Depreciation	1,387	27,006	28,393	992	6,477	7,469
Amortization	-	20,808	20,808	-	11,088	11,088

(b) The operation of the Group is not significantly influenced by seasonal or cyclical factors.

13. Additional disclosures

(a) Information on significant transactions:

The followings were the information on significant transactions required by the " Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2019:

(i) Financing provided to other parties: None.

(ii) Guarantees and endorsements provided to other parties: None.

(iii) Marketable securities held at reporting date (excluding investments in subsidiaries, associates, and jointly controlled entities):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance: Shares (thousands)	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
The Company	Nomura Global Financial Bond Fund	-	Financial assets at fair value through profit or loss	98	32,411	-	32,411	
The Company	Gingy Technology Inc.	-	Financial assets at fair value through other comprehensive income	859	10,011	3.18 %	10,011	
The Company	THEIA LIMITED	-	Financial assets at fair value through other comprehensive income	100,000	-	11.20 %	-	
The Company	Integrated Digital Technologies, Inc.	-	Financial assets at fair value through other comprehensive income	4,000	-	13.95 %	-	
The Company	AIStorm, Inc.	-	Financial assets at fair value through other comprehensive income	4,000	123,065	17.35 %	123,065	
The Company	MEMS DRIVE INC.	-	Financial assets at fair value through other comprehensive income	188	62,140	3.37 %	62,140	

(Continued)

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(iv) Marketable securities for which the accumulated purchase or sale amounts exceed $300 million or 20% of the paid-in capital: None.

(v) Acquisition of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vi) Disposal of real estate which exceeds $300 million or 20% of the paid-in capital: None.

(vii) Total purchases from and sales to related parties which exceed $100 million or 20% of the paid-in capital: None.

(viii) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: None.

(ix) Information about derivative instrument transactions: None.

(i) Business relationships and significant intercompany transactions: None.

(b) Information on investees:

Names, locations, and related information of investees over which the Company exercises significant influence for the six months ended June 30, 2019 (excluding investee companies in Mainland China):

(In Thousands of New Taiwan Dollars)

				Original Investment Amount		Balance as of June 30, 2019					
Investor	Investee	Location	Main Businesses and Products	June 30, 2019	December 31, 2018	Shares (in thousands)	Percentage of Ownership	Carrying Value	Net Income (Losses) of the Investee	Share of Profit / (Losses) of Investee	Note
The Company	Egis Inc.	Cayman Islands	Investment and holding activity	678,340	678,340	25,848	100.00 %	9,732	138	138	Parent/ subsidiary
The Company	Egis Technology (Japan) Inc.	Japan	Sale of data security software and biometric authentication software and hardware	93,972	83,213	6,600	100.00 %	4,501	(6,851)	(6,851)	Parent/ subsidiary
The Company	Egis Tec USA Inc.	USA	Technology development	31,260	31,260	1,000	100.00 %	15,201	872	872	Parent/ subsidiary
The Company	Egis Technology Korea Inc.	Korea	Customer service, business promotion and technical support	18,233	18,233	20	100.00 %	21,826	3,632	3,632	Parent/ subsidiary
The Company	Tyrafos Technologies Co., Limited	Hong Kong	Technology development	19,517	19,517	5,265	65.00 %	3,465	(35,030)	(22,509)	Joint venture
The Company	Igistec Co., Ltd.	Taiwan	Technology development	59,497	-	16,527	74.69 %	13,230	(60,494)	(46,267)	Parent/subsidiary
The Company	Sirius Wireless Pte. Ltd.	Singapore	Technology development	61,760	-	40,080	50.05 %	55,676	(13,441)	(6,549)	Associates

Note: The above intercompany transactions of subsidiaries have been eliminated when preparing the consolidated financial statements.

(c) Information on investments in Mainland China: None.

EGIS TECHNOLOGY INC. AND SUBSIDIARIES
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14. Segment information

The Group is mainly engaged in the research and development, design and sale of data security software and biometric identification software and hardware. The overall operating results are regularly reviewed by the Group's chief operating decision maker to assess its performance. Therefore, the Group has only one reportable segment. For the six months ended June 30, 2019 and 2018, there were no material inconsistency between the reportable segment profit or loss and the consolidated financial statements.