Gallant Precision Machining Co., Ltd.

2018 Annual General Shareholders' Meeting Minutes

Time：9:00a.m., June 22, 2018, Friday.

Place: No.1, Gongye E. 2nd Rd., East Dist., Science-Based Industrial Park, Hsinchu, 30075, Taiwan.(Einstein Hall, HSP Link)

The number of shares of attendance:
Attending shareholders and proxy represented 103,257,470 shares (including 9,480,455shares which attended through electronic voting) accounting for 62.5286% of the Company's total outstanding shares (deducting non-voting shares as required in Article 179 of the Company Act)

Directors present:
Nick Yeh, Jason Chen, Hsu, C SUN MFG. LTD. Representative: Frank Liang ,Hsu Hung-Ming

Independent Director present:
Chia-Chin Tong, William Hung, Bill Chen

Others present:
Lawyer Alice Chiang, Auditor Kwok-wah tsan

Chairman: Mr. Nick, Yeh　　**Recorder:** Ms. Sandy Ning Sandy

Call Meeting to Order:
The aggregate shareholding of the shareholders present constituted a quorum. The Chairman called the meeting to order.

I. Report Items

1. Business report for 2017

Explanation：

The 2017 Business Report is attached hereto as Attachment 1.

2. Audit committee's review report of 2017.

Explanation：
The 2017 Audit Committee's review report is as follows:

Audit Committee's Review Report

The Board of Directors has prepared the Company's Business Report, Financial Statements, and Earning Distribution Proposal for the year of 2017. LI, TIEN YI and CHENG, YA HUEI, Certified Public Accountants of PWC, have audited the Financial Statements. The 2017 Business Report, Financial Statements, and Earning Distribution Proposal have been reviewed and determined to be correct and accurate by the Audit Committee of Gallant Precision Machining Co., Ltd., as the Chair of the Audit Committee, hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law.

To
The 2017 General Shareholders' Meeting of Gallant Precision Machining Co., Ltd.

Chairman of the Audit Committee：

May 7, 2018

3. To report the distribution of employees' and directors' remuneration of 2017.

Explanation：

As a result of the resolution of the Board of Directors, the Company shall distribute an employee's bonus of NT$24,301,187 and directors' remuneration of NT$4,832,236 in cash which are within the limits stipulated in the Articles of Association. The amount of the aforesaid remuneration proposed to be distributed is the same as the amount of the book.

4. To report Transfer of part of the shares of Gallant Micro. Machining Co., Ltd. to key talents

Explanation:

1. To retain Gallant Micro. Machining Co., Ltd.'s talents in the areas of the business layout and new product marketing in mainland China, core research and development and future business management, the Company approved the appropriation of 100,000 and 50,000 shares to Gallant Micro. Machining Co. Ltd. Associate Directors Tun Chin Shih and Chun Kuei Lai respectively, at NT$32.29 per share based on the net value from 2016 Gallant Micro. Machining Co., Ltd.'s financial statements.

2. Due to various reasons, Associate Directors Tun Chin Shih and Chun-Kuei Lai have given up the entitlement to the aforementioned shares.

II. Recognition Items

1. To accept 2017 Business Report and Financial statements. (proposed by the Board of Directors)

Explanation：

(1) The 2017 financial statements of the Company were approved by the Board of Directors on March 27, 2018 and audited by the accountants, LI, TIEN YI and CHENG, YA HUEI of PWC Taiwan, and were sent to the Audit Committee, and an audit report was issued accordingly.

(2) For the 2017 Business Report, Independent Auditor's Report, and the 2017 Financial Statements, please refer to Attachments 1 and 2.

Resolution：The result is as follows:

Affirmative votes: 99,122,591 (including electronic voting 8,097,583)

Dissenting votes: 3,579 (including electronic voting 3,579)

Invalid votes: 0 (including electronic voting 0)

Abstaining votes: 4,131,300 (including electronic voting 1,379,293)

The affirmative votes represented 95.9956% of 103,257,470 shares cast by the shareholders present at the time of voting, among which 9,480,455 shares were cast via electronic voting. It was resolved that the above proposal be approved as proposed.

2. To approve the proposal for the distribution of 2017 earnings. (proposed by the Board of Directors)

Explanation：

(1)Earnings Distribution Proposal :

Amount in NT$

Item	Amount
Unappropriated retained earnings from previous years	3,105,307
Less: change of remeasurements on defined benefit plan	(5,452,023)
Adjusted Unappropriated retained earnings	(2,346,716)
Add: Net Income of 2017	200,251,437
Less: 10% of legal reserve	(19,790,472)
Add: reverse of the deduction item from equity special reserve	45,182,138
Retained Earnings Available for Distribution as of December 31, 2017	223,296,387
Distribution:	
Common stock cash dividend (NT$1.217 per share)	(200,966,748)
Unappropriated retained earnings, ending balance	22,329,639

(2)The calculation of cash dividend rate of the earnings distribution is based on shares of the Company that have the right to participate in the distribution by March 19, 2018.

(3)The minimum amount of cash dividend distribution is NT$1 (decimals will be discarded). The total of allotments less than NT$1 shall be recorded as other income of the Company.

(4)If the number of shares outstanding and the corresponding cash dividend rate are changed in the future due to the Company's share repurchase or transfer and conversion of treasury stocks, the Company will propose to the general shareholders' meeting to authorize the Board of Directors to handle and adjust accordingly.

Resolution：The result is as follows:

Affirmative votes: 99,125,729 (including electronic voting 8,100,721)

Dissenting votes: 4,580 (including electronic voting4,580)

Invalid votes: 0 (including electronic voting 0)

Abstaining votes: 4,127,161 (including electronic voting 1,375,154)

The affirmative votes represented 95.9986% of 103,257,470 shares cast by the shareholders present at the time of voting, among which 9,480,455 shares were cast via electronic voting. It was resolved that the above proposal be approved as proposed.

III. Special Motions

None.

IV. Meeting Adjourned

None.

Attachment 1：

Gallant Precision Machining Co., Ltd.

2017 Business Report

In 2017, the total operating income of the Company was NT$3,771,317 thousand, showing a growth of 45.26% over last year. In terms of profit, the net profit after tax was NT$200,252 thousand, a decrease of 23.19% compared with the last year. The gross profit margin decreased by 1.84% from last year and the net profit per share was NT$1.21.

(1) Summary of the Company's financial income and expense and profitability

Financial analysis data			2017
Debt to asset ratio (%)		(%)	56.66
Long-term funds to fixed assets ratio (%)		(%)	590.00
Return on total assets		(%)	4.00
Return on shareholders' equity		(%)	8.80
Percentage to paid-in capital (%)	Operating profit		25.47
	Pre-tax net profit		16.30
Net profit margin		(%)	5.30
Earnings per Share		(NTD)	1.21

(2) Products that have been developed by the Company in 2017

R&D Item (Processing Technology)	Names of machine developed
	● G10.5 Array TEG Probe.
	● Flexible display Full Contact Type Array Probe
	● 12” Wafer 2D Defect Inspection & Metrology
	● Strip Flat Grinding Equipment
	● 12” Chip Box Auto-feed AGV System

II. 2018 Business Plan Summary

1. Annual Operating Policy

(1) Business Aspect

- Strengthen the competitive power in display industry
- Expand the footprint in intelligence industry
- Explore the semiconductor industry

A. Incorporate foreign technology and improve the high value-added prober and wet process etching equipment of the FPD ARRAY segment.

B. Seize the trend of FPD plant construction and arrange the Company's production capacity to carefully select business opportunities with reasonable gross profits and be profit-centered.

C. Continue the efforts of intelligent automation development in 2017 to centralize the resources and provide the strategic partners and important customers from key industries with automation integration solutions to achieve their intelligent manufacturing goals.

D. Continue the cooperation with world-class companies to become their long-term automation equipment partners to ensure the stable business development sources.

E. Aggressively cut into the high value-added semiconductor front-end advanced detection technology development and the detection and grinding process of middle-to-back end of the packaging process through technology importation and cooperation.

F. Improve the performance of existing IC panel to enhance the product line and expand the customer base.

G. Adopt a close-to-the-market strategy and continue the development of health reagents for in vitro testing and testing equipments.

(2) R&D Aspect

Strengthen the development of the Company's eight core technologies: (1) grinding technology; (2) wet process technology; (3) AOI technology; (4) lamination and peeling: (5) precision pick and place technology; (6) precision mold technology; (7) laser technology; (8) intelligent automation technology.

Integrate products in different areas and create value-added, expand the core technology in application in displays, semiconductors, IC panel and intelligent automation industries.

The Company’s plans to develop following products in 2018:

R&D Item (Processing Technology)	**Names of machine to be developed**
	● Picosecond Imaging Circuit Analysis, PICA
	● G8.5/G10.5 Wet Etching
	● 12” Wafer 2D/3D Defect Inspection & Metrology
	● High-Throughput Wafer Glass Surface Defect Inspection
	● High-precision fan-out packaging and grinding equipment
	● Panel Temporary Bonding coating and laminating equipment
	● 3D on-line processing system

	● vSLAM(AGV vision guiding system)
	● Smart machinery-IOT process monitor and diagnostic system
	● Complete blood microfluidic immune analyzer

2. The Company's forecast on sales volume and its basis for 2018:

Unit: set

Main products	2018 budget
Display processing equipment	217
Semiconductor processing equipment	26
Intelligent automation equipment	11
Other equipment	4

Note: The forecast is based on the customers' forecast, taking into account the market conditions.

3. Important production and marketing policies

A. Integrate cross-strait operating systems and resources to enhance the synergy of the division of labor in order to increase the competitiveness in mainland China.

B. Enter into alliances with material supplier, academic and research institution and end-customers to strengthen the developing and marketing performance of new products.

C. Reinforce the cost control mechanism of orders, improve design and reduce the number of main suppliers to ensure a reasonable profit of the orders.

D. Promote continuously the standardization of core modules to simplify manufacturing, im -prove product reliability and reduce costs.

E. Make rapid deliveries, reduce inventory valuation loss and increase inventory turnover rate.

F. Speed up installation and inspection performance to raise account receivable turnover rate and enhance the after-sale service quality to ensure satisfaction of the customers.

III. Future Development Strategy:

- Transforming with creativity and sustainability are the first priority of development strategy.
  - Lean based
  - Profit centered
  - Value-adding focused
  - Creativity and Sustainability
- Business Aspect
  - Strengthen the competitive power in display industry
  - Expand the footprint in intelligence industry
  - Explore the semiconductor industry
  -

- Product Aspect
  - Core technology (equipment & process) development
  - Add value by integrating products from different areas.
- Based on QDTCS and smart production management system to construct great production system and powerful supply system.
- Build a win-win sale system that meets expectation of the customers. Expand, integrate, and expand After market service.
- International strategy that cultivates talents
- Continue to build strategic alliance, cooperate in technology transfer, and integrate cross-area creative operation.
- Construct long-term stable and profitable operation system.

IV. Impact from the External Competitive Environment, the Regulatory Environment and the Overall Business Environment:

1. External Competitive Environment and Overall Business Environment:

With the rise of mainland China's panel industry, competition brought by South Korea, and mainland China government's active promotion of equipment localization, the Company's dis play business, which is the main source of business in the past, is facing an increasingly fierce competition. The Company will continue strengthening its own product technology and import advanced foreign technology to enhance its product level in order to get rid of the low-cost competition. On top of that, the Company will speed up the pace the expansion in semiconductor and smart production industry and new markets outside the mainland China. Concerning the changes in the industry and business environment, the Company will also respond in a quick, reliable and accurate manner and establish a diversified business layout and industry development goals.

2. Regulatory Environment:

Integrity is deep rooted in the Company's core culture. As a result, the Company has been complying with legal norms, honest, and self-disciplined in its business. In addition to collecting information concerning external regulatory changes at any time for the management's reference, the Company is establishing, reviewing, updating and adjusting its internal management and operational rules and regulations in order to actively respond to various changes in the regulatory environment.

3. Overall Business Environment:

Mainland China has been transforming from the world's factory to the world's largest consumer market. Labor shortage and soaring costs have become an irreversible trend in the world. Besides, the need for industry automation is still growing. The Company has the application technology for cross-industry automation equipment. In recent years, the Company has been working with renowned customers around the world and has successfully integrated intelligent automation solutions into client's production processes. Therefore, the Company is confident in future development.

Sheng-Fa (Nick) , Yeh	Cheng-Hsin (Jason), Chen	Yu-Chin (Sandy), Ning
Chairman	President	Chief Financial Officer

Attachment 2：
- Independent Auditors' Report and Individual Financial Statements

REPORT OF INDEPENDENT ACCOUNTANTS

To Gallant Precision Machining Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Gallant Precision Machining Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2017 and 2016, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other independent accountants as described in the other matters section of our report, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31 , 2017 and 2016, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards in the Republic of China ("ROC GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Code of Professional Ethics for Certified Public Accountant of the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon , and we do not provide a separate opinion on these matters. Key audit matters for the parent company only financial statements in the current period are stated as follow:

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd is primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(11) of the parent company only financial statements. The uncertainty of accounting estimations and assumptions for valuation of inventories are disclosed in Note 5(2) of the parent company only financial statements. The allowance for inventory valuation loss amounting to NT1,295,382 thousand and NT10,526 thousand as of December 31, 2017 and 2016, respectively are disclosed in Note 6(5) of the parent company only financial statements.

As the amount of inventory is significant, and the estimation of net realizable value of inventories for exceeded specific age, and individually identified out of date or damaged inventories are subject to management's judgement, the evaluation of inventories has been identified a key audit matters.

How our audit addressed the matter

Our audit procedures performed for the above matter included the following: assessed the reasonableness of the policy of the allowance for inventory valuation loss. Tested the accuracy of inventory aging report, included tested whether the quantity and amount of inventory is consistent with inventory ledger and verify the accuracy of the inventory age classification. Assessed and confirmed the reasonableness in estimation of net realizable value and tested the reasonableness in accrual of the allowance for inventory valuation loss.

Cut-off of revenue recognition

Description

Gallant Precision Machining Co., Ltd. is primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Main revenue recognition is based on customer's confirmation for acceptance. Since the transferred timing of the risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the parent company only financial statement. Thus, revenue recognition has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:

Our audit procedures performed included assessed the appropriateness of the policy of sales revenue recognition. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition. Sampled and tested the sales transactions included check customer purchase order, evidence of the goods risks and rewards have been transferred and issued bill. We also performed cut-off test on sales transactions for the period before and after the balance sheet date.

Other matter - Reference to the audits of other independent auditors

We did not audit the financial statements of certain investments accounted for under equity method. The financial statements of these investments accounted for under equity method were audited by other auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the financial statements is based solely on the reports of other auditors. The amount of investments accounted for using the equity method on the audit reports of the other independent accountants are NT66,761 thousand and NT189,608 thousand, constituting 1% and 3% of the total assets as of December 31, 2017 and 2016, respectively, and its share of the loss amounting to NT(122,847) thousand and NT(45,154) thousand, constituting (69.44%) and (25.15%) of the total comprehensive income for the years then ended, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Independent Aaccountant's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion . Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation .

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion .

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

李典易

鄭雅慧

PricewaterhouseCoopers, Taiwan
March 27, 2018

The accompanying parent financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 475,480	9	$ 471,161	9
1110	Financial assets at fair value through profit or loss - current	6(2)	32,676	1	383,125	7
1147	Investments in debt instrument without active markets	6(3)	148,170	3	222,623	4
1150	Notes receivable, net		2,317	-	31,930	1
1170	Accounts receivable, net	6(4)	1,226,079	24	1,207,586	22
1180	Accounts receivable - related parties	7	-	-	1,991	-
1200	Other receivables		317	-	3,615	-
1210	Other receivables - related parties	7	4,261	-	16,717	-
130X	Inventories, net	6(5)	1,284,856	25	944,956	17
1410	Prepayments		14,624	-	26,907	-
1470	Other current assets	8	8,613	-	19,473	-
11XX	**Current Assets**		3,197,393	62	3,330,084	60
	Non-current assets					
1523	Available-for-sale financial assets – non-current	6(6)	11,627	1	18,308	-
1550	Investments accounted for using equity method	6(7)	1,333,956	26	1,570,074	29
1600	Property, plant and equipment, net	6(8) and 8	418,710	8	431,180	8
1780	Intangible assets, net		85,178	2	114,289	2
1840	Deferred income tax assets	6(23)	60,118	1	49,948	1
1900	Other non-current assets	8	11,685	-	16,521	-
15XX	**Non-current assets**		1,921,274	38	2,200,320	40
1XXX	**Total assets**		$ 5,118,667	100	$ 5,530,404	100

(Continued)

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(9)	$ 554,730	11	$ 522,152	9
2170	Accounts payable	6(10)	1,427,417	28	1,365,078	25
2180	Accounts payable - related parties	7	4,417	-	1	-
2200	Other payables		226,158	4	290,291	5
2230	Current income tax liabilities	6(23)	53,131	1	32,401	1
2250	Provisions for liabilities - current		145,491	3	151,767	3
2300	Other current liabilities	6(11)	178,716	4	499,207	9
21XX	**Current Liabilities**		2,590,060	51	2,860,897	52
	Non-current liabilities					
2540	long-term loans	6(11)	252,379	5	280,256	5
2600	Other non-current liabilities	6(12)	58,186	1	60,736	1
25XX	**Non-current liabilities**		310,565	6	340,992	6
2XXX	**Total Liabilities**		2,900,625	57	3,201,889	58
	Equity					
	Share capital	6(13)				
3110	Share capital - common stock		1,651,361	32	1,651,361	30
	Capital surplus	6(14)				
3200	Capital surplus		186,765	4	242,949	4
	Retained earnings	6(15)(23)				
3310	Legal reserve		66,921	1	40,850	1
3320	Special reserve		178,169	3	132,987	2
3350	Unappropriated retained earnings		197,905	4	305,550	6
	Other equity interest	6(16)				
3400	Other equity interest		(63,079)	(1)	(45,182)	(1)
3XXX	**Total equity**		2,218,042	43	2,328,515	42
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	**Total liabilities and equity**		$ 5,118,667	100	$ 5,530,404	100

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

			Years ended December 31			
			2017		2016	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(17) and7	$ 3,771,317	100	$ 2,596,175	100
5000	**Operating costs**	6(5)(21)(22)	(2,787,234)	(74)	(1,871,930)	(72)
5900	**Operating margin**		984,083	26	724,245	28
5910	Unrealized profit from sales		(178)	-	(53)	-
5920	Realized profit from sales		53	-	1,151	-
5950	**Net operating margin**		983,958	26	725,343	28
	Operating expenses	6(21)(22)				
6100	Selling expenses		(139,129)	(4)	(123,918)	(5)
6200	General and administrative expenses		(202,725)	(5)	(266,453)	(10)
6300	Research and development expenses		(221,375)	(6)	(101,039)	(4)
6000	**Total operating expenses**		(563,229)	(15)	(491,410)	(19)
6900	**Operating profit**		420,729	11	233,933	9
	Non-operating income and expenses					
7010	Other income	6(18)	64,428	2	73,549	3
7020	Other gains and losses	6(19)	(34,705)	(1)	(8,777)	-
7050	Finance costs	6(20)	(15,366)	(1)	(12,260)	(1)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	(165,822)	(4)	14,902	1
7000	**Total non-operating income and expenses**		(151,465)	(4)	67,414	3
7900	**Profit before tax**		269,264	7	301,347	12
7950	Income tax expense	6(23)	(69,012)	(2)	(40,638)	(2)
8200	**Profit for the year**		$ 200,252	5	$ 260,709	10
	Other comprehensive income for the year					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligation		($ 5,409)	-	($ 2,477)	-
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method		(44)	-	(19)	-
8310	**Components that will not be reclassified subsequently to profit or loss:**		(5,453)	-	(2,496)	-
	Components of other comprehensive income that may be reclassified subsequently to profit or loss					
8361	Cumulative translation differences of foreign operations		(12,789)	-	(79,380)	(3)
8362	Unrealized (loss) gain on valuation of available-for-sale financial assets		(4,934)	-	1,736	-
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method		(174)	-	(999)	-
8360	**Components of other comprehensive income that may be reclassified sub-sequently to profit or loss**		(17,897)	-	(78,643)	(3)
8300	**Other comprehensive income (loss) for the year**		($ 23,350)	-	($ 81,139)	(3)
8500	**Total comprehensive income for the year**		$ 176,902	5	$ 179,570	7
	Basic earnings per share	6(24)				
9750	**Basic earnings per share**		$ 1.21		$ 1.58	
	Diluted earnings per share	6(24)				
9850	**Diluted earnings per share**		$ 1.20		$ 1.56	

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

GALLANT PRECISION MACHINING CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	Share capital - common stock	Capital surplus	Retained Earnings: Legal reserve	Retained Earnings: Special reserve	Retained Earnings: Unappropriated retained earnings	Other equity: Cumulative translation differences of foreign operations	Other equity: Unrealized gain or loss on available-for-sale financial assets	Total equity
For the year ended December 31, 2016									
Balance at January 1, 2016		$ 1,651,361	$ 275,976	$ 20,859	$ 132,987	$ 200,820	$ 46,982	($ 13,521)	$ 2,315,464
Distribution of 2015 earnings									
Legal reserve		-	-	19,991	-	(19,991)	-	-	-
Cash dividends	6(15)	-	-	-	-	(132,109)	-	-	(132,109)
Capital reserve-distribute cash	6(14)	-	(33,027)	-	-	-	-	-	(33,027)
Profit for the year		-	-	-	-	260,709	-	-	260,709
Other comprehensive income for the year	6(16)	-	-	-	-	(2,496)	(79,380)	1,736	(80,140)
Change in associates and joint ventures accounted for under equity method		-	-	-	-	-	-	(999)	(999)
Adjustment arising from changes in percentage of ownership in equity method investees	6(25)	-	-	-	-	(1,383)	-	-	(1,383)
Balance at December 31, 2016		$ 1,651,361	$ 242,949	$ 40,850	$ 132,987	$ 305,550	($ 32,398)	($ 12,784)	$ 2,328,515
For the year ended December 31, 2017									
Balance at January 1, 2017		$ 1,651,361	$ 242,949	$ 40,850	$ 132,987	$ 305,550	($ 32,398)	($ 12,784)	$ 2,328,515
Distribution of 2016 earnings									
Legal reserve		-	-	26,071	-	(26,071)	-	-	-
Special reserve		-	-	-	45,182	(45,182)	-	-	-
Cash dividends	6(15)	-	-	-	-	(231,191)	-	-	(231,191)
Capital reserve-distribute cash	6(14)	-	(66,055)	-	-	-	-	-	(66,055)
Profit for the year		-	-	-	-	200,252	-	-	200,252
Other comprehensive income for the year	6(16)	-	-	-	-	(5,453)	(12,789)	(5,108)	(23,350)
Difference between the price for acquisition or disposal of subsidiaries and carrying amount	6(25)	-	9,871	-	-	-	-	-	9,871
Balance at December 31, 2017		$ 1,651,361	$ 186,765	$ 66,921	$ 178,169	$ 197,905	($ 45,187)	($ 17,892)	$ 2,218,042

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

CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		$ 269,264	$ 301,347
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(21)	15,895	16,859
Amortization	6(21)	29,676	13,462
Net gain on financial assets or liabilities at fair value through profit or loss	6(19)	(2,538)	(4,786)
Loss on disposal of available-for-sale financial assets	6(19)	694	-
Gain on disposal of financial assets measured at cost		-	(1,983)
Gain on disposal of financial liabilities		-	(870)
Provision for doubtful accounts	6(4)	37,045	16,615
Interest expense	6(20)	15,366	12,260
Interest income	6(18)	(1,779)	(2,741)
Dividends income		-	(3)
Share of profits of associates and joint ventures accounted for using equity method		165,822	(14,902)
Unrealized loss from sales		178	53
Realized (profits) loss from sales		(53)	(1,151)
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		352,987	(343,272)
Notes receivable		29,613	(27,313)
Accounts receivable		(55,538)	(99,568)
Accounts receivable - related parties		1,991	(894)
Other receivables		3,119	(1,698)
Other receivables - related parties		12,456	39,040
Inventories		(339,900)	(591,890)
Prepayments		12,283	(9,144)
Other current assets		(448)	(773)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss - current		-	(443)
Accounts payable		62,339	696,797
Accounts payable - related parties		4,416	(12,758)
Other payables		(63,220)	101,230
Provisions for liabilities		(6,276)	(10,966)
Unearned receipts		(321,139)	430,774
Other current liabilities		542	211
Accrued pension liabilities		(7,936)	(5,240)
Cash generated from operations		214,859	498,253
Income tax paid		(58,452)	(34,698)
Interest received		1,957	3,080
Interest paid		(14,918)	(11,427)
Dividends received		-	3
Net cash provided by operating activities		143,446	455,211

(Continued)

	Notes		
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal (acquisition) of bond investments without active markets		$ 74,453	($ 57,482)
Decrease in other financial assets - current		11,309	-
Decrease in other financial assets - non-current		4,887	55,780
Proceeds from disposal of financial assets		1,054	-
Acquisition of investments accounted for using equity method		(34,203)	(127,340)
Proceeds from disposal of investments accounted for using equity method		41,036	352
Acquisition of property, plant and equipment	6(27)	(4,975)	(3,792)
Proceeds from disposal of property, plant and equipment		240	-
Acquisition of intangible assets		(616)	(97,116)
Refundable deposits refunded		(52)	(589)
Proceeds from disposal of financial assets measured at cost		-	1,983
Dividends received from investments accounted for using equity method		60,202	57,979
Net cash provided by (used in) investing activities		153,335	(170,225)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans		1,798,741	1,316,167
Repayment of short-term loans		(1,766,163)	(1,125,201)
Repayment of long-term loans		(27,771)	(27,005)
Guarantee deposits received		(23)	(168)
Payment of cash dividends		(297,246)	(165,136)
Net cash used in financing activities		(292,462)	(1,343)
Net increase in cash and cash equivalents		4,319	283,643
Cash and cash equivalents at beginning of year	6(1)	471,161	187,518
Cash and cash equivalents at end of year	6(1)	$ 475,480	$ 471,161

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

Attachment 2：

- Independent Auditors' Report and Consolidated Financial Statements

To Gallant Precision Machining Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Gallant Precision Machining Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2017 and 2016, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the audit reports of the other independent accountants, as described in the other matters section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2017 and 2016, in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the section of Auditor's Responsibilities for the Audit of the Consolidated Financial Statements of our report. We are independent of the Group in accordance with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China (the "Codes"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the audits report of the other independent accountants, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements in the current period are stated as follow:

Evaluation of inventories

Description

Gallant Precision Machining Co., Ltd. and its subsidiaries are primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Inventories are stated at the lower of cost and net realizable value and regarding the accounting policy on the evaluation of inventories are disclosed in Note 4(13) of the consolidated financial statements. The uncertainty of accounting estimations and assumptions for valuation of inventories are disclosed in Note 5(2) of the consolidated financial statements. The allowance for inventory valuation loss amounting to NT1,593,706 thousand and NT83,077 thousand as of December 31, 2017 and 2016, respectively are disclosed in Note 6(5) of the consolidated financial statements.

As the amount of inventory is significant, and the estimation of net realizable value of inventories for exceeded specific age, and individually identified out of date or damaged inventories are subject to management's judgement, the evaluation of inventories has been identified a key audit matters.

How our audit addressed the matter

Our audit procedures performed included the following:
Our audit procedures performed for the above matter included the following: assessed the reasonableness of the policy of the allowance for inventory valuation loss. Tested the accuracy of inventory aging report, included tested whether the quantity and amount of inventory is consistent with inventory ledger and verify the accuracy of the inventory age classification. Assessed and confirmed the reasonableness in estimation of net realizable value and tested the reasonableness in accrual of the allowance for inventory valuation loss.

Cut-off of revenue recognition

Description

Gallant Precision Machining Co., Ltd. and its subsidiaries are primarily engaged in the manufacture and sale of flat panel display testing equipment, semiconductor assembly equipment, intelligent automated equipment, and related parts. Main revenue recognition is based on customer's confirmation for acceptance. Since the transferred timing of the risks and rewards of goods ownerships are subject to judgment and the result could affect sales revenue significantly in the consolidated financial statement. Thus, revenue recognition has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed included the following:
Our audit procedures performed included assessed the appropriateness of the policy of sales revenue recognition. Assessed and tested the design and operating effectiveness of the key controls over sales revenue recognition. Sampled and tested the sales transactions included check customer purchase order, evidence of the goods risks and rewards have been transferred and issued bill. We also performed cut-off test on sales transactions for the period before and after the balance sheet date.

Other matter - Reference to the audits of other independent auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method that are included in the consolidated financial statements. Total assets of the subsidiary amounted to NT$0 thousand and NT$2,901 thousand, constituting 0% and 0.05% of consolidated total assets as of December 31, 2017 and 2016, respectively and operating income was NT$0 thousand and NT$0 thousand, constituting 0% and 0% of consolidated total operating income for the years ended December 31, 2017 and 2016, respectively. The balance of investment accounted for under equity method was NT$66,761 thousand and NT$189,608 thousand, constituting 1.07% and 3.03% of consolidated total assets as of December 31, 2017 and 2016, respectively, and the share of profit (loss) of associates and joint ventures accounted for under equity method was NT($122,847) thousand and NT($59,216) thousand, constituting (59.69%) and (29.24%) of consolidated total comprehensive income for the years ended December 31, 2017 and 2016, respectively. Those financial statements and information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

Other matter - Parent company only financial statements

We have audited and expressed an unqualified opinion on the parent company only financial statements of Gallant Precision Machining Co., Ltd. as of and for the years ended December 31, 2017 and 2016.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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 the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group’s financial reporting process.

Independent Accountant’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial state-

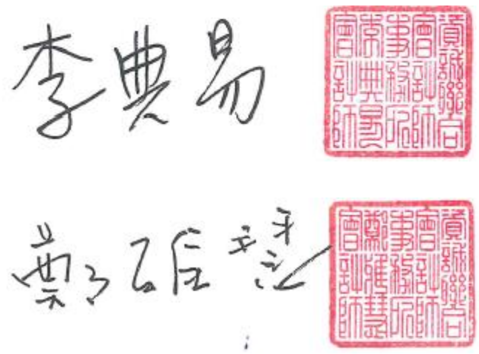
ments, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2016 and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



PricewaterhouseCoopers, Taiwan
March 27, 2018

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

			December 31, 2017		December 31, 2016	
	Assets	Notes	AMOUNT	%	AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,071,799	17	$ 910,191	15
1110	Financial assets at fair value through profit or loss - current	6(2)	32,676	1	383,125	6
1147	Investments in debt instrument without active markets	6(3)	963,980	15	1,013,293	16
1150	Noteds receivable, net		38,138	1	54,554	1
1170	Accounts receivable, net	6(4)	1,546,436	25	1,633,982	26
1180	Accounts receivable - related parties	7	-	-	293	-
1200	Other receivables		8,076	-	14,262	-
130X	Inventories, net	6(5)	1,510,629	24	1,187,872	19
1410	Prepayments		55,068	1	43,084	1
1470	Other current assets	8	27,589	-	32,109	-
11XX	**Current Assets**		5,254,391	84	5,272,765	84
	Non-current assets					
1523	Available-for-sale financial assets - non-current	6(6)	12,908	-	19,702	-
1543	Financial assets carried at cost - non-current	6(7)	66,419	1	66,419	1
1550	Investments accounted for using equity method	6(8)	66,761	1	189,608	3
1600	Property, plant and equipment, net	6(9) and 8	624,659	10	478,669	8
1780	Intangible assets, net		96,768	2	122,286	2
1840	Deferred income tax assets	6(26)	78,425	1	64,503	1
1900	Other non-current assets	8	24,375	1	36,262	1
15XX	**Non-current assets**		970,315	16	977,449	16
1XXX	**Total assets**		$ 6,224,706	100	$ 6,250,214	100

(Continued)

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%
	Current liabilities					
2100	Short-term loans	6(10)	$ 734,730	12	$ 542,153	9
2170	Accounts payable	6(11)	1,633,421	26	1,514,273	24
2180	Accounts payable - related parties	7	4,416	-	-	-
2200	Other payables	6(12)	336,968	6	394,050	6
2230	Current income tax liabilities		60,667	1	33,343	1
2250	Provisions for liabilities-current		187,573	3	195,510	3
2300	Other current liabilities	6(13)	207,150	3	528,962	8
21XX	**Current Liabilities**		3,164,925	51	3,208,291	51
	Non-current liabilities					
2540	Long-term loans	6(13)	391,641	6	310,256	5
2570	Deferred income tax liabilities	6(26)	42,299	1	36,326	1
2600	Other non-current liabilities	6(14)	85,134	1	87,958	1
25XX	**Non-current liabilities**		519,074	8	434,540	7
2XXX	**Total Liabilities**		3,683,999	59	3,642,831	58
	Equity attributable to owners of parent company					
	Share capital	6(16)				
3110	Share capital-common stock		1,651,361	27	1,651,361	26
	Capital surplus	6(17)				
3200	Capital surplus		186,765	3	242,949	4
	Retained earnings	6(18)				
3310	Legal reserve		66,921	1	40,850	1
3320	Special reserve		178,169	3	132,987	2
3350	Unappropriated retained earnings		197,905	3	305,550	5
	Other equity interest	6(19)				
3400	Other equity interest		(63,079)	(1)	(45,182)	(1)
31XX	**Equity attributable to owners of the parent company**		2,218,042	36	2,328,515	37
36XX	**Non-controlling interest**		322,665	5	278,868	5
3XXX	**Total equity**		2,540,707	41	2,607,383	42
	Contingent liabilities and unrecognised contract commitments	9				
3X2X	**Total liabilities and equity**		$ 6,224,706	100	$ 6,250,214	100

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except earnings per share amount)

	Items	Notes	2017 AMOUNT	2017 %	2016 AMOUNT	2016 %
4000	**Operating revenue**	6(20)	$ 4,839,887	100	$ 3,666,700	100
5000	**Operating costs**	6(5)(24)(25)	(3,527,537)	(73)	(2,578,090)	(70)
5900	**Net operating margin**		1,312,350	27	1,088,610	30
	Operating expenses	6(24)(25)				
6100	Selling expenses		(204,158)	(4)	(211,209)	(6)
6200	General and administrative expenses		(299,240)	(6)	(366,670)	(10)
6300	Research and development expenses		(343,153)	(7)	(203,699)	(6)
6000	**Total operating expenses**		(846,551)	(17)	(781,578)	(22)
6900	**Operating profit**		465,799	10	307,032	8
	Non-operating income and expenses					
7010	Other income	6(21)and7	84,099	2	122,870	3
7020	Other gains and losses	6(22)	(70,584)	(2)	25,411	1
7050	Finance costs	6(23)	(18,154)	-	(13,175)	-
7060	Share of profit of associates and joint ventures accounted for under equity method		(122,847)	(3)	(59,216)	(2)
7000	**Total non-operating income and expenses**		(127,486)	(3)	75,890	2
7900	**Profit before tax**		338,313	7	382,922	10
7950	Income tax expense	6(26)	(107,632)	(2)	(83,863)	(2)
8200	**Profit for the year**		$ 230,681	5	$ 299,059	8
	Other comprehensive income for the year					
	Items that will not be reclassified subsequently to profit or loss:					
8311	Actuarial gain on defined benefit plan		($ 5,453)	-	($ 2,498)	-
8310	**Items that will not be reclassified subsequently to profit or loss:**		($ 5,453)	-	($ 2,498)	-
	Items that may be reclassified subsequently to profit or loss:					
8361	Cumulative translation differences of foreign operations		(14,362)	(1)	(94,722)	(2)
8362	Unrealized loss on valuation of available-for-sale financial assets		(5,046)	-	675	-
8360	**Summary of Components of other comprehensive income that will be reclassified to profit or loss**		(19,408)	(1)	(94,047)	(2)
8300	**Other comprehensive (loss) income for the year**		($ 24,861)	(1)	($ 96,545)	(2)
8500	**Total comprehensive income for the year**		$ 205,820	4	$ 202,514	6
	Profit attributable to:					
8610	Equity holders of the parent company		$ 200,252	4	$ 260,709	7
8620	Non-controlling interest		30,429	1	38,350	1
	Profit for the year		$ 230,681	5	$ 299,059	8
	Total comprehensive income attributable to:					
8710	Equity holders of the parent company		$ 176,902	3	$ 179,570	5
8720	Non-controlling interest		28,918	1	22,944	1
	Total comprehensive income for the year		$ 205,820	4	$ 202,514	6
	Basic earnings per share	6(27)				
9750	**Profit for the year**		$	1.21	$	1.58
	Diluted earnings per share	6(27)				
9850	**Profit for the year**		$	1.20	$	1.56

Years ended December 31.

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				Retained Earnings			Other equity interest				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
For the year ended December 31, 2016											
Balance at January 1, 2016		$ 1,651,361	$ 275,976	$ 20,859	$ 132,987	$ 200,820	$ 46,982	($ 13,521)	$ 2,315,464	$ 252,259	$ 2,567,723
Distribution of 2015 earnings:											
Legal reserve		-	-	19,991	-	(19,991)	-	-	-	-	-
Cash dividends	6(18)	-	-	-	-	(132,109)	-	-	(132,109)	-	(132,109)
Capital reserve-distribute cash	6(17)	-	(33,027)	-	-	-	-	-	(33,027)	-	(33,027)
Profit for the year		-	-	-	-	260,709	-	-	260,709	38,350	299,059
Other comprehensive income for the year	6(19)	-	-	-	-	(2,496)	(79,380)	737	(81,139)	(15,406)	(96,545)
From share of changes in equities of subsidiaries	6(28)	-	-	-	-	(1,383)	-	-	(1,383)	-	(1,383)
Increase in non-controlling interest		-	-	-	-	-	-	-	-	3,665	3,665
Balance at December 31,2016		$ 1,651,361	$ 242,949	$ 40,850	$ 132,987	$ 305,550	($ 32,398)	($ 12,784)	$ 2,328,515	$ 278,868	$ 2,607,383
For the year ended December 31,2017											
Balance at January 1, 2017		$ 1,651,361	$ 242,949	$ 40,850	$ 132,987	$ 305,550	($ 32,398)	($ 12,784)	$ 2,328,515	$ 278,868	$ 2,607,383
Distribution of 2016 earnings:											
Legal reserve		-	-	26,071	-	(26,071)	-	-	-	-	-
Special reserve		-	-	-	45,182	(45,182)	-	-	-	-	-

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

GALLANT PRECISION MACHINING CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent									
				Retained Earnings			Other equity interest				
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Cumulative translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
Cash dividends	6(18)	-	-	-	-	(231,191)	-	-	(231,191)	-	(231,191)
Capital reserve-distribute cash	6(17)	-	(66,055)	-	-	-	-	-	(66,055)	-	(66,055)
Profit for the year		-	-	-	-	200,252	-	-	200,252	30,429	230,681
Other comprehensive income for the year	6(19)	-	-	-	-	(5,453)	(12,789)	(5,108)	(23,350)	(1,511)	(24,861)
Difference between the price for acquisition or disposal of subsidiaries and carrying amount	6(28)	-	9,871	-	-	-	-	-	9,871	27,332	37,203
Decrease in non-controlling interest		-	-	-	-	-	-	-	-	(12,453)	(12,453)
Balance at December 31,2017		$ 1,651,361	$ 186,765	$ 66,921	$ 178,169	$ 197,905	($ 45,187)	($ 17,892)	$ 2,218,042	$ 322,665	$ 2,540,707

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

CASH FLOWS FROM OPERATING ACTIVITIES			
Consolidated profit before tax for the year		$ 338,313	$ 382,922
Adjustments			
Income and expenses having no effect on cash flow			
Depreciation	6(9) (24)	38,253	27,644
Amortization	6(24)	30,997	16,272
Gain on financial assets or liabilities at fair value through profit or loss, net	6(22)	(2,538)	(4,841)
Gain on disposal of financial liabilities at fair value through profit or loss		-	(870)
Gain on disposal of financial assets	6(22)	694	(1,983)
Provision for doubtful accounts	6(4)	43,442	44,294
Interest income	6(21)	(14,662)	(15,054)
Interest expense	6(23)	18,154	13,175
Dividend income		-	(3)
(Gain)/loss on disposal of property, plant and equipment, net	6(22)	678	745
Share of profit of associates and joint ventures accounted for using equity method		122,847	59,216
Gain on disposal of investments accounted for using equity method, net	6(22)	-	(31,568)
Impairment loss on investments accounted for using equity method	6(22)	-	12,308
Share-based payments	6(15)	-	114
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Financial assets at fair value through profit or loss - current		352,987	(326,134)
Notes receivable		16,333	(26,879)
Accounts receivable		41,349	(65,465)
Accounts receivable - related parties		293	(4,670)
Other receivables		6,188	(3,862)
Other receivables- related parties		-	51,287
Inventories		(323,427)	(604,572)
Prepayments		(11,792)	(12,661)
Other current assets		(946)	49,612
Other non-current assets		(9)	(11,906)
Net changes in liabilities relating to operating activities			
Financial liabilities at fair value through profit or loss - current		-	(443)
Accounts payable		120,701	660,274
Accounts payable - related parties		4,725	-
Other payables		(64,295)	96,608
Provisions for liabilities		(7,698)	(3,847)
Unearned receipts		(340,082)	410,665
Other current liabilities		(1,401)	(1,531)
Accrued pension liabilities		(7,950)	(5,252)
Cash generated from operations		361,154	703,595
Interest received		14,576	19,309
Interest paid		(17,553)	(12,363)
Income tax paid		(87,671)	(96,275)
Dividends received		-	3
Net cash provided by operating activities		270,506	614,269

(Continued)

	Notes	Current year	Prior year
CASH FLOWS FROM INVESTING ACTIVITIES			
Increase in other financial assets - current		$ 5,331	$ -
Increase in other financial assets – non-current		949	17,513
Acquisition of bond investments without active markets		-	(212,943)
Proceeds from disposal of bond investments without active markets		41,816	-
Proceeds from disposal of available-for-sale financial assets		1,054	-
Proceeds from disposal of financial assets measured at cost		-	1,983
Proceeds from disposal of investments accounted for using equity method		-	43,641
Acquisition of property, plant and equipment	6(30)	(167,682)	(15,000)
Proceeds from disposal of property, plant and equipment		531	2,026
Acquisition of intangible assets		(6,428)	(99,742)
Refundable deposits refunded (paid)		(636)	2,689
Net cash used in investing activities		(125,065)	(259,833)
CASH FLOWS FROM FINANCING ACTIVITY			
Increase in short-term loans		2,118,999	1,597,314
Decrease in short-term loans		(1,926,422)	(1,413,443)
Proceeds from long-term loan		129,000	30,000
Repayment of long-term loan		(27,772)	(27,005)
Guarantee deposits refunded		(23)	(68)
Proceeds from transaction with non-controlling interests	6(28)	(3,833)	-
Acquisition of transaction with non-controlling interests	6(28)	41,036	-
Increase in non-controlling interests		17,944	30,875
Decrease in non-controlling interests		(29,809)	(28,708)
Cash dividends paid		(297,246)	(165,136)
Net cash provided by (used in) financing activities		21,874	23,829
Effect of fluctuations in exchange rate		(5,707)	(22,786)
Net increase (decrease) in cash and cash equivalents		161,608	355,479
Cash and cash equivalents at beginning of year	6(1)	910,191	554,712
Cash and cash equivalents at end of year	6(1)	$ 1,071,799	$ 910,191