Universal Cement Corporation and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2017 and 2016 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2017 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

UNIVERSAL CEMENT CORPORATION

By

BO YI HOU
Chairman
March 26, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Universal Cement Corporation

Opinion

We have audited the accompanying consolidated financial statements of Universal Cement Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (please refer to the Other Matter paragraph), 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 then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission (FSC) of Taiwan, the Republic of China (ROC).

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the ROC. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the ROC, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, 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 for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter for the Group's consolidated financial statements for the year ended December 31, 2017 is stated as follows:

The measurement of investments accounted for using equity method

Refer to the consolidated financial statements Note 4(g) and Note 12(a) for the investment accounted for using equity method. The value of Lioho Machine Works Ltd. held by the Group was $9,180,091 thousand, consisting 43% of the total assets of the Group as of December 31, 2017, and the share of profit of associates was $1,063,873 thousand, consisting 75% of the consolidated profit before income tax for the year ended December 31, 2017. Lioho Machine Works Ltd. could have a material impact on the Group's consolidated financial statements. Consequently, the measurement of investments accounted for using equity method is considered as a key audit matter.

Our audit procedures in respect of the measurement are described as follows:

1. We conducted our audits in accordance with the Regulations Governing Auditing and auditing standards generally accepted in the ROC. The financial statements of Lioho Machine Works Ltd. were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of Taiwan, ROC.

2. We obtained the information on investment accounted for by equity method and rechecked the completeness and accuracy of the accounting items.

Other Matter

We did not audit the financial statements of some subsidiaries and associates accounted for by the equity method as of and for the years ended December 31, 2017 and 2016. The financial statements of the subsidiaries and associates were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts for these subsidiaries and associates is based solely on the reports of the other auditors.

The carrying values of the total assets of all the subsidiaries were $335,790 thousand and $371,501 thousand, consisting 2% of the consolidated total assets as of December 31, 2017 and 2016. The operating revenues were $545,057 thousand and $648,359 thousand, consisting 12% and 14% of the consolidated operating revenues for the years ended December 31, 2017 and 2016, respectively.

We have also audited the parent company only financial statements of Universal Cement Corporation as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion with the Other Matter paragraph.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the ROC, 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 the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' 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 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 the auditing standards generally accepted in the Republic of China 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 the auditing standards generally accepted in the ROC, 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 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 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 auditors' 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 auditors' 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 and appropriate audit evidence regarding the financial information of 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, 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.

The engagement partners on the audit resulting in this independent auditors' report are Hung Ju Liao and Chao Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China
March 26, 2018

Notice to Readers

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

For the convenience of readers, the auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

Universal Cement Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	December 31, 2017		December 31, 2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 192,742	1	$ 197,262	1
Available-for-sale financial assets - current (Notes 4 and 7)	2,226,289	11	1,966,169	10
Notes receivable (Notes 4 and 8)	414,637	2	391,995	2
Accounts receivable, net (Notes 4 and 8)	523,638	3	569,557	3
Accounts receivable from related parties, net (Notes 4, 8 and 29)	74,036	-	90,396	-
Other receivables (Notes 4 and 8)	6,550	-	4,038	-
Current tax assets (Notes 4 and 22)	4,053	-	3,496	-
Inventories (Notes 4 and 9)	303,136	1	309,386	2
Prepayments	13,567	-	15,687	-
Other financial assets - current (Notes 4, 10 and 30)	94,088	-	90,002	-
Other current assets	10,302	-	6,861	-
Total current assets	3,863,038	18	3,644,849	18
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 7)	728,569	3	787,821	4
Investments accounted for using equity method (Notes 4 and 12)	9,234,054	44	8,664,083	43
Property, plant and equipment (Notes 4, 5 and 13)	5,902,802	28	5,718,489	28
Investment properties (Notes 4, 5 and 14)	815,412	4	869,853	4
Other intangible assets (Notes 4 and 15)	8,400	-	9,104	-
Deferred tax assets (Notes 4, 5 and 22)	4,225	-	5,098	-
Prepayments for equipment	627,456	3	574,434	3
Other financial assets - non-current (Notes 4, 10 and 30)	44,392	-	73,400	-
Other non-current assets	860	-	19	-
Total non-current assets	17,366,170	82	16,702,301	82
TOTAL	$ 21,229,208	100	$ 20,347,150	100

	December 31, 2017		December 31, 2016	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 16)	$ 801,000	4	$ 950,000	5
Short-term bills payable (Note 16)	1,039,276	5	589,654	3
Notes payable (Note 17)	127,978	1	107,644	-
Notes payable to related parties (Notes 17 and 29)	2,470	-	30,434	-
Accounts payable (Note 17)	392,573	2	332,737	2
Accounts payable to related parties (Notes 17 and 29)	12,444	-	124,150	-
Other payables (Note 18)	247,062	1	238,149	1
Current tax liabilities(Notes 4 and 22)	81,875	-	170,822	1
Other current liabilities (Note 18)	25,955	-	25,751	-
Total current liabilities	2,730,633	13	2,569,341	12
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 22)	1,184,619	5	1,183,309	6
Guarantee deposits	9,180	-	9,768	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 19)	150,015	1	188,609	1
Total non-current liabilities	1,343,814	6	1,381,686	7
Total liabilities	4,074,447	19	3,951,027	19
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)				
Capital stock - common stock	6,536,092	31	6,345,720	31
Capital surplus	46,951	-	47,112	-
Retained earnings				
Legal reserve	2,131,056	10	1,960,876	10
Special reserve	3,185,793	15	3,185,793	16
Unappropriated earnings	4,793,003	23	4,503,375	22
Total retained earnings	10,109,852	48	9,650,044	48
Other equity	344,008	1	221,727	1
Total equity attributable to owners of the Company	17,036,903	80	16,264,603	80
NON - CONTROLLING INTERESTS	117,858	1	131,520	1
Total equity	17,154,761	81	16,396,123	81
TOTAL	$ 21,229,208	100	$ 20,347,150	100

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

(With Deloitte & Touche auditors' report dated March 26, 2018)

Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 29 and 34)	$ 4,405,376	100	$ 4,622,199	100
OPERATING COSTS (Notes 9, 19, 21 and 29)	3,867,468	88	3,979,894	86
GROSS PROFIT	537,908	12	642,305	14
OPERATING EXPENSES (Notes 19, 21 and 29)				
Selling and marketing expenses	88,234	2	98,085	2
General and administrative expenses	213,980	5	206,884	4
Research and development expenses	85,467	2	70,875	2
Total operating expenses	387,681	9	375,844	8
PROFIT FROM OPERATIONS	150,227	3	266,461	6
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 21 and 29)	218,437	5	230,311	5
Other gains and losses (Note 21)	9,441	-	(18,735)	(1)
Interest expenses	(17,782)	-	(16,732)	-
Share of profit of associates (Notes 4 and 12)	1,064,891	24	1,317,217	28
Total non-operating income and expenses	1,274,987	29	1,512,061	32
PROFIT BEFORE INCOME TAX	1,425,214	32	1,778,522	38
INCOME TAX EXPENSE (Notes 4, 5 and 22)	35,679	1	94,984	2
NET PROFIT FOR THE YEAR	1,389,535	31	1,683,538	36
OTHER COMPREHENSIVE INCOME (Notes 19, 20 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurment of defined benefit plans	6,431	-	4,933	-
Remeasurement of defined benefit plans of associates accounted for using the equity method	(2,769)	-	3,252	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(1,093)	-	(816)	-
	2,569	-	7,369	-

(Continued)

Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on available-for-sale financial assets	$ 252,494	6	$ 7,094	-
Share of the other comprehensive income of associates accounted for using the equity method	(133,138)	(3)	(671,951)	(14)
	119,356	3	(664,857)	(14)
Other comprehensive income (loss) for the year, net of income tax	121,925	3	(657,488)	(14)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,511,460	34	$ 1,026,050	22
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 1,411,666	32	$ 1,701,798	37
Non-controlling interests	(22,131)	-	(18,260)	(1)
	$ 1,389,535	32	$ 1,683,538	36
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,533,947	35	$ 1,044,140	22
Non-controlling interests	(22,487)	(1)	(18,090)	-
	$ 1,511,460	34	$ 1,026,050	22
EARNINGS PER SHARE (Note 23)				
Basic	$ 2.16		$ 2.60	
Diluted	$ 2.16		$ 2.60	

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

(With Deloitte & Touche auditors' report dated March 26, 2018) (Concluded)

Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owners of the Company										
			Retained Earnings			Other Equity					
	Capital Stock - Common Stock	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-Sale Financial Assets	Remeasurement of defined benefit plans	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2016	$ 6,282,891	$ 49,272	$ 1,821,603	$ 3,185,793	$ 3,631,000	$ 319,576	$ 560,013	$ (204)	$ 15,849,944	$ 150,442	$ 16,000,386
Appropriation of 2015 earnings (Note 20)											
Legal reserve	-	-	139,273	-	(139,273)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$1 per share	-	-	-	-	(628,289)	-	-	-	(628,289)	-	(628,289)
Share dividends distributed by the Company - NT$0.1 per share	62,829	-	-	-	(62,829)	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries (Note 24)	-	(2,160)	-	-	968	-	-	-	(1,192)	1,192	-
Net profit for the year ended December 31, 2016	-	-	-	-	1,701,798	-	-	-	1,701,798	(18,260)	1,683,538
Other comprehensive income (loss) for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(669,544)	4,687	7,199	(657,658)	170	(657,488)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	1,701,798	(669,544)	4,687	7,199	1,044,140	(18,090)	1,026,050
Change in non-controlling interests (Note 20)	-	-	-	-	-	-	-	-	-	(2,024)	(2,024)
BALANCE AT DECEMBER 31, 2016	6,345,720	47,112	1,960,876	3,185,793	4,503,375	(349,968)	564,700	6,995	16,264,603	131,520	16,396,123
Appropriation of 2016 earnings (Note 20)											
Legal reserve	-	-	170,180	-	(170,180)	-	-	-	-	-	-
Cash dividends distributed by the Company - NT$1.2 per share	-	-	-	-	(761,486)	-	-	-	(761,486)	-	(761,486)
Share dividends distributed by the Company - NT$0.3 per share	190,372	-	-	-	(190,372)	-	-	-	-	-	-
Changes in percentage of ownership interests in subsidiaries (Note 24)	-	(161)	-	-	-	-	-	-	(161)	161	-
Net profit for the year ended December 31, 2017	-	-	-	-	1,411,666	-	-	-	1,411,666	(22,131)	1,389,535
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(136,049)	255,405	2,925	122,281	(356)	121,925
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	1,411,666	(136,049)	255,405	2,925	1,533,947	(22,487)	1,511,460
Change in non-controlling interests (Note 20)	-	-	-	-	-	-	-	-	-	8,664	8,664
BALANCE AT DECEMBER 31, 2017	$ 6,536,092	$ 46,951	$ 2,131,056	$ 3,185,793	$ 4,793,003	$ (486,017)	$ 820,105	$ 9,920	$ 17,036,903	$ 117,858	$ 17,154,761

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

(With Deloitte & Touche auditors' report dated March 26, 2018)

Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,425,214	$ 1,778,522
Adjustments for:		
Depreciation expenses	101,826	119,674
Amortization expenses	1,785	1,698
Impairment loss recognized on accounts receivable	1,722	6,438
Interest expenses	17,782	16,732
Interest income	(2,276)	(2,366)
Dividend income	(162,556)	(177,518)
Share of profit of associates	(1,064,891)	(1,317,217)
Gain on disposal of property, plant and equipment net	(531)	(944)
Gain on disposal of available-for-sale financial assets	(10,966)	-
Gain on disposal of investment properties	(17,906)	-
Write-downs of inventories	233	-
Changes in operating assets and liabilities		
Notes receivable	(22,642)	46,155
Accounts receivable	41,058	74,011
Accounts receivable from related parties	19,499	(56,652)
Other receivables	(2,866)	631
Inventories	6,017	28,855
Prepayments	2,120	(600)
Other current assets	(3,441)	10,144
Notes payable	20,334	(15,993)
Notes payable to related parties	(27,964)	(42,212)
Accounts payable	59,836	8,182
Accounts payable to related parties	(111,706)	(59,643)
Other payables	8,511	20,003
Other current liabilities	204	(397)
Net defined benefit liability	(32,163)	(122,907)
Cash generated from operations	246,233	314,596
Interest received	2,630	2,465
Dividends received	521,569	477,771
Income tax paid	(124,093)	(53,807)
Net cash generated from operating activities	646,339	741,025
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(50,870)	-
Refunds from available-for-sale financial assets	54,212	-
Refund of available-for-sale financial assets of capital reduction	59,250	-
Acquisitions of investments accounted for using equity method	-	(38,250)
Payments for property, plant and equipment	(336,484)	(413,395)
Proceeds from disposal of property, plant and equipment	866	1,055
Payments for intangible assets	(1,081)	(842)
Proceeds from disposal of investment properties	69,563	-

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Universal Cement Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
Increase in other financial assets	$ (16,642)	$ (15,805)
Decrease in other financial assets	41,564	22,965
Increase in other non-current assets	(841)	-
Decrease in other non-current assets	-	258
Net cash used in investing activities	(180,463)	(444,014)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from (Repayment of) short-term borrowings	(149,000)	242,000
Proceeds from (Repayment of) short-term bills payable	450,000	(90,000)
Proceeds from guarantee deposits received	-	134
Refund of guarantee deposits received	(588)	-
Dividends paid to owners of the Company	(761,494)	(628,321)
Interest Paid	(17,978)	(16,565)
Increase in non-controlling interests	13,165	6,973)
Dividend distribution of subsidiaries	(4,501)	(8,997)
Net cash used in financing activities	(470,396)	(494,776)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,520)	(197,765)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	197,262	395,027
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 192,742	$ 197,262

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

(With Deloitte & Touche auditors' report dated March 26, 2018) (Concluded)

1. GENERAL INFORMATION

Universal Cement Corporation (the Company) was incorporated in the Republic of China (ROC) in March 1960. The Company mainly manufactures and sells cement, ready mixed concrete and gypsum board panels.

The Company's shares have been listed on the Taiwan Stock Exchange (TWSE) since February 1971.

The consolidated financial statements of the Company and its subsidiaries (referred to collectively as "the Group") are presented in the Company's functional currency, New Taiwan dollars.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved by the Company's board of directors on March 26, 2018.

3. APPLICATION OF NEW AND REVISED STANDARDS, AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the FSC

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Group's accounting policies:

<u>Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include an emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Group, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group, are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Group has significant transactions. If the transaction amount or balance with a specific related party is 10% or more of the Group's respective total transaction amount or balance, such transactions should be separately disclosed by the name of each related party.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions are enhanced. Refer to Note 29 for the related disclosures.

b. The Regulations Governing the Preparation of Financial Reports by IFRSs endorsed by the FSC for application starting from 2018

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendment to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS15 Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

1) IFRS 9 "Financial Instruments" and related amendments

<u>Classification, measurement and impairment of financial assets</u>

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The Group analyzed the facts and circumstances of its financial assets that exist at December 31, 2017 and performed the assessment of the impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

a) Listed shares, emerging market shares, and unlisted shares classified as available-for-sale will be classified as at fair value through profit or loss. Listed shares, emerging market shares, and unlisted shares classified as available-for-sale will be designated as at fair value through other comprehensive income and the fair value gains or losses accumulated in other equity will be transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Besides this, unlisted shares measured at cost will be measured at fair value instead;

b) Mutual funds classified as available-for-sale will be classified as at fair value through profit or loss because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments; and

c) Debt investments classified as other financial assets and measured at amortized cost will be classified as measured at amortized cost under IFRS 9 because, on initial recognition, the contractual cash flows that are solely payments of principal and interest on the principal outstanding and these investments are held within a business model whose objective is to collect contractual cash flows.

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. A loss allowance is required for financial assets measured at amortized cost, investments in debt instruments measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full-lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full-lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

The Group has performed a preliminary assessment in which it will apply the simplified approach to recognize full-lifetime expected credit losses for trade receivables, contract assets and lease receivables. In relation to debt instrument investments and financial guarantee contracts, the Group will assess whether there has been a significant increase in credit risk to determine whether to recognize 12-month or full-lifetime expected credit losses. In general, the Group anticipates that the application of the expected credit losses model of IFRS 9 will result in an earlier recognition of credit losses for financial assets.

The Group elects not to restate prior reporting periods when applying the requirements for the classification, measurement and impairment of financial assets under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9.

The anticipated impact on assets, liabilities and equity of retrospective application of the requirements for the classification, measurement and impairment of financial assets as of January 1, 2018 is set out below:

	Carrying Amount as of December 31, 2017	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2018**
Impact on assets and equity			
Financial assets at fair value through profit or loss - current	$ -	$ 124,299	$ 124,299
Financial assets at fair value through other comprehensive income - current	-	2,101,990	2,101,990
Available-for-sale financial assets - current	2,226,289	(2,226,289)	-
Financial assets measured at amortized cost - current	-	94,088	94,088
Other financial assets - current	94,088	(94,088)	-
Financial assets at fair value through other comprehensive income - non-current	-	1,416,777	1,416,777
Available-for-sale financial assets - non-current	728,569	(728,569)	-
Financial assets measured at amortized cost - non-current	-	43,712	43,712
Other financial assets - non-current	43,712	(43,712)	-
Total effect on assets	$ 3,092,658	$ 688,208	$ 3,780,866
Retained earnings	$ 10,109,852	$ 91,615	$ 10,201,467
Financial assets at fair value through other comprehensive income - unrealized profit and loss	-	1,416,698	1,416,698
Available for sale financial assets - unrealized profit and loss	820,105	(820,105)	-
Total effect on equity	$ 10,929,957	$ 688,208	$ 11,618,165

2) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue.

When applying IFRS 15, the Group recognizes revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Group satisfies a performance obligation.

If the customer has retained a portion of payment to the Group in accordance with the terms of the contract in order to protect the customer from the contractor’s possible failure to adequately complete its obligations under the contract, such payment arrangement does not include a significant financing component and is recognized as a contract asset before the contractual obligation is completed under IFRS 15. Currently, any retention receivable under a construction contract is recognized as a receivable and is discounted to reflect the time value of money in accordance with IAS 39.

The Group elects to retrospectively apply IFRS 15 to contracts that are not complete on January 1, 2018 and recognize the cumulative effect of the change in retained earnings on January 1, 2018.

In addition, the Group will disclose the difference between the amount that results from applying IFRS 15 and the amount that results from applying current standards for 2018.

The anticipated impact on assets, liabilities and equity when retrospectively applying IFRS 15 as of January 1, 2018 is detailed below:

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
Trade receivables, net	$ 523,638	$ (8,633)	$ 515,005
Trade receivables from unrelated parties, net	74,036	(19,225)	54,811
Contract assets - current	-	27,858	27,858
Total effect on assets	$ 597,674	$ -	$ 597,674

3) Amendments to IAS 40 “Transfers of Investment Property”

The amendments clarify that the Group should transfer to, or from, investment property when, and only when, a property meets, or ceases to meet, the definition of investment property and there is evidence of a change in use. In isolation, a change in management’s intentions for the use of a property does not provide evidence of a change in use. The amendments also clarify that evidence of a change in use is not limited to those illustrated in IAS 40.

In addition, the Group will disclose the reclassified amounts in 2018 and the reclassified amounts of January 1, 2018 should be included in the reconciliation of the carrying amount of investment property.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019 (Note 3)
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 4)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

5) IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within financing activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

6) Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendment shall be applied prospectively.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

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 IFRSs as endorsed by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for the assets or liabilities.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

See Note 11 and table 5 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Group entities (including subsidiaries in other countries that use currency different from the currency of the Company) are translated into the presentation currency - New Taiwan dollars as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income attributed to the owners of the Company and non-controlling interests as appropriate.

f. Inventories

Inventories consist of raw materials and supplies, merchandise, finished goods and work-in-process. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, an investment in an associate is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of equity of associates.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Group subscribes for additional new shares of the associate 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 associate. 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 of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for by the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from investment and the carrying amount of investment is net of the impairment loss. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such properties are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs Corporate assets are allocated to [the individual cash-generating units/the smallest group of cash-generating units] on a reasonable and consistent basis of allocation.

Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

Financial assets are classified into the following categories: Available-for-sale financial assets, and loans and receivables.

i. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amounts of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and presented in a separate line item as financial assets measured at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

ii. Loans and receivables

Loans and receivables (including notes receivable, accounts receivable, other receivables, cash and cash equivalents, and other financial assets) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial asset, that the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as accounts receivables and other receivables, such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with a default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract, such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables where the carrying amount is reduced through the use of an allowance account. When accounts receivables are considered uncollectable, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectable accounts receivables and that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except for the financial liabilities at fair value through profit or loss, all the financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

1) Sale of goods

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

c) The amount of revenue can be measured reliably;

d) It is probable that the economic benefits associated with the transaction will flow to the Group; and

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Dividend and interest income

Dividend income is recognized when the shareholder's right to receive payment has been established provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

n. Leasing

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

1) The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

2) The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

3) Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. The minimum lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases, in which case, the entire lease is classified as an operating lease.

o. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current years' tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Useful lives of property, plant and equipment and Investment properties

The Group reviews the estimated useful lives of property, plant and equipment Investment properties at each balance sheet date. During the current period, management determined that the useful lives of certain items of equipment should be shortened, due to developments in technology.

b. Recognition and measurement of defined benefit plans

The net defined benefit liabilities (assets) and the resulting defined benefit costs under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, and future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the amount of the expense and the liability.

c. Income taxes

As of December 31, 2017 and 2016, the carrying amount of deferred tax assets in relation to temporary differences was $4,225 thousand and $5,098 thousand, respectively. As of December 31, 2017 and 2016, no deferred tax assets have been recognized on carryforward and temporary differences of $674,877 thousand and $621,051 thousand, respectively, due to the unpredictability of future profit streams. The realizability of deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	2016
Cash on hand	$ 455	$ 448
Checking accounts and demand deposits	122,287	121,814
Cash equivalent (Time deposits with original maturities less than 3 months)	70,000	75,000
	$ 192,742	$ 197,262

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31 2017	2016
Current		
Listed shares	$ 2,224,990	$ 1,964,852
Mutual funds	1,299	1,317
	$ 2,226,289	$ 1,966,169
Non-current		
Unlisted shares	$ 728,569	$ 787,821

On May 5, 2006, the Group entered into a securities lending business trust agreement with CTBC Bank Co., Ltd (the Bank) to activate its assets for the increase in profit. Per agreement, the Group had committed its shares (26,000,000 ordinary shares as of December 31, 2017 and 2016) of the Bank with a one-year term.

Before the expiration of the agreement, the Group is allowed to request for early termination; upon the expiration, if either party has no objection in the extension of the agreement, the term is automatically renewed by one year. However, the contract has been terminated on August 15, 2018.

In November, 2016, $818,520 thousand of available-for-sale financial assets were reclassified from non-current assets to current assets for the change in the holding purpose.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES) AND OTHER RECEIVABLES.

	December 31 2017	2016
Notes receivable		
Notes receivable - operating	$ 414,346	$ 391,662
Notes receivable - non-operating	291	333
	$ 414,637	$ 391,995
Accounts receivable (Including related parties)		
Accounts receivable - operating	$ 612,087	$ 674,899
Less: Allowance for impairment loss	14,413	14,946
	$ 597,674	$ 659,953

a. NOTES AND ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES)

The average collection period for receivables due to sales was between 30 to 90 days. To determine the recoverability of the notes and accounts receivables, the Group took into consideration any change in the quality of the credit of the accounts receivable since the initial grant date of the credit to the end of the reporting period. The Group recognized allowance for doubtful accounts of 100% on all receivables aged over 365 days from end of the invoice date and 20% on retention receivables aged over 365 days from end of the invoice date. The remaining receivables are assessed for irrecoverable amounts based on past default history of the counterparties and analysis of their current financial position.

The Group did not recognize allowance for impairment loss on some of the notes and accounts receivable balances that were due at the end of the balance sheet date because there was no significant change in credit quality and the amounts were still considered as recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of receivables (including related parties) were as follows:

	December 31	
	2017	2016
Less than 120 days	$ 547,936	$ 644,411
121 to 180 days	5,956	2,145
181 to 365 days	4,639	8,244
More than 366 days	26,556	20,099
	$ 612,087	$ 674,899

The above aging schedule was based on the number of past due days from the invoice date.

The group had no expired without impaired accounts receivables for at the end of December 31, 2017 and 2016.

The movement of the allowance for doubtful accounts receivable collectively assessed was as follows:

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 14,946	$ 8,910
Add: Impairment losses recognized on receivables	1,722	6,438
Less: Receivables written off during the year as uncollectable	(2,255)	(402)
Balance at December 31	$ 14,413	$ 14,946

b. Other receivables

The Group did not recognize an allowance for impairment loss on other receivables that were over due at the end of the reporting period, because there was not a significant change in credit quality and the amounts were still considered as recoverable.

9. INVENTORIES

	December 31	
	2017	2016
Merchandise	$ 42,379	$ 51,339
Finished goods	67,989	64,244
Work in process	31,302	47,495
Raw materials and supplies	161,466	146,308
	$ 303,136	$ 309,386

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2017 and 2016 was $3,867,468 thousand and $3,979,894 thousand, respectively. The cost of goods sold included inventory write-downs of $233 thousand for the year ended December 31, 2017

10. OTHER FINANCIAL ASSETS

	December 31	
	2017	2016
Current		
Time deposits with original maturity more than 3 months (Note 1)	$ 94,021	$ 89,935
Pledged time deposits (Note 2)	67	67
	$ 94,088	$ 90,002
Non-current		
Pledged time deposits (Note 2)	$ 40,614	$ 67,584
Refundable deposits	3,098	5,053
Cash surrender value of life insurance	680	763
	$ 44,392	$ 73,400

Note 1: The interest rates on deposits with terms of more than 3 months were 0.54%-3% and 0.6%-3.0% per year as of December 31, 2017 and 2016, respectively.

Note 2: The information of pledged time deposits is set out in Note 30.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

			Proportion of Ownership		
			December 31		
Investor	Investee	Nature of Activities	2017	2016	Remark
Universal Cement Corporation	Chiayi Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete	86.63	86.63	-
〃	Huanchung Cement International Corporation	Manufacturing, marketing, importing and exporting of cement and cement clinker	69.99	69.99	-
〃	Kaohsiung Harbor Transport Company	Trucking operation	100.00	100.00	-
〃	Universal Investment Corporation	Investment activities	100.00	100.00	-
〃	Universal Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete and gravel	55.94	55.94	Note 2
〃	Uneo Incorporated	Manufacturing and marketing of electronic products	72.69	72.69	Note 1
Universal Investment Corporation	Universal Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete and gravel	0.87	0.01	Note 2
〃	Chiayi Concrete Industrial Corporation	Manufacturing and marketing of ready-mixed concrete	0.01	0.01	-
〃	Huanchung Cement International Corporation	Manufacturing, marketing, importing and exporting of cement and cement clinker	0.01	0.01	-
〃	Uneo Incorporated	Manufacturing and marketing of electronic products	0.67	0.59	Note 1

Note 1: Due to the subscriptions for common stock of subsidiary that were not in proportion to existing equity percentage, the Group’s interest in Uneo Incorporated was increased from 73.28% to 73.36% in September 2017 and from 72.62% to 73.28% in November 2016.

Note 2: Because of obtaining $114 thousand shares from non-controlling interest in July 2017, the shareholding ratio increased from 55.95% to 56.81%.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31	
	2017	**2016**
Material associate		
Lioho Machine Works Ltd.	$ 9,180,091	$ 8,610,939
Associates that are not individually material	53,963	53,144
	$ 9,234,054	$ 8,664,083

a. Material associates

	Proportion of Ownership and Voting Rights	
	December 31	
	2017	**2016**
Name of Associate		
Lioho Machine Works Ltd.	29.86%	29.86%

Refer to Table 5 "Information on Investees" for the nature of activities, principal place of business and country of incorporation of the associates.

The share of net income and other comprehensive income from associates under equity method were accounted for based on the audited financial statements.

Aggregate information of material associates was as follows:

	December 31	
	2017	**2016**
Total equity	$ 30,743,846	$ 28,837,757

	For the Year Ended December 31	
	2017	**2016**
Operating revenue	$ 4,422,292	$ 4,509,685
Net profit	$ 3,562,872	$ 4,408,722
Total comprehensive income for the year	$ (456,783)	$ (2,240,583)
Cash dividends received from Lioho Machine Works Ltd.	$ 358,326	$ 297,964

b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2017	2016
The Group's share of:		
Profit from continuing operations	$ 1,018	$ 773
Other comprehensive income	488	339
Total comprehensive income for the year	$ 1,506	$ 1,112

The share of net income and other comprehensive income from associates under equity method were accounted for based on the audited financial statements.

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost							
Balance at January 1, 2016	$ 4,666,670	$ 1,331,066	$ 3,196,469	$ 535,407	$ 600,851	$ 319,315	$ 10,649,778
Additions	4,032	4,767	29,003	135	96,559	113,197	247,693
Disposals	-	-	-	(15,726)	(4,214)	-	(19,940)
Reclassification	-	283,112	-	-	23,393	(306,505)	-
Balance at December 31, 2016	$ 4,670,702	$ 1,618,945	$ 3,225,472	$ 519,816	$ 716,589	$ 126,007	$ 10,877,531
Accumulated depreciation and impairment							
Balance at January 1, 2016	$ -	$ 1,046,438	$ 3,065,461	$ 417,573	$ 532,671	$ -	$ 5,062,143
Disposals	-	-	-	(15,711)	(4,118)	-	(19,829)
Depreciation expense	-	16,983	27,082	65,073	7,590	-	116,728
Balance at December 31, 2016	$ -	$ 1,063,421	$ 3,092,543	$ 466,935	$ 536,143	$ -	$ 5,159,042
Carrying amounts at December 31, 2016	$ 4,670,702	$ 555,524	$ 132,929	$ 52,881	$ 180,446	$ 126,007	$ 5,718,489
Cost							
Balance at January 1, 2017	$ 4,670,702	$ 1,618,945	$ 3,225,472	$ 519,816	$ 716,589	$ 126,007	$ 10,877,531
Additions	-	1,400	82,520	383	9,497	189,890	283,690
Disposals	-	(126)	-	(13,772)	(1,810)	-	(15,708)
Reclassification	-	17,416	-	-	2,864	20,280	-
Balance at December 31, 2017	$ 4,670,702	$ 1,637,635	$ 3,307,992	$ 506,427	$ 727,140	$ 295,617	$ 11,145,513
Accumulated depreciation and impairment							
Balance at January 1, 2017	$ -	$ 1,063,421	$ 3,092,543	$ 466,935	$ 536,143	$ -	$ 5,159,042
Disposals	-	(126)	-	(13,772)	(1,475)	-	(15,373)
Depreciation expense	-	16,950	32,110	38,487	11,495	-	99,042
Balance at December 31, 2017	$ -	$ 1,080,245	$ 3,124,653	$ 491,650	$ 546,163	$ -	$ 5,242,711
Carrying amounts at December 31, 2017	$ 4,670,702	$ 557,390	$ 183,339	$ 14,777	$ 180,977	$ 295,617	$ 5,902,802

The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

Buildings	
Main buildings	20-60 years
Outbuildings and construction	4-16 years
Engineering systems	9-16 years
Machinery and equipment	2-17 years
Transportation equipment	3-6 years
Other equipment	2-20 years

14. INVESTMENT PROPERTIES

	Land	Buildings	Total
Cost			
Balance at January 1 and December 31, 2016	$ 889,858	$ 212,474	$ 1,102,332
Accumulated depreciation and impairment			
Balance at January 1, 2016	$ 80,167	$ 149,366	$ 229,533
Depreciation expense	-	2,946	2,946
Balance at December 31, 2016	$ 80,167	$ 152,312	$ 232,479
Carrying amounts at December 31, 2016	$ 809,691	$ 60,162	$ 869,853
Cost			
Balance at January 1, 2017	$ 889,858	$ 212,474	$ 1,102,332
Disposal	(33,292)	(24,169)	(57,461)
Balance at December 31, 2017	$ 856,566	$ 188,305	$ 1,044,871
Accumulated depreciation and impairment			
Balance at January 1, 2017	$ 80,167	$ 152,312	$ 232,479
Disposal	-	2,784	2,784
Depreciation expense	-	(5,804)	5,804
Balance at December 31, 2017	$ 80,167	$ 149,292	$ 229,459
Carrying amounts at December 31, 2017	$ 776,399	$ 39,013	$ 815,412

As of December 31, 2017 and 2016, all of the land, amounting to $112,147 thousand, has not yet completed property registration to the Group. Because of restriction in use under the regulations, all of the land has been secured with mortgage registration.

The investment properties are depreciated using the straight-line method over 10-50 years of useful lives.

The determination of fair value was performed by independent qualified professional valuers. The valuation was arrived at by reference to market evidence of transaction prices for similar properties and the fair value as appraised.

	December 31	
	2017	2016
Fair value	$ 1,219,681	$ 1,025,339

The Group disposed of an investment property not carried at fair value in August,2017. The carrying amount of that investment property at the time of sale was $69,593 thousand, and the disposal gain of $17,906 thousand was recognized in profit or loss at the time of disposal.

15. OTHER INTANGIBLE ASSETS

	Patents	Licenses and Franchises	Trademarks	Computer Software	Total
Cost					
Balance at January 1, 2016	$ 6,881	$ 5,000	$ -	$ -	$ 11,881
Additions	332	-	20	1,927	2,279
Balance at December 31, 2016	$ 7,213	$ 5,000	$ 20	$ 1,927	$ 14,160
Accumulated amortization					
Balance at January 1, 2016	$ 1,674	$ 1,684	$ -	$ -	$ 3,358
Amortization expense	471	237	1	989	1,698
Balance at December 31, 2016	$ 2,145	$ 1,921	$ 1	$ 989	$ 5,056
Carrying amounts at December 31, 2016	$ 5,068	$ 3,079	$ 19	$ 938	$ 9,104
Cost					
Balance at January 1, 2017	$ 7,213	$ 5,000	$ 20	$ 1,927	$ 14,160
Additions	202	-	-	879	1,081
Balance at December 31, 2017	$ 7,415	$ 5,000	$ 20	$ 2,806	$ 15,241
Accumulated amortization					
Balance at January 1, 2017	$ 2,145	$ 1,921	$ 1	$ 989	$ 5,056
Amortization expense	518	237	2	1,028	1,785
Balance at December 31, 2017	$ 2,663	$ 2,158	$ 3	$ 2,017	$ 6,841
Carrying amounts at December 31, 2017	$ 4,752	$ 2,842	$ 17	$ 789	$ 8,400

Other intangible assets are depreciated on a straight-line basis over the estimated useful lives as follows:

Patents	19 years
Licenses and franchises	10 years
Trademarks	3 years
Computer Software	2-3 years

16. BORROWINGS

a. Short-term borrowings

	December 31	
	2017	2016
Bank borrowings		
Unsecured borrowings	$ 801,000	$ 950,000

The range of interest rates was 0.9%-1.4% per annum as of December 31, 2017 and 2016.

b. Short-term bills payable

	December 31	
	2017	2016
Commercial papers	$ 1,040,000	$ 590,000
Less: Unamortized discount on bills payable	724	346
	$ 1,039,276	$ 589,654

The Group did not provide any collateral over the balance.

Outstanding short-term bills payable were as follows:

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
December 31, 2017				
Mega Bills Finance Co., Ltd.	$ 440,000	$ 199	$ 439,801	0.850% ~ 1.538%
Taiwan Cooperative Bills Finance Co., Ltd.	200,000	279	199,721	0.908%
International Bills Finance Co., Ltd.	200,000	123	199,877	0.898%
Ta Ching Bills Finance Co.	200,000	123	199,877	0.898%
	$ 1,040,000	$ 724	$ 1,039,276	
December 31, 2016				
Mega Bills Finance Co., Ltd.	$ 90,000	$ 109	$ 89,891	0.90% ~ 1.538%
Taiwan Cooperative Bills Finance Co., Ltd.	200,000	95	199,905	0.918%
International Bills Finance Co., Ltd.	300,000	142	299,858	0.908%
	$ 590,000	$ 346	$ 589,654	

17. NOTES PAYABLE AND ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

Notes payable and accounts payable (including related parties) resulted from operating activities. The average credit period on purchases is 30 to 65 days. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. Therefore, no interest was charged on the payables.

18. OTHER PAYABLES AND OTHER LIABILITIES

	December 31	
	2017	2016
Current		
Other payable		
Payable for salaries or bonus	$ 95,003	$ 81,471
Payable for dividends	22,473	22,482
Payable for remuneration to directors and supervisors	23,214	31,573
Payable for remuneration to employees	22,999	30,837
Payable for taxes	15,342	20,353
Payable for annual leave	12,150	10,071
Payable for freight	10,276	11,182
Others	45,605	30,180
	$ 247,062	$ 238,149
Other liabilities		
Temporary receipts	$ 19,533	$ 16,030
Receipts in advance	6,232	9,559
Others	190	162
	$ 25,955	$ 25,751

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (the LPA), which is a state-managed defined contribution plan. Under the LPA, the Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plan adopted by the Group in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Group contributes amounts equal to 2%~3% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2017	2016
Present value of defined benefit obligation	$ 348,544	$ 361,248
Fair value of plan assets	(198,529)	(172,639)
Net defined benefit liability	$ 150,015	$ 188,609

Movements in net defined benefit liability were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability
Balance at January 1, 2016	$ 354,637	$ (38,306)	$ 316,331
Service cost			
Current service cost	8,259	-	8,259
Net interest expense (income)	5,603	(679)	4,924
Recognized in profit or loss	13,862	(679)	13,183
Return on plan assets (excluding amounts included in net interest)	-	345	345
Actuarial loss - changes in demographic assumptions	5,737	-	5,737
Actuarial loss - changes in financial assumptions	28,689	-	28,689
Actuarial gain - experience adjustments	(39,704)	-	(39,704)
Recognized in other comprehensive income	(5,278)	345	(4,933)
Contributions from the employer	-	(135,972)	(135,972)
Benefits paid	(1,973)	1,973	-
Balance at December 31, 2016	361,248	(172,639)	188,609
Service cost			
Current service cost	7,940	-	7,940
Net interest expense (income)	4,968	(2,432)	2,536
Recognized in profit or loss	12,908	(2,432)	10,476
Return on plan assets (excluding amounts included in net interest)	-	979	979
Actuarial loss - changes in demographic assumptions	1,719	-	1,719
Actuarial loss - changes in financial assumptions	8,589	-	8,589
Actuarial gain - experience adjustments	(17,718)	-	(17,718)
Recognized in other comprehensive income	(7,410)	979	(6,431)
Contributions from the employer	-	(40,717)	(40,717)
Benefits paid	(18,202)	16,280	(1,922)
Balance at December 31, 2017	$ 348,544	$ (198,529)	$ 150,015

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2017	2016
Operating costs	$ 5,720	$ 7,791
Selling and marketing expenses	1,519	1,925
General and administrative expenses	2,954	3,111
Research and development expenses	283	356
	$ 10,476	$ 13,183

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2017	2016
Discount rate	1.25%	1.375%
Expected rate of salary increase	2% - 4%	2% - 4%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2017	2016
Discount rate		
0.5% increase	$ (17,208)	$ (18,138)
0.5% decrease	$ 18,506	$ 19,553
Expected rate of salary increase		
0.5% increase	$ 17,333	$ 18,544
0.5% decrease	$ (16,302)	$ (17,397)

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2017	2016
The expected contributions to the plan for the next year	$ 7,247	$ 40,929
The average duration of the defined benefit obligation	9 - 12years	10 - 13years

20. EQUITY

a. Share capital

	December 31	
	2017	2016
Number of shares authorized (thousands)	653,609	634,572
Shares authorized	$ 6,536,092	$ 6,345,720
Number of shares issued and fully paid (in thousands)	653,609	634,572
Shares issued	$ 6,536,092	$ 6,345,720

In the June 2016 shareholders' meeting, the shareholders resolved to use 2015 retained earnings to increase capitalization by issuing ordinary shares - each share has a par value of $10, in the aggregate of $62,829 thousand. This increase in the capitalization had been approved by the FSC and the subscription base date was August 17, 2016.

In the June 2017 shareholders' meeting, the shareholders resolved to use 2016 retained earnings to increase capitalization by issuing ordinary shares - each share has a par value of $10, in the aggregate of $190,372 thousand. This increase in the capitalization had been approved by the FSC and the subscription base date was August 2, 2017.

b. Capital surplus

	December 31	
	2017	2016
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note 1)</u>		
Treasury share transactions	$ 21,606	$ 21,606
<u>May be used to offset a deficit only (Note 2)</u>		
Changes in percentage of ownership interest in subsidiaries	6,089	7,442
Share of changes in capital surplus of associates	19,256	18,064
	$ 46,951	$ 47,112

Note 1: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

Note 2: Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

c. Retained earnings and dividend policy

The shareholders held their regular meeting on June 22,2016 and, in that meeting, resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on the distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, if the Company makes profit in a fiscal year, the profit shall be first utilized to pay taxes, offset losses of previous years, set aside as legal reserve with 10% of the remaining profit, set aside or reverse a special reserve in accordance with the laws and regulations, and lastly, together with any undistributed retained earnings, serve as the basis of a distribution plan proposed by the Company's board of directors in accordance with the resolution of the shareholders' meeting pertaining to the distribution of dividends and bonus to shareholders.

According to the Company's Articles, dividends can be distributed by way of stock dividends and cash dividends. However, the ratio for stock dividend shall not exceed 50% of the total distribution unless the value of cash dividends is less than $0.5 per share. The distribution of dividends can be adjusted by shareholders based on the Company's profit, capital status, and operating requirement.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company in Note 22 (f) integrated income tax.

The appropriations of 2016 and 2015 earnings have been approved in the shareholders' meetings on June 14, 2017 and June 22, 2016, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 170,180	$ 139,273		
Cash dividends	761,486	628,289	$ 1.2	$ 1.0
Share dividends	190,372	62,829	0.3	0.1

The appropriation of earnings for 2017 had been proposed by the Company's board of directors on March 26, 2018. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 141,167	$ 1.1
Cash dividends	718,970	

The appropriation of earnings for 2017 are subject to the resolution of the shareholders' meeting to be held on June 14, 2018.

d. Special reserves

	December 31	
	2017	2016
First-time adoption IFRSs	$ 3,185,793	$ 3,185,793

Because the increase in the retained earnings caused by the first-time adoption of IFRSs was insufficient to be appropriated for provision, the Company had provided for special reserve based on the increase of the retained earnings, an adjustment that was recorded per company policy on first-time adoption.

e. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the year Ended December 31	
	2017	2016
Balance at January 1	$ (349,968)	$ 319,576
Share of exchange difference of associates accounted for using the equity method	(136,049)	(669,544)
Balance at December 31	$ (486,017)	$ (349,968)

2) Unrealized gain (loss) on available-for-sale financial assets

	For the year Ended December 31	
	2017	2016
Balance at January 1	$ 564,700	$ 560,013
Unrealized gain on revaluation of available-for-sale financial assets	263,460	7,094
Cumulative loss reclassified to profit or loss on sale of available - for - sale financial assets	(10,966)	-
Share of unrealized gain (loss) on revaluation of available-for-sale financial assets of associates accounted for using the equity method	2,911	(2,407)
Balance at December 31	$ 820,105	$ 564,700

3) Remeasurement of defined benefit plans

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 6,995	$ (204)
Remeasurement of defined benefit plans	6,860	4,763
Remeasurement on defined benefit plans related income tax	(1,166)	(816)
Share of remeasurement of defined benefit plans of associates accounted for using the equity method	(2,769)	3,252
Balance at December 31	$ 9,920	$ 6,995

f. Non-controlling interests

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 131,520	$ 150,442
Attributable to non-controlling interests:		
Share of loss for the period	(22,131)	(18,260)
Remeasurement on defined benefit plans	(429)	170
Remeasurement on defined benefit plans related income tax	73	-
Dividend distribution of subsidiaries	(4,501)	(8,997)
Changes in ownership of subsidiaries	161	1,192
Acquisition of non-controlling interests in subsidiaries	-	-
Increase in non-controlling interests	13,165	6,973
Balance at December 31	$ 117,858	$ 131,520

21. PROFIT BEFORE INCOME TAX

a. Other income

	For the Year Ended December 31	
	2017	2016
Dividend income	$ 162,556	$ 177,518
Rental income	26,437	29,624
Interest income - Bank deposits	2,276	2,366
Others	27,168	20,803
	$ 218,437	$ 230,311

b. Other gains and losses

	For the Year Ended December 31	
	2017	2016
Net foreign exchange losses	$ (1,471)	$ (3,358)
Gain on disposal of property, plant and equipment	531	944
Gain on disposal of investment properties	17,906	-
Loss on reparation	(2,617)	-
Loss on disposal of available-for-sale financial assets	10,966	-
Others	(15,874)	(16,321)
	$ 9,441	$ (18,735)

c. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
Property, plant and equipment	$ 99,042	$ 116,728
Investment properties	2,784	2,946
Intangible assets	1,785	1,698
	$ 103,611	$ 121,372
An analysis of depreciation - by function		
Operating costs	$ 78,301	$ 104,376
Operating expenses	20,741	12,352
Others (as non-operating income and expense)	2,784	2,946
	$ 101,826	$ 119,674
An analysis of amortization - by function		
Operating costs	$ 8	$ 8
Selling expenses	30	57
Management expenses	902	835
Research and Development expense	845	798
	$ 1,785	$ 1,698

d. Employee benefits expense

	For the Year Ended December 31	
	2017	2016
Short-term benefits		
Salaries	$ 460,159	$ 468,593
Labor and health insurance	40,830	40,433
Others	13,918	15,745
	514,907	524,771

(Continued)

	For the Year Ended December 31	
	2017	2016
Post-employment benefits		
Defined contribution plans	$ 15,639	$ 16,062
Defined benefit plans (Note 19)	10,476	13,183
	26,115	29,245
	$ 541,022	$ 554,016
An analysis of employee benefits expense - by function		
Operating costs	$ 368,780	$ 377,944
Operating expenses	172,242	176,072
	$ 541,022	$ 554,016

(Concluded)

e. Employees' compensation and remuneration of directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at the rates no less than 1% and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors.

The employees' compensation and remuneration of directors and supervisors for the year ended December 31, 2017 and 2016 have been approved on March 26, 2018 and March 27, 2017, respectively as follows:

Accrual rate

	For the Year Ended December 31	
	2017	2016
Employees' compensation	1.54%	1.64%
Remuneration of directors and supervisors	1.54%	1.64%

Amount

	For the Year Ended December 31	
	2017	2016
Employees' compensation	$ 22,946	$ 30,378
Remuneration of directors and supervisors	$ 22,946	$ 30,378

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences will be recognized in the next year as a change in accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2016, and 2015.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

22. INCOME TAX

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current period	$ 41,758	$ 41,163
Income tax on unappropriated earnings	57,979	56,237
Adjustments for prior years	(65,148)	(1,203)
	34,589	96,197
Deferred tax		
In respect of the current year	1,090	(1,213)
	$ 35,679	$ 94,984

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2017	2016
Profit before tax from continuing operations	$ 1,425,214	$ 1,778,522
Income tax expense calculated at the statutory rate (17%)	$ 242,286	$ 302,349
Tax-exempt income	(27,634)	(30,178)
Nondeductible expenses in determining taxable income	(181,509)	(223,168)
Unrecognized deductible temporary differences	(4,758)	(20,420)
Unrecognized loss carryforwards	13,908	11,367
Income tax on unappropriated earnings	57,979	56,237
Land value increment	555	-
Adjustments for prior years' tax	(65,148)	(1,203)
	$ 35,679	$ 94,984

The applicable tax rate used above is the corporate tax rate of 17% payable by the Group in ROC.

In February 2018, it was announced by the President of the Repubic of China that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and would increase by $746 thousand and $851 thousand, respectively, in 2018.

As the status of the 2018 appropriation of earnings is uncertain, the potential income tax consequences of the 2017 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2017	2016
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plan	$ (1,093)	$ (816)

c. Current tax assets and liabilities

	For the Year Ended December 31	
	2017	2016
Current tax assets		
Tax refund receivable	$ 4,053	$ 3,496
Current tax liabilities		
Income tax payable	$ 81,875	$ 170,822

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Allowance for impaired receivable	$ 750	$ (88)	$ -	$ 662
Defined benefit obligation	2,239	(912)	232	1,559
Unrealized foreign exchange loss	541	(329)	-	212
Allowance for impaired Inventories	433	11	-	444
Others	1,135	213	-	1,348
	$ 5,098	$ (1,105)	$ 232	$ 4,225
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 1,179,798	$ -	$ -	$ 1,179,798
Defined benefit obligation	3,381	-	1,325	4,706
Cash surrender value of life insurance	130	(15)	-	115
	$ 1,183,309	$ (15)	$ 1,325	$ 1,184,619

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Allowance for impaired receivable	$ 200	$ 550	$ -	$ 750
Defined benefit obligation	2,160	79	-	2,239
Unrealized foreign exchange loss	-	541	-	541
Allowance for impaired Inventories	365	68	-	433
Others	1,558	(423)	-	1,135
	$ 4,283	$ 815	$ -	$ 5,098
Deferred Tax Liabilities				
Temporary differences				
Land value increment tax	$ 1,179,798	$ -	$ -	$ 1,179,798
Defined benefit obligation	2,565	-	816	3,381
Unrealized exchange gain	378	(378)	-	-
Cash surrender value of life insurance	150	(20)	-	130
	$ 1,182,891	$ (398)	$ 816	$ 1,183,309

e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets.

December 31, 2017

	Universal Concrete Industrial Corporation	Chiayi Concrete Industrial Corporation	Uneo Incorporated	Total
Loss carryforwards				
Expire in 2027	$ 12,736	$ 293	$ 68,784	$ 81,813
Expire in 2026	19,321	-	47,546	66,867
Expire in 2025	11,861	9,718	49,101	70,680
Expire in 2024	14,520	-	40,128	54,648
Expire in 2023	9,178	2,569	21,551	33,298
Expire in 2022	-	3,368	-	3,368
Expire in 2021	-	6,945	-	6,945
Expire in 2019	-	32,628	-	32,628
Expire in 2018	-	13,167	-	13,167
	$ 67,616	$ 68,688	$ 227,110	$ 363,414

December 31, 2016

	Universal Concrete Industrial Corporation	Chiayi Concrete Industrial Corporation	Uneo Incorporated	Total
Loss carryforwards				
Expire in 2026	$ 19,321	$ -	$ 47,546	$ 66,867
Expire in 2025	11,861	9,718	49,101	70,680
Expire in 2024	14,520	-	40,128	54,648
Expire in 2023	9,178	2,569	21,551	33,298
Expire in 2022	-	3,368	-	3,368
Expire in 2021	-	6,945	-	6,945
Expire in 2019	-	32,628	-	32,628
Expire in 2018	-	13,167	-	13,167
	$ 54,880	$ 68,395	$ 158,326	$ 281,601

	December 31	
	2017	2016
Deductible temporary differences		
Allowance for impaired inventories	$ 126,052	$ 125,880
Defined benefit obligation	80,666	108,825
Impairment losses on assets	104,745	104,745
	$ 311,463	$ 339,450

f. Integrated income tax

	December 31	
	2017	2016
Unappropriated earnings		
Generated before January 1, 1998	$ -	$ 231,562
Generated on and after January 1, 1998	-	4,271,813
	$ - (Note)	$ 4,503,375
Shareholder-imputed credit account	$ - (Note)	$ 257,585

	For the Years Ended December 31	
	2017	2016
Creditable ratio for distribution of earnings	Note	8.40%

Note: Integrated income tax has been abolished in February 2018. Information about 2017 is no longer useful.

g. Income tax examinations

Income tax returns through 2016 of Uneo Incorporated and Universal Investment Corporation have been assessed by the tax authorities. Income tax returns through 2015 of Universal Concrete Industrial Corporation, Huanchung Cement International Corporation, Kaohsiung Harbor Transport Company, and Chiayi Concrete Industrial Corporation have been assessed by the tax authorities.

23. EARNINGS PER SHARE

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 22, 2017. The basic and diluted earnings per share adjusted retrospectively for the year ended December 31, 2016 were as follows:

Unit: NT$ Per Share

	Before Retrospective Adjustment	**After Retrospective Adjustment**
Basic earnings per share	$ 2.68	$ 2.60
Diluted earnings per share	$ 2.68	$ 2.60

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2017	**2016**
Profit for the year attributable to owners of the Company	$ 1,411,666	$ 1,701,798

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2017	**2016**
Weighted average number of ordinary shares in computation of basic earnings per share	$ 653,609	$ 653,609
Effect of potentially dilutive ordinary shares:		
Employees' compensation	1,270	1,570
Weighted average number of ordinary shares used in the computation of diluted earnings per share	$ 654,879	$ 655,179

Since the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

24. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

In September, 2017 and November, 2016, the Group subscribed for additional new shares of Uneo Incorporated at a percentage different from its existing ownership percentage, increasing its continuing interest from 72.50% to 72.69%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

	For the Year Ended December 31	
	2017	2016
Cash consideration paid	$ (36,835)	$ (37,816)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	36,674	36,624
Differences recognized from equity transactions	$ (161)	$ (1,192)
Line items adjusted for equity transactions		
Capital surplus - changes in percentage of ownership interest in subsidiaries	$ (161)	$ (1,192)

25. NON-CASH TRANSACTIONS

	For the Year Ended December 31	
	2017	2016
Increase in property, plant and equipment	$ 283,690	$ 247,693
Payables on equipment	(228)	-
Prepaid on equipment	53,022	165,702
Total cash paid	$ 336,484	$ 413,395

26. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

The Operating lease agreement is to lease warehouse, company cars, office, and concrete factory.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	December 31	
	2017	2016
Not later than 1 year	$ 52,727	$ 50,993
Later than 1 year but not later than 5 years	39,782	47,921
Later than 5 years	3,447	3,45199
	$ 95,956	$ 102,365

b. The Group as lessor

The operating lease is of lease investment property.

The future minimum lease collections of non-cancellable operating lease were as follows:

	December 31	
	2017	**2016**
Not later than 1 year	$ 26,443	$ 16,010
Later than 1 year but not later than 5 years	58,986	22,395
	$ 85,429	$ 38,405

27. CAPITAL MANAGEMENT

The Group requires significant amounts of capital to build and expand its production facilities and equipment. The Group manages its capital in a manner to ensure that it has sufficient and necessary financial resources to fund its needs for working capital needs, capital asset purchases, research and development activities, dividend payments, debt service requirements and other business requirements associated with its existing and future operations.

28. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The Group believes that the carrying amounts of financial instruments that are not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other financial assets short-term loans, accounts payable, and guarantee deposits received, recognized in the consolidated financial statements approximate their fair value.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2017

	Level 1	**Level 2**	**Level 3**	**Total**
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 2,224,990	$ -	$ -	$ 2,224,990
Mutual funds	1,299	-	-	1,299
Unlisted securities in ROC				
Equity securities	-	-	728,569	728,569
	$ 2,226,289	$ -	$ 728,569	$ 2,954,858

December 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	$ 1,964,852	$ -	$ -	$ 1,964,852
Mutual funds	1,317	-	-	1,317
Unlisted securities in ROC				
Equity securities	-	-	787,821	787,821
	$ 1,966,169	$ -	$ 787,821	$ 2,753,990

There were no transfers between Level 1 and 2 in the current and prior years.

2) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The fair values of unlisted equity securities in ROC and emerging market equity securities were estimated based on the recent net equity or transaction price.

c. Categories of financial instruments

	December 31	
	2017	2016
Financial assets		
Loans and receivables (Note 1)	$ 1,350,083	$ 1,416,650
Available-for-sale financial assets	2,954,858	2,753,990
Financial liabilities		
Amortized cost (Note 2)	2,631,983	2,382,536

1) The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, and other financial assets.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables and deposits received.

d. Financial Risk Management Objectives and Policies

The Group's major financial instruments include accounts receivables, accounts payable and short-term loans. The Group's Corporate Treasury function provides services to the business departments, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 32.

Sensitivity analysis

The Group was mainly exposed to the Currency United States dollars (USD).

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars (NTD, the functional currency) against the relevant foreign currencies. The basis for internally reporting foreign currency risk to the key management is 1%, implying the management's assessment of the reasonable change in the foreign exchange rate. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A positive number below indicates an increase in pre-tax profit when the NTD strengthens 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and the balances below.

	For the year ended December 31	
	2017	**2016**
Profit or Loss	$ (205)	$ (125)

This was mainly attributable to the exposure outstanding on currency USD cash and cash equivalents, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency increased during the current year mainly due to the USD denominated cash and cash equivalents.

b) Interest rate risk

The Group was exposed to interest rate risk arising from short-term borrowing at NTD currency market rates of overweight interest rates. Due to lower NTD dollars borrowing rates and small borrowing position, the interest rate sensitivity is lower, and the interest rate risk is little risk to the Company.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2017	**2016**
Cash flow interest rate risk		
Financial assets	$ 108,401	$ 90,483
Financial liabilities	801,000	950,000

c) Other price risk

The Group was exposed to equity price risk through its investments in listed equity securities and mutual funds. The Group manages this exposure by maintaining a portfolio of investments with different risks. The Group's equity price risk was mainly concentrated on equity instruments operating in shares and open-end mutual funds quoted in the Taiwan Stock Exchange. In addition, the Group will evaluate the price by the closing price of the equity investments and the net asset value of the fund.

Sensitivity analysis

The sensitivity analyses below were determined based on the exposure to equity price risks at the end of the reporting period. According to Taiwan's stock market price limit of 10%, the sensitivity was 10% as the analysis of equity securities.

If equity prices of listed equity securities had been 10% higher / lower and the domestic listed securities held by the company was calculated by $2,224,990 thousand and $1,964,852 thousand as of December 31, 2017 and 2016, respectively. Other comprehensive income would increase / decrease by $222,499 thousand and $196,485 thousand as a result of the changes in fair value of available-for sale financial assets for the year ended December 31, 2017 and 2016.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge an obligation and financial guarantees provided by the Group, could arise from:

a) The carrying amount of the respective recognized financial assets as stated in the balance sheets; and

b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

In addition to the following paragraph, the main customers of its credit are good, and the Group will regularly annually review the customer's credit status, appropriately adjust the of credit line, and will require customers to provide the necessary guarantees or trade by cash in special situation. The sales department through an external peer visits to understand customer's credit status. The customers mentioned above, was no significant credit risk exposure.

Part of the concrete customers of the Group are individuals and small-scale enterprises, except for a few large customers are concrete construction companies, industry characteristics resulting in some small-scale enterprises. In addition to using credit limit controls to reduce credit risks and the relevant proceedings to protect their claims, the Group has set adequate allowance for bad debts for higher credit risk customers in accordance with company policy. The credit risk arising from its maximum possible amount are disclosed in the Note 8.

The Group has no significant concentration of credit risk.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2017

	On Demand or Less than 3 Month	3 Months to 1 Year	1+ Year
Non-derivative financial liabilities			
Non-interest bearing	$ 782,527	$ -	$ 9,180
Variable interest rate liabilities	802,244	-	-
Fixed interest rate liabilities	1,040,000	-	-
	$ 2,624,771	$ -	$ 9,180

December 31, 2016

	On Demand or Less than 3 Month	3 Months to 1 Year	1+ Year
Non-derivative financial liabilities			
Non-interest bearing	$ 833,114	$ -	$ 9,768
Variable interest rate liabilities	950,952	-	-
Fixed interest rate liabilities	590,000	-	-
	$ 2,374,066	$ -	$ 9,768

The amount included above for variable interest rate instruments for both non-derivative financial assets and liabilities was subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

It is important for group that loan is a resource of liquidity. The group has loan commitments $2,392,082 thousand, and $2,860,000 thousand for the years ended December 31, 2017and 2016, respectively.

e. Reclassifications

The securities and mutual fund, originally classified as the financial assets at fair value through profit or loss by the Group, were not to be sold in the short term because of the worldwide financial crisis in the third quarter of 2008 that led to the plunge in the value of financial instruments due to the crisis of confidence; hence, the Group reclassified such financial assets of $784,244 thousand as the financial assets available-for-sale. Relevant information was as follows:

1) The balance of reclassification of assets has not been derecognized:

	December 31	
	2017	2016
Quoted shared and open-end mutual funds	$ 219,282	$ 219,282
Evaluation adjustment	495,529	441,323
	$ 714,811	$ 660,605

2) The change in information of reclassified financial assets at fair value is as follows:

	December 31	
	2017	2016
Adjustment to shareholders' equity	$ 99,449	$ 48,221

For the years ended December 31, 2017 and 2016, the above items of listed securities and mutual funds assuming no reclassifications had been made were respectively at a gain of $51,228 thousand and at a loss of $74,858 thousand.

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a.

Name of Related Party	Relationships of the Group
CHC Resources Corp.	The officers of the Group hold key management positions in this company
Pan Asia Corporation	The officers of the Group hold key management positions in this company
Universal Construction Corp.	The officers of the Group hold key management positions in this company
Sheng yuan Investment Corp.	The officers of this company hold key management positions in the Group
Tai Yi Gravel Corp. (Note)	Substantive related party (the Company's juridical person director is this entity's chairman of the board of directors)
Yi Yieh Nobel Industrial Co., Ltd. (Note)	Substantive related party (the Company's juridical person director is this entity's chairman of the board of directors)
Long Yichang (Note)	Substantive related party (the Company's juridical person director is this entity's chairman of the board of directors)
Tainan Concrete Industrial Corp.	Associate

Note: In the shareholders' meeting of the entity on June 14, 2017, a new set of board directors have been elected and these related parties became non-related parties. The transaction amounts and account balances disclosed above were those that occurred during the period of related party relationship.

b. Sales of goods

Account Items	Related Parties Types	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Sales revenue	The officers of the Group hold key management positions in this company	$ 197,068	$ 226,068

The prices and terms to related parties were not significantly different from transaction with third parties. The credit terms were 1 to 3 months.

c. Purchase of goods

Related Parties Types	For the Year Ended December 31 2017	For the Year Ended December 31 2016
Substantive related party		
Tai Yi Concrete Corp. (Note)	$ 154,934	$ 439,576
Other	125,454	357,365
The officers of the Group hold key management positions in this company	159,322	163,886
	$ 439,710	$ 960,827

The purchased of goods is mainly gravel. The prices and terms to related parties were not significantly different from transaction with third parties. The credit terms were 30 to 65 days.

Note: In the shareholders' meeting of the entity on June 14, 2017, a new set of board directors have been elected and these related parties became non-related parties. The transaction amounts and account balances disclosed above were those that occurred during the period of related party relationship.

d. Receivables from related parties

Account Items	Related Parties Types	December 31 2017	December 31 2016
Accounts receivable from related parties	The officers of the Group hold key management positions in this company		
	Pan Asia Corp.	$ 68,250	$ 88,831
	Other	8,979	4,731
	Less: Allowance for impairment loss	3,193	3,166
		$ 74,036	$ 90,396

The outstanding receivables from related parties are unsecured. For the year ended December 31, 2017 and 2016, no impairment loss was recognized for receivables from related parties except retention receivables.

e. Payables to related parties

Account Items	Related Parties Types	December 31 2017	2016
Notes payable to related parties	Substantive related party		
	Yi Yieh Nobel Industrial Co., Ltd. (Note)	$ -	$ 20,662
	Other	-	8,732
	The officers of the Group hold key management positions in this company	2,470	1,040
		$ 2,470	$ 30,434
Accounts payable to related parties	Substantive related party		
	Tai Yi Gravel Corp. (Note)	$ -	$ 82,279
	Other	-	29,475
	The officers of the Group hold key management positions in this company	12,444	12,396
		$ 12,444	$ 124,150

The outstanding payables from related parties are unsecured and would be paid in cash.

Note: In the shareholders' meeting of the entity on June 14, 2017, a new set of board directors have been elected and these related parties became non-related parties. The transaction amounts and account balances disclosed above were those that occurred during the period of related party relationship.

f. Others

Account Items	Related Parties Types	For the Year Ended December 31 2017	2016
Rental revenues	The officers of the Group hold key management positions in this company	$ 5,576	$ 5,546

The Company leased office to the related parties, and the lease contracts were based on market prices and made under normal terms with monthly charge.

Account Items	Related Parties Types	For the Year Ended December 31 2017	2016
Rental expenses	Associate	$ 5,112	$ 5,112
	The officers of this company hold key management positions in the Group	1,029	1,029
		$ 6,141	$ 6,141

The Company rents lands and buildings from the related parties. The contracts were based on market rental reviews. The lease payments should be paid monthly.

g. Compensation of key management personnel

	For the Year Ended December 31 2017	2016
Short-term employee benefits	$ 35,959	$ 39,488
Post-employment benefits	1,000	1,102
	$ 36,959	$ 40,590

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for engineering performance bond.

	December 31 2017	2016
Pledge deposits (classified as other financial assets)		
Current	$ 67	$ 67
Non-current	40,614	67,584
	$ 40,681	$ 67,651

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2017 and 2016 were as follows:

a. Unrecognized commitments are as follows:

	December 31 2017	2016
Acquisition of property, plant and equipment	$ 215,755	$ 384,934

b. As of December 31, 2017 and 2016, the promissory notes were $55,730 thousand and $51,243 thousand, respectively. These notes were provided as engineering performance bond, which could be refunded when the guarantee is terminated.

c. As of December 31, 2017, unused letters of credit for purchase of raw materials amounting to $55,730 thousand. (No balance in December 31, 2016)

d. In June 2015, Cheng Da Construction Co., Ltd. (CDC) filed a complaint in the ROC. District Court of Taichung, alleging that Universal Concrete Industrial Corporation provided abnormal quality ready-mixed concrete with defects in quality. CDC claimed for compensation of $34,580 thousand. Universal Concrete Industrial Corporation advocated that the concrete specimen was made according to the procedure in the contract, which had passed the laboratory's hardness test. According to the Company's attorney, the result of the lawsuit cannot be predicted currently and the contingent liability cannot be estimated reliably.This lawsuit in the first instance was still ongoing in the Taichung District Court.

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2017

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
Financial assets			
Monetary items			
USD	$ 690	29.76	$ 20,529
RMB	2,597	4.565	11,854
Financial Liabilities			
Monetary items			
EUR	148	35.57	5,262

December 31, 2016

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
Financial assets			
Monetary items			
USD	$ 386	32.25	$ 12,454
RMB	1,373	4.617	6,341

The Company is mainly exposed to USD. The following information was aggregated by the functional currencies of the group entities, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31, 2017		For the Year Ended December 31, 2016	
Functional Currencies	**Exchange Rate**	**Net Foreign Exchange Loss**	**Exchange Rate**	**Net Foreign Exchange Gain**
NTD	1 (NTD:NTD)	$ (1,471)	1 (NTD:NTD)	$ (3,358)

33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

1) Financing provided to others. (Table1)

2) Endorsements/guarantees provided. (Table 2)

3) Marketable securities held (excluding investment in subsidiaries and associates). (Table 3)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (N/A)

5) Acquisition of individual real estate at cost of at least NT$300 million or 20% of the paid-in capital. (N/A)

6) Disposal of individual real estate at a price of at least NT$300 million or 20% of the paid-in capital. (N/A)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (N/A)

9) Trading in derivative instruments. (N/A)

10) Intercompany relationships and significant intercompany transactions. (Table 6)

11) Information on investees. (Table 5)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income or loss of investee and investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment from the mainland China area. (N/A)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: (N/A)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: (N/A)

c) The amount of property transactions and the amount of the resultant gains or losses: (N/A)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: (N/A)

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: (N/A)

f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: (N/A)

34. SEGMENT INFORMATION

a. Operating segments information

For the purpose of resource allocation and performance assessment, the chief operating decision maker assesses performance and allocates resources of the operating segments based on each operating segment's products.

The Group's reportable segments are as follows:

1) Building materials business - manufacture and sell cement, concrete and gypsum board

2) Assets management center - serve as the department of joint venture and others

b. Segment revenues and operating results

Analysis by reportable segment of revenue and operating results of continuing operations are as follows:

For the year December 31, 2016

	Building Materials Division	Assets Management Center	Adjustment and Elimination	Total
Revenue from external customers	$ 4,608,802	$ 13,397	$ -	$ 4,622,199
Inter-segment revenues	227,629	-	(227,629)	-
Segment revenues	$ 4,836,431	$ 13,397	$ (227,629)	$ 4,622,199
Segment profit	$ 341,437	$ 1,447,072	$ 6,745	$ 1,795,254
Interest expenses				(16,732)
Profit before income tax				$ 1,778,522

For the year December 31, 2017

	Building Materials Division	Assets Management Center	Adjustment and Elimination	Total
Revenue from external customers	$ 4,393,921	$ 11,455	$ -	$ 4,405,376
Inter-segment revenues	218,084	-	(218,084)	-
Segment revenues	$ 4,612,005	$ 11,455	$ (218,084)	$ 4,405,376
Segment profit	$ 241,969	$ 1,164,773	$ 36,254	$ 1,442,996
Interest expenses				(17,782)
Profit before income tax				$ 1,425,214

Segment profit represented the profit before tax earned by each segment. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

c. Geographical information

The Group's revenues are mainly from Taiwan, ROC.

Refer to consolidated balance sheets for the information of non-current assets.

d. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	For the Year Ended December 31	
	2017	2016
Concrete	$ 2,369,417	$ 2,278,381
Cement	1,213,805	1,328,854
Gypsum board panels	810,699	1,001,567
Others	11,455	13,397
	$ 4,405,376	$ 4,622,199

e. Information about major customers

Single customer who contributed 10% or more to the Group's revenue is as follows:

	For the Year Ended December 31			
	2017	%	2016	%
Hung Hsin Building Materials Ltd. (Note 1)	$ 571,906	13	$ 614,412	13

Note 1: Revenues from selling cement

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE YEARS ENDED DECEMBER 31, 2017
(Amounts In Thousands of New Taiwan Dollars, Unless Specified otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature for Financing	Business Transaction Amounts	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limits for Each Borrower (Note 2)	Aggregate Financing Limits (Note 3)
													Item	Value		
0	The Company	Universal Investment Corporation	Other receivables	Yes	$ 50,000	$ 50,000	$ -	-	For short-term financing	$ -	Operating capital	$ -	None	$ -	$ 100,000	$ 4,259,227
		Uneo Incorporated	Other receivables	Yes	50,000	50,000	30,000	1.00	For short-term financing	-	Operating capital	-	None	-	100,000	4,259,227
		Universal Concrete Industrial Corporation	Other receivables	Yes	100,000	50,000	-	-	For short-term financing	-	Operating capital	-	None	-	100,000	4,259,227

Note 1: a:“0” is the Company.
b: Subsidiaries are numbered from “1”.

Note 2: The upper limit is $100,000 thousand.

Note 3: The upper limit is equivalent to 25% of the net asset value of financier.

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEARS ENDED DECEMBER 31, 2017
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Endorser / Guarantor	Endorsee / Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3)	Maximum Amount Endorsed / Guaranteed During the Period	Outstanding Endorsement / Guarantee at the End of the Period (Note 6)	Actual Borrowing Amount	Amount Endorsed / Guaranteed by Collaterals	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 4 & Note 5)	Endorsement / Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement / Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement / Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship (Note 2)										
0	The Company	Universal Concrete Industrial Corporation	(1)	$ 132,329	$ 120,000	$ 120,000	$ 86,000	$ -	1	$ 17,036,903	Y	N	N
		Kaohsiung Harbor Transport company	(1)	75,600	50,000	-	-	-	-	17,036,903	Y	N	N
		Universal Investment Corporation	(1)	243,000	220,000	220,000	155,000	-	1	17,036,903	Y	N	N
		Uneo Incorporated	(1)	250,000	50,000	50,000	-	-	-	17,036,903	Y	N	N
1	Kaohsiung Harbor Transport Company	Universal Concrete Industrial Corporation	(3)	86,986	28,856	28,856	-	-	32	86,986	N	N	N
		The Company	(2)	86,986	33,664	33,664	-	-	38	86,986	N	Y	N
2	Chiayi concrete Industrial Corporation	Universal Concrete Industrial Corporation	(3)	47,304	46,249	-	-	-	-	47,304	N	N	N
3	Universal Investment Corporation	Universal Concrete Industrial Corporation	(3)	186,914	69,428	9,949	-	-	5	378,828 (Note 7)	N	N	N
		The Company	(2)	186,914	49,039	49,039	-	-	26	378,828 (Note 7)	N	Y	N

Note 1: a:"0" is the Company.
b: Subsidiaries are numbered from "1".

Note 2: (1) Subsidiary.
(2) Ultimate parent Company.
(3) Same ultimate parent Company.

Note 3: The upper limit for the Company is equivalent to the capital of the endorsee; the upper limit for subsidiaries is equivalent to the net asset value of the subsidiaries.

Note 4: The upper limit for the Company is equivalent to the net asset value of the Company.

Note 5: The upper limit for the subsidiary is equivalent to the net asset value of the subsidiary as of December 31, 2017, unless the Company or other subsidiaries give more guarantee.

Note 6: The limits were approved by the board of directors.

Note 7: The upper limit for the subsidiary is equivalent to 200% of the net asset value of the subsidiary as of December 31, 2017.

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2017				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value Or Net Equity	
The Company	Listed shares							
	Prince Housing & Development Corp.	The president of the Company serves as a member of its board directors	Available-for-sale financial assets - current	$ 24,495,948	$ 295,176	1.51	$ 295,176	
	CTBC Financial Holding Co., Ltd.	-	Available-for-sale financial assets - current	34,707,983	711,514	0.18	711,514	
	CHC Resources Co., Ltd.	-	Available-for-sale financial assets - current	5,000,000	49,900	0.12	49,900	
	Asia Pacific Telecom Corp.	The Company serves as a member of its board directors	Available-for-sale financial assets - current	15,472,959	912,904	6.85	912,904	
	Unlisted shares							
	Grand Bills Finance Co., Ltd.	The Company serves as a member of its board directors	Available-for-sale financial assets - non-current	43,999,488	388,800	8.14	752,452	
	Universal Cement Development Co., Ltd.	The Company serves as a member of its board directors	Available-for-sale financial assets - non-current	24,864,000	207,200	16.44	379,934	
	Chia Huan Tung Cement Corp.	The Company serves as a member of its board directors	Available-for-sale financial assets - non-current	13,242,285	88,661	12.15	75,626	
	Universal Venture Capital Co., Ltd.	-	Available-for-sale financial assets - non-current	1,400,000	14,000	1.16	13,664	
	CTBC Investments Corp.	-	Available-for-sale financial assets - non-current	3,303,325	1,467	1.05	115,705	
	Kaohsiung Rapid Transit Corp.	-	Available-for-sale financial assets - non-current	1,286,063	-	0.46	13,965	
	Jie-Ho development Co., Ltd.	-	Available-for-sale financial assets - non-current	171,131	-	0.16	-	
	Huan Rong Hsin Resource Technology Corp.	-	Available-for-sale financial assets - non-current	600,000	-	30.00	-	
Universal Investment Corporation	Mutual funds							
	Cathay No.2 Real Estate Investment Trust	-	Available-for-sale financial assets - current	24,000	319	-	319	
	CTBC Global Dividend Appreciation Inc.	-	Available-for-sale financial assets - current	100,000	979	-	979	
	Listed shares							
	Prince Housing & Development Corp.	The president of the Company serves as a member of its board directors.	Available-for-sale financial assets - current	21,202,900	255,794	1.31	255,794	
	Tainan Spinning Co., Ltd.	The president of the Company serves as a member of its board directors.	Available-for-sale financial assets - current	55	1	-	1	
	Unlisted shares							
	Pan Asia (Engineers & Constructors) Corporation.	Subsidiary serves as a member of its board directors	Available-for-sale financial assets - non-current	3,102,803	5,435	2.71	42,507	
	Chinese Products Promotion Center	-	Available-for-sale financial assets - non-current	7,540	505	0.20	77	
	Da Jen Venture Capital Co., Ltd.	The president of the Company serves as a member of its board directors.	Available-for-sale financial assets - non-current	2,250,000	22,500	8.06	22,184	

TABLE 4

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO OF AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEARS ENDED DECEMBER 31, 2017
(Amounts In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	Tai-Yi Stone Co, Ltd.	Associates	Purchase	$ 154,934 Note 1	5	30 days	Equivalent	Equivalent	$ - (Note 1)	-	
	CHC Resources Corp.	Associates	Purchase	140,820	5	45 days	Equivalent	Equivalent	(11,448)	(3)	
	Kaohsiung Harbor Transport Company	Subsidiary	Purchase (Freight)	194,059	6	45～60 days	Note 2	Equivalent	(25,832)	(7)	

Note 1: In the shareholders' meeting of the entity on June 14, 2017, a new set of board directors have been elected and these related parties became non-related parties. The transaction amounts and account balances disclosed above were those that occurred during the period of related party relationship.

Note 2: The purchase prices have no comparison with those from third parties.

TABLE 5

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

INFORMAIION ON INVESTEES
FOR THE YEARS ENDED DECEMBER 31, 2017
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Amount			
The Company	Huanchung Cement International Corporation	Taichung city	Import, export, and sale of cement, cement material, fuel, and production	$ 69,993	$ 69,993	6,999,333	69.99	$ 101,930	$ 4,180	$ 2,926	
	Chiayi Concrete Industrial Corporation	Chiayi County	Manufacturing and marketing of ready-mixed concrete	22,643	56,429	2,252,378	86.63	40,987	(293)	(254)	
	Kaohsiung Harbor Transport Company	Kaohsiung city	Trucking operation	74,580	74,580	7,560,000	100.00	86,986	(3,560)	(3,560)	
	Universal Investment Corporation	Taipei city	Investment activities	200,000	200,000	24,300,000	100.00	186,914	21,410	21,410	
	Universal Concrete Industrial Corporation	Taichung city	Manufacturing and marketing of ready-mixed concrete and gravel	30,464	30,464	7,402,136	55.94	78,931	(11,285)	(6,314)	
	Uneo Incorporated	Taipei city	Manufacturing and marketing of electronic Products	181,719	145,375	18,171,876	72.69	14,001	(68,835)	(50,460)	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	174,997	174,997	89,581,468	29.86	9,179,998	3,563,872	1,063,873	
	Tainan Concrete Industrial Corporation	Tainan city	Manufacturing and marketing of ready-mixed concrete	41,454	41,454	1,145,000	38.17	53,785	2,646	1,018	
Universal Investment Corporation	Universal Concrete Industrial Corporation	Taichung city	Manufacturing and marketing of ready-mixed concrete and gravel	858	19	115,494	0.87	858	-	-	
	Chiayi Concrete Industrial Corporation	Chiayi County	Manufacturing and marketing of ready-mixed concrete	5	5	361	0.01	5	-	-	
	Huanchung Cement International Corporation	Taichung city	Import, export, and sale of cement, cement material, fuel, and production	13	13	667	0.01	13	-	-	
	Tainan Concrete Industrial Corporation	Tainan city	Manufacturing and marketing of ready-mixed concrete	178	178	10,000	0.33	178	-	-	
	Lioho Machine Works Ltd.	Taoyuan city	Manufacturing and marketing of metal parts and automotive components	93	93	1,680	-	93	-	-	
	Uneo Incorporated	Taipei city	Manufacturing and marketing of electronic Products	1,183	1,191	168,324	0.67	1,683	-	-	

UNIVERSAL CEMENT CORPORATION AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Amounts In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% to Total Sales or Assets
0	The Company	Kaohsiung Harbor Transport Company	(1)	Freight expense	$ 194,059	The prices to related parties were not different from those to third parties. Credit terms were 45 to 60 days after acceptance	4
		Kaohsiung Harbor Transport Company	(1)	Account payables & Notes payable	12,721	The prices to related parties were not different from those to third parties. Credit terms were 45 to 60 days after acceptance	-
		Kaohsiung Harbor Transport Company	(1)	Other payables	13,111	The prices to related parties were not different from those to third parties. Credit terms were 45 to 60 days after acceptance	-
		Uneo Incorporated	(1)	Other receivables	30,372	-	-

Note1: The transaction relationships with the counterparties are as follows:
- No.1: Represents transactions from parent Company to subsidiary.
- No.2: Represents transactions from the subsidiary to the parent Company.
- No.3: Represents transactions among subsidiaries.

Note2: All the transactions had been eliminated when preparing consolidated financial statement.