

MIRA INFORM REPORT

Report No. :	531875
Report Date :	01.10.2018

IDENTIFICATION DETAILS

Name :	CARNIVAL INDUSTRIAL CORPORATION
Formerly Known As :	CARNIVAL TEXTILE IND. CORP.
Registered Office :	7 Floor, No. 25, Sec. 4, Jen Ai Road, Da An District, Taipei City,
Country :	Taiwan
Financials (as on) :	31.12.2017
Date of Incorporation :	12.12.1969
Com. Reg. No.:	11825825
Legal Form :	Joint Stock Company
Line of Business :	Manufacturing and sales of garments.
No. of Employees :	About 410 Employees

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A
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Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Satisfactory
Payment Behaviour :	No Complaints
Litigation :	--

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NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Taiwan	A1	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

TAIWAN - ECONOMIC OVERVIEW

Taiwan has a dynamic capitalist economy that is driven largely by industrial manufacturing, and especially exports of electronics, machinery, and petrochemicals. This heavy dependence on exports exposes the economy to fluctuations in global demand. Taiwan's diplomatic isolation, low birth rate, rapidly aging population, and increasing competition from China and other Asia Pacific markets are other major long-term challenges.

Following the landmark Economic Cooperation Framework Agreement (ECFA) signed with China in June 2010, Taiwan in July 2013 signed a free trade deal with New Zealand - Taipei's first-ever with a country with which it does not maintain diplomatic relations - and, in November of that year, inked a trade pact with Singapore. However, follow-on components of the ECFA, including a signed agreement on trade in services and negotiations on trade in goods and dispute resolution, have stalled. In early 2014, the government bowed to public demand and proposed a new law governing the oversight of cross-Strait agreements, before any additional deals with China are implemented; the legislature has yet to vote on such legislation, leaving the future of ECFA uncertain. President TSAI since taking office in May 2016 has promoted greater economic integration with South and Southeast Asia through the New Southbound Policy initiative and has also expressed interest in Taiwan joining the Trans-Pacific Partnership as well as bilateral trade deals with partners such as the US. These overtures have likely played a role in increasing Taiwan's total exports, which rose 11% during the first half of 2017, buoyed by strong demand for semiconductors.

Taiwan's total fertility rate of just over one child per woman is among the lowest in the world, raising the prospect of future labor shortages, falling domestic demand, and declining tax revenues. Taiwan's population is aging quickly, with the number of people over 65 expected to account for nearly 20% of the island's total population by 2025.

The island runs a trade surplus with many economies, including China and the US, and its foreign reserves are the world's fifth largest, behind those of China, Japan, Saudi Arabia, and Switzerland. In 2006, China overtook the US to become Taiwan's second-largest source of imports after Japan. China is also the island's number one destination for foreign direct investment. Taiwan since 2009 has gradually loosened rules governing Chinese investment and has also secured greater market access for its investors on the mainland. In August 2012, the Taiwan Central Bank signed a memorandum of understanding (MOU) on cross-Strait currency settlement with its Chinese counterpart. The MOU allows for the direct settlement of Chinese renminbi (RMB) and the New Taiwan dollar across the Strait, which has helped Taiwan develop into a local RMB hub.

Closer economic links with the mainland bring opportunities for Taiwan's economy but also pose challenges as political differences remain unresolved and China's economic growth is slowing. President TSAI's administration has made little progress on the domestic economic issues that loomed large when she was elected, including concerns about stagnant wages, high housing prices, youth unemployment, job security, and financial security in retirement. TSAI has made more progress on boosting trade with South and Southeast Asia, which may help insulate Taiwan's economy from a fall in mainland demand should China's growth slow in 2018.

Source : CIA

CONTACT POINTS

Company Name: Carnival Industrial Corporation
Supplied Name: CARNIVAL INDUSTRIAL CORPORATION
Trading Address: 7 Floor, No. 25, Sec. 4, Jen Ai Road, Da An District, Taipei
City, Taiwan
Supplied Address: 7F, No. 25, Sec 4, Jen-Ai Road, Taipei
Telephone Number: +886-2-2711-3171
Fax Number: +886-2-2711-0900
E-mail: carnival@tp.carnival.com.tw
Website: www.carnival.com.tw
Notes: Subject's exact address is as above.

COMPANY IDENTIFICATION DETAILS

Registered Name: Carnival Industrial Corporation
Registered Address: 7 Floor, No. 25, Sec. 4, Jen Ai Road, Da An District, Taipei
City, Taiwan
Date of Foundation: 1969-12-12
Registration Number: 11825825
Registry: Department of Commerce, Ministry of Economic Affairs,
R.O.C.
Registered Capital: NTD 5,500,000,000 (USD 181,500,000)
(As of 2018.9, 1 NTD = 0.033 USD)
Paid-up Capital: NTD 3,798,836,800 (USD 125,361,614)
Legal Representatives: Weigong Qi
Legal Form: Joint Stock Company
Principal Activities: Manufacturing and sales of garments.
Staff: About 410 Employees (as of 2017)
Listed at Stock Exchange: Yes, Stock Code: 1417
Date of Last Annual Return: 2017-06-28

HISTORY

Subject was incorporated on 1969-12-12 with registered number 11825825 as Joint Stock Company in Taiwan.

Subject listed on Taiwan Stock Exchange on 1976-12-28.

Change of Name
Former English Name: Carnival Textile Ind. Corp.
Current English Name: Carnival Industrial Corporation

CORPORATE STRUCTURE

Factories

1
Name: Zhongli Garments Factory
Address: No. 335-1, Sec. 5, Minzu Road, Gaorong Li, Yangmei District, Taoyuan City, Taiwan
Date of Foundation: 1984-01-12
Date of Registration: 1984-01-25
Factory Registration Number: 99625042
Factory Manager: Weigong Qi
Status: In Production
Date of Last Annual Return: 2016-12-12
Major Products: 122 Knitted garments

2
Name: Zhongli Factory
Address: No. 335, Sec. 5, Minzu Road, Gaorong Li, Yangmei District, Taoyuan City, Taiwan
Date of Foundation: 1969-01-01
Date of Registration: 1970-12-01
Factory Registration Number: 99625041
Factory Manager: Weigong Qi
Status: In Production
Date of Last Annual Return: 2016-12-12
Major Products: 122 Knitted garments

Branches

1
Name: Carnival Industrial Corporation Zhongshan 1st Branch
Address: 1F., No.246, Zhongshan 1st Rd., Kaohsiung City, Taiwan
Registration Number: 70805655
Date of Registration: 2001-04-12
Status: Active
Date of Last Annual Return: 2016-08-24

2
Name: Carnival Industrial Corporation Zhongshan 2nd Branch
Address: 2F., No.246, Zhongshan 1st Rd., Kaohsiung City, Taiwan
Registration Number: 70805661
Date of Registration: 2001-04-12
Status: Active
Date of Last Annual Return: 2016-08-24

3
Name: Carnival Industrial Corporation Sanmin Branch
Address: No.145, Sec. 2, Sanmin Rd., Taichung City, Taiwan
Registration Number: 70805640
Date of Registration: 2001-04-12
Status: Active
Date of Last Annual Return: 2016-08-22

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Name: Carnival Industrial Corporation Tianmu Branch
Address: 1F., No.120, Sec. 2, Zhongcheng Rd., Shilin Dist., Taipei City, Taiwan
Registration Number: 70805634
Date of Registration: 2001-04-12
Status: Abolished
Date of Last Annual Return: 2015-06-03

5

Name: Carnival Industrial Corporation East Zone 1st Branch
Address: 1F., No.204, Sec. 1, Fuxing S. Rd., Taipei City, Taiwan
Registration Number: 70805590
Date of Registration: 2001-04-12
Status: Active
Date of Last Annual Return: 2015-08-24

6

Name: Carnival Industrial Corporation East Zone 2nd Branch
Address: 2F., No.204, Sec. 1, Fuxing S. Rd., Taipei City, Taiwan
Registration Number: 70805607
Date of Registration: 2001-04-12
Status: Active
Date of Last Annual Return: 2015-08-24

7

Name: Carnival Industrial Corporation East Zone 3rd Branch
Address: 1F., No.206, Sec. 1, Fuxing S. Rd., Taipei City, Taiwan
Registration Number: 70805613
Date of Registration: 2001-04-12
Status: Active
Date of Last Annual Return: 2015-08-24

8

Name: Carnival Industrial Corporation East Zone 4th Branch
Address: 2F., No.206, Sec. 1, Fuxing S. Rd., Taipei City, Taiwan
Registration Number: 70805629
Date of Registration: 2001-04-12
Status: Active
Date of Last Annual Return: 2015-08-24

9

Name: Carnival Industrial Corporation Guanqian 1st Branch
Address: 1F.Underground, No.20, Guanqian Rd., Taipei City, Taiwan
Registration Number: 70805557
Date of Registration: 2001-04-12
Status: Abolished
Date of Last Annual Return: 2015-06-03

10

Name: Carnival Industrial Corporation Guanqian 2nd Branch
Address: 1F., No.20, Guanqian Rd., Zhongzheng Dist., Taipei City, Taiwan
Registration Number: 70749731
Date of Registration: 1999-09-14
Status: Abolished
Date of Last Annual Return: 2009-01-09

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Name: Carnival Industrial Corporation Guanqian 3rd Branch
Address: 2F., No.20, Guanqian Rd., Taipei City, Taiwan
Registration Number: 70805563
Date of Registration: 2001-04-12
Status: Abolished
Date of Last Annual Return: 2001-7-17

12

Name: Carnival Industrial Corporation Guanqian 4th Branch
Address: 3F., No.20, Guanqian Rd., Zhongzheng Dist., Taipei City, Taiwan
Registration Number: 70805579
Date of Registration: 2001-04-12
Status: Abolished
Date of Last Annual Return: 2007-09-11

13

Name: Carnival Industrial Corporation The 1st Jinghua Branch
Registration Number: 27945760
Date of Registration: 2006-09-13
Status: Abolished
Date of Last Annual Return: --

14

Name: Carnival Industrial Corporation Dunfeng Branch
Registration Number: 27248764
Date of Registration: 2005-01-06
Status: Abolished
Date of Last Annual Return: 2006-09-14

15

Name: Carnival Industrial Corporation Guanghua Branch
Registration Number: 70805677
Date of Registration: 2001-04-12
Status: Abolished
Date of Last Annual Return: 2004-05-19

16

Name: Degui Branch
Registration Number: 70805584
Date of Registration: 2001-04-12
Status: Abolished
Date of Last Annual Return: --

Related Companies

1

Name: Wuxi Hujia Garment Co., Ltd (Literal Translation)
Address: No. 7, Bibozhi Rd., Mashan Dist., Wuxi City, Jiangsu Province, China
Telephone Number: +86-510-8599-6003
Fax Number: +86-510-8599-5418

2

Name: Liyuan Garment Co., Ltd (Literal Translation)
Address: Trang Bang Industrial Park, An Binh Hamlet, An Tinh Village, Trang Bang District, Tay Ninh Province Vietnam

Telephone Number: +84-66- 3896- 884~ 889
Fax Number: +84-66-3896-735

SHAREHOLDERS

Major Shareholders

Name	Subscription Shares
Diamond Hosiery & Thread Co., Ltd.	45,360,746
Yongxin Investment Co., Ltd (Literal Translation)	3,962,595

Shareholder Information:

Registered Name: Diamond Hosiery & Thread Co., Ltd.
Registered Address: 13F., No.2, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City, Taiwan (R.O.C.)
Date of Foundation: 1969-09-18
Registration Number: 03504928
Registry: Department of Commerce, Ministry of Economic Affairs, R.O.C.
Registered Capital: NTD 1,313,860,320
Paid-up Capital: NTD 1,313,860,320
Legal Representatives: Kaitai Yan
Legal Form: Joint Stock Company
Date of Last Annual Return: 2016-07-13

MANAGEMENT INFORMATION

Core Management

Directors

1

Name: Weigong Qi
Position: Chairman of the Board

2

Name: Zongren Lai
Position: Director & Manager

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Date of Appointment of 2015-01-01
Manager:
3

Name: Ji Wen
Position: Director

4

Name: Yongwei Yang
Position: Director

5

Name: Rongfang Guo
Position: Independent Director

6

Name: Dechang Ye
Position: Independent Director

7

Name: Hongwen Zhang
Position: Independent Director

Personnel Structure

Total Employees About 410 Employees (as of 2017)

OPERATION INFORMATION

Offices & Factories

Add Headquarters
7 Floor, No. 25, Sec. 4, Jen Ai Road, Da An District, Taipei City,
Taiwan

Production Information

Subject is engaged in manufacturing of garments, etc.
It is introduced that the subject has factories in Taiwan for production.
It is introduced that subject has related factories in Vietnam, Philippines for production.

Purchase Information

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The registered activities of subject:

Business Code	Details
C306010	Garment business
F104110	Cloth, clothing, shoes, hats, umbrella, garment accessories wholesaling.
F204110	Cloth, clothing, shoes, hats, umbrella, garment accessories retailing.
C305010	Printing and dyeing industry
C307010	Garment accessories manufacturing
C399990	Other spinning and products manufacturing
F108040	Cosmetics wholesaling
F208040	Cosmetics retailing
H701010	Residential and building development rental industry
F401010	The international trade
F106020	Daily supplies wholesaling
F206020	Daily supplies retailing
F501030	Beverage store
F501060	Restaurant business
F119010	Electronic material wholesaling
F219010	Electronic material retailing
CC01080	Electronic components manufacturing
I301010	Information software service business
I301020	Data Processing service business
I301030	Supply electronic information service business
G801010	Warehousing industry
ZZ99999	Besides licensed business, all other business items those are not banned or restricted.

The raw materials for production are purchased both at home and abroad.

Sales Information

Subject is engaged in sales of garments, etc.

The major products of subject are man suits, etc.

Subject has its own brand "Carnival".

Subject also agent the garments with brand "Giorgio Armani" for both women and men.

The major regions are domestic market, Asia, America and Europe, etc.

Subject's major customers are wholesaler of clothes and department store, etc.

Import and export right:

Import right Yes

Export right Yes

SETTLEMENTS

Purchase

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Domestic Purchase
Products Raw materials, etc.
Payment Terms T/T, Cash, etc.

Import
Products Raw materials, etc.
Payment Terms L/C, T/T, etc.

Sales

Domestic Markets
Product Garments, etc.
Selling Terms T/T, Cash, etc.

Export
Product Garments, etc.
Selling Terms L/C, T/T, etc.

BALANCE SHEET

Unit: NTD/000	2017-12-31	2016-12-31
Consolidated		
Assets		
Current assets		
Cash and cash equivalents		
Total cash and cash equivalents	731,709	809,307
Current financial assets at fair value through profit or loss		
Total current financial assets at fair value through profit or loss	176,567	197,238
Current available-for-sale financial assets		
Current available-for-sale financial assets, net	162,127	129,596
Accounts receivable, net		
Accounts receivable, net	172,605	283,410
Inventories		
Total inventories	828,537	1,357,810
Prepayments		
Total prepayments	61,184	139,586
Other current assets		
Total other current assets	246,725	82,849
Total current assets	2,379,454	2,999,796
Non-current assets		
Non-current available-for-sale financial assets		
Non-current available-for-sale financial assets	601,668	511,839

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assets, net		
Non-current financial assets at cost		
Non-current financial assets at cost, net	269,099	269,099
Investments accounted for using equity method		
Investments accounted for using equity method, net	45,840	77,998
Property, plant and equipment		
Total property, plant and equipment	939,903	993,084
Investment property, net		
Investment property, net	261,623	270,521
Deferred tax assets	10,180	10,296
Other non-current assets		
Guarantee deposits paid	16,342	33,558
Other non-current assets, others		
Total other non-current assets, others	16,432	18,241
Total other non-current assets	32,774	51,799
Total non-current assets	2,161,087	2,184,636
Total assets	4,540,541	5,184,432
Liabilities and equity		
Liabilities		
Current liabilities		
Short-term borrowings		
Total short-term borrowings	260,000	355,000
Short-term notes and bills payable		
Total short-term notes and bills payable	339,754	469,674
Accounts payable		
Total accounts payable	39,455	82,100
Other payables		
Total other payables	151,725	177,288
Current tax liabilities	1	0
Other current liabilities		
Advance receipts		
Total advance receipts	61,761	62,948
Other current liabilities, others	30,103	22,361
Total other current liabilities	91,864	85,309
Total current liabilities	882,799	1,169,371
Non-current liabilities		
Deferred tax liabilities		
Total deferred tax liabilities	103,078	103,078
Other non-current liabilities		
Net defined benefit liability, non-current	24,672	25,093
Other non-current liabilities, others	8,833	8,866
Total other non-current liabilities	33,505	33,959
Total non-current liabilities	136,583	137,037
Total liabilities	1,019,382	1,306,408
Equity		
Equity attributable to owners of parent		
Share capital		

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Ordinary share	3,798,837	3,798,837
Total capital stock	3,798,837	3,798,837
Retained earnings		
Legal reserve	48,668	48,668
Special reserve	122,963	122,963
Unappropriated retained earnings (accumulated deficit)		
Total unappropriated retained earnings (accumulated deficit)	-901,311	-432,225
Total retained earnings	-729,680	-260,594
Other equity interest		
Total other equity interest	452,002	339,781
Total equity attributable to owners of parent	3,521,159	3,878,024
Total equity	3,521,159	3,878,024
Total liabilities and equity	4,540,541	5,184,432

Unit: NTD/000

Consolidated 2018-06-30

Assets

Current assets

Cash and cash equivalents	766,152
Current financial assets at fair value through profit or loss	167,169
Current financial assets at fair value through other comprehensive income	151,884
Current available-for-sale financial assets	0
Accounts receivable, net	136,207
Current inventories	601,823
Prepayments	88,226
Other current assets	277,038
Other current financial assets	179,097
Other current assets, others	97,941
Total current assets	2,188,499

Non-current assets

Non-current financial assets at fair value through other comprehensive income	917,490
Non-current available-for-sale financial assets	0
Non-current financial assets at cost	0
Investments accounted for using equity method	29,700
Property, plant and equipment	946,856
Investment property, net	236,960
Deferred tax assets	10,242
Other non-current assets	34,435
Guarantee deposits paid	18,976
Other non-current assets, others	15,459

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Total non-current assets	2,175,683
Total assets	4,364,182
Liabilities and equity	
Liabilities	
Current liabilities	
Current borrowings	210,000
Short-term notes and bills payable	284,808
Current contract liabilities	58,894
Accounts payable	51,701
Other payables	113,176
Other payables, others	113,176
Current tax liabilities	16,844
Other current liabilities	17,405
Advance receipts	0
Other current liabilities, others	17,405
Total current liabilities	752,828

PROFIT AND LOSS ACCOUNT

Unit: NTD/000		
Consolidated	2017	2016
Operating revenue		
Net sales revenue		
Net sales revenue	2,032,130	2,970,369
Total operating revenue	2,032,130	2,970,369
Operating costs		
Total operating costs	1,746,806	2,391,927
Gross profit (loss) from operations	285,324	578,442
Gross profit (loss) from operations	285,324	578,442
Operating expenses		
Selling expenses		
Total selling expenses	550,730	694,612
Administrative expenses		
Total administrative expenses	242,014	275,624
Total operating expenses	792,744	970,236
Net operating income (loss)	-507,420	-391,794
Non-operating income and expenses		
Other income		
Total other income	115,489	100,572
Other gains and losses		
Other gains and losses, net	-30,768	101,723
Finance costs		
Finance costs, net	6,349	7,107
Share of profit (loss) of associates and joint ventures accounted for using equity method		
Share of profit (loss) of associates and	-29,646	-14,806

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joint ventures accounted for using equity method, net		
Total non-operating income and expenses	48,726	180,382
Profit (loss) from continuing operations before tax	-458,694	-211,412
Tax expense (income)		
Total tax expense (income)	245	-40,453
Profit (loss) from continuing operations	-458,939	-170,959
Profit (loss)	-458,939	-170,959
Other comprehensive income		
Components of other comprehensive income that will not be reclassified to profit or loss		
Gains (losses) on remeasurements of defined benefit plans	-10,147	-3,996
Components of other comprehensive income that will not be reclassified to profit or loss	-10,147	-3,996
Components of other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation	-35,086	-109,138
Unrealised gains (losses) on valuation of available-for-sale financial assets	143,958	-73,082
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss		
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	3,349	-4,348
Components of other comprehensive income that will be reclassified to profit or loss	112,221	-186,568
Other comprehensive income, net	102,074	-190,564
Total comprehensive income	-356,865	-361,523
Profit (loss), attributable to:		
Profit (loss), attributable to owners of parent	-458,939	-170,959
Comprehensive income attributable to:		
Comprehensive income, attributable to owners of parent	-356,865	-361,523
Basic earnings per share		

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Basic earnings (loss) per share from continuing operations	-1.21	-0.45
Total basic earnings per share	-1.21	-0.45

NTD/000

2018-01-01~2018-06-30

Operating revenue	
Net sales revenue	
Sales revenue	323,170
Sales discounts and allowances	222
Net sales revenue	322,948
Total operating revenue	322,948
Operating costs	
Total operating costs	267,127
Gross profit (loss) from operations	55,821
Gross profit (loss) from operations	55,821
Operating expenses	
Selling expenses	109,928
Administrative expenses	34,707
Research and development expenses	5,482
Total operating expenses	150,117
Net operating income (loss)	-94,296
Non-operating income and expenses	
Other income	
Total other income	49,589
Other gains and losses	
Other gains and losses, net	45,683
Finance costs	
Finance costs, net	1,064
Share of profit (loss) of associates and joint ventures accounted for using equity method	
Share of profit (loss) of associates and joint ventures accounted for using equity method, net	-19,520
Total non-operating income and expenses	74,688
Profit (loss) from continuing operations before tax	-19,608
Tax expense (income)	
Total tax expense (income)	5,731
Profit (loss) from continuing operations	-25,339
Profit (loss)	-25,339
Other comprehensive income	
Components of other comprehensive income that will not be reclassified to profit or loss	
Unrealised gains (losses) from investments in equity instruments	21,332

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measured at fair value through other comprehensive income	
Components of other comprehensive income that will not be reclassified to profit or loss	21,332
Components of other comprehensive income that will be reclassified to profit or loss	
Exchange differences on translation	-2,429
Unrealised gains (losses) on valuation of available-for-sale financial assets	0
Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-919
Components of other comprehensive income that will be reclassified to profit or loss	-3,348
Total other comprehensive income	17,984
Total comprehensive income	-7,355
Profit (loss), attributable to:	
Profit (loss), attributable to owners of parent	-25,339
Comprehensive income attributable to:	
Comprehensive income, attributable to owners of parent	-7,355
Basic earnings per share	
Basic earnings (loss) per share from continuing operations	-0.07
Total basic earnings per share	-0.07

CASH FLOWS

Unit: NTD/000		
Consolidated	2017	2016
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	-458,694	-211,412
Profit (loss) before tax	-458,694	-211,412
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	80,030	111,298
Amortization expense	341	369
Provision (reversal of provision) for bad	8,701	6,513

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debt expense		
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	-26,056	-8,111
Interest expense	6,349	7,107
Interest income	-5,126	-4,122
Dividend income	-54,937	-39,712
Share of loss (profit) of associates and joint ventures accounted for using equity method	29,646	14,806
Loss (gain) on disposal of property, plant and equipment	6,899	48
Loss (gain) on disposal of investments	-6,514	-116,363
Impairment loss on non-financial assets	139,975	23,850
Unrealized foreign exchange loss (gain)	-2,743	804
Total adjustments to reconcile profit (loss)	176,565	-3,513
Changes in operating assets and liabilities		
Changes in operating assets		
Decrease (increase) in financial assets held for trading	47,324	-10,773
Decrease (increase) in accounts receivable	96,567	-876
Decrease (increase) in inventories	355,801	38,541
Decrease (increase) in prepayments	111,671	-26,781
Decrease (increase) in other current assets	2,648	1,945
Total changes in operating assets	614,011	2,056
Changes in operating liabilities		
Increase (decrease) in accounts payable	-34,854	22,104
Increase (decrease) in other payable	-20,223	-20,990
Increase (decrease) in receipts in advance	-3,969	-1,205
Increase (decrease) in other current liabilities	7,778	5,961
Increase (decrease) in net defined benefit liability	-10,568	-75,752
Total changes in operating liabilities	-61,836	-69,882
Total changes in operating assets and liabilities	552,175	-67,826
Total adjustments	728,740	-71,339
Cash inflow (outflow) generated from operations	270,046	-282,751
Income taxes refund (paid)	-244	-5,502
Net cash flows from (used in) operating activities	269,802	-288,253
Cash flows from (used in) investing		

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activities		
Proceeds from disposal of available-for-sale financial assets	25,784	212,066
Acquisition of property, plant and equipment	-50,228	-33,611
Proceeds from disposal of property, plant and equipment	16,891	4,830
Increase in refundable deposits	16,642	12,188
Increase in other financial assets	3,200	-200
Decrease in other financial assets	-165,425	149,331
Increase in other non-current assets	-2,311	795
Interest received	5,126	4,122
Dividends received	54,937	39,712
Net cash flows from (used in) investing activities	-95,384	389,233
Cash flows from (used in) financing activities		
Increase in short-term loans	-95,000	35,000
Increase in short-term notes and bills payable	-132,387	-152,555
Increase in other non-current liabilities	-11	-55
Interest paid	-3,882	-4,215
Net cash flows from (used in) financing activities	-231,280	-121,825
Effect of exchange rate changes on cash and cash equivalents	-20,736	-26,842
Net increase (decrease) in cash and cash equivalents	-77,598	-47,687
Cash and cash equivalents at beginning of period	809,307	856,994
Cash and cash equivalents at end of period	731,709	809,307
Cash and cash equivalents reported in the statement of financial position	731,709	809,307
Unit: NTD/000		
Consolidated	2018-01-01~2018-06-30	
Cash flows from (used in) operating activities, indirect method		
Profit (loss) from continuing operations before tax	-70,416	
Profit (loss) before tax	-70,416	
Adjustments		
Adjustments to reconcile profit (loss)		
Depreciation expense	29,909	
Amortization expense	171	
Expected credit loss (gain) / Provision (reversal of provision) for bad debt expense	-3,686	

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Net loss (gain) on financial assets or liabilities at fair value through profit or loss	21,536
Interest expense	2,296
Interest income	-3,425
Dividend income	-24,483
Share of loss (profit) of associates and joint ventures accounted for using equity method	16,084
Loss (gain) on disposal of property, plan and equipment	-90,995
Loss (gain) on disposal of investments	-17,283
Impairment loss on non-financial assets	13,688
Unrealized foreign exchange loss (gain)	2,761
Total adjustments to reconcile profit (loss)	-53,427
Changes in operating assets and liabilities	
Changes in operating assets	
Adjustments for decrease (increase) in financial assets held for trading	5,145
Decrease (increase) in accounts receivable	38,844
Adjustments for decrease (increase) in inventories	216,657
Decrease (increase) in prepayments	-17,813
Adjustments for decrease (increase) in other current assets	2,449
Total changes in operating assets	245,282
Changes in operating liabilities	
Increase (decrease) in contract liabilities	-4,504
Increase (decrease) in accounts payable	11,905
Increase (decrease) in other payable	-38,805
Increase (decrease) in receipts in advance	0
Adjustments for increase (decrease) in other current liabilities	-16,141
Increase (decrease) in net defined benefit liability	-13,514
Total changes in operating liabilities	-61,059
Total changes in operating assets and liabilities	184,223
Total adjustments	130,796
Cash inflow (outflow) generated from operations	60,380
Income taxes refund (paid)	0
Net cash flows from (used in) operating activities	60,380

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Cash flows from (used in) investing activities	
Proceeds from disposal of available-for-sale financial assets	0
Acquisition of property, plant and equipment	-32,765
Proceeds from disposal of property, plant and equipment	18
Increase in refundable deposits	-2,523
Proceeds from disposal of investment properties	44,118
Increase in other financial assets	38,926
Decrease in other financial assets	0
Decrease in other non-current assets	776
Interest received	3,425
Dividends received	24,483
Net cash flows from (used in) investing activities	76,458
Cash flows from (used in) financing activities	
Increase in short-term loans	-50,006
Increase in short-term notes and bills payable	-55,760
Increase in other non-current liabilities	52
Interest paid	-1,482
Net cash flows from (used in) financing activities	-107,196
Effect of exchange rate changes on cash and cash equivalents	4,801
Net increase (decrease) in cash and cash equivalents	34,443
Cash and cash equivalents at beginning of period	731,709
Cash and cash equivalents at end of period	766,152
Cash and cash equivalents reported in the statement of financial position	766,152

Note: Subject didn't submit its individual financial information; we obtained its consolidated financials as above for reference.

BANKER

Name: Hua Nan Commercial Bank Limited

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PUBLIC RECORD

Mortgage

No chattel mortgage record of subject has been found within the recent 3 months.

Lawsuit

Trial Number:	2014, Beilaojian, 82
Date of Trial:	2015-03-26
Reason:	Requests for unemployment payments
Claimant:	Ruiyu Lin
Defendant:	Carnival Industrial Corporation

SPECIAL NOTE

Interview Details

Name:	Mr. Li
Department	Sales Department

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.54
UK Pound	1	INR 94.90
Euro	1	INR 84.44
TWD	1	INR 2.39

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	DNS

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)