(English Translation of Financial Report Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2016 AND 2015

(With Independent Accountants' Review Report Thereon)

Address: 3F., No. 3-1, Park St., Nangang Dist., Taipei City 115, Taiwan
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(English Translation of Financial Report Originally Issued in Chinese)

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
TTY Biopharm Company Limited

We have reviewed the accompanying consolidated interim balance sheets of TTY Biopharm Company Limited and its subsidiaries (the "Group") as of March 31, 2016 and 2015, and the related consolidated statements of comprehensive income, changes in equity, and cash flows for the three months ended March 31, 2016 and 2015. These consolidated interim financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our reviews. We did not review the investments in other companies accounted for using the equity method of NT$604,854 thousand and NT$561,229 thousand, representing 7.06% and 7.57% of the related consolidated total assets, as of March 31, 2016 and 2015, respectively, and the related share of profit (loss) of associates and joint ventures accounted for using the equity method of NT$(8,301) thousand and NT$(6,273) thousand, representing (4.62)% and (5.91)% of consolidated net income, for the three months ended March 31, 2016 and 2015, respectively. The financial statements of these investees accounted for using the equity method were reviewed by other accountants, whose reports have been furnished to us, and our reviews, insofar as it relates to the amounts included for those companies, are based solely on the reports of the other accountants.

Except as described in paragraphs 3 and 4, we conducted our reviews in accordance with Statement of Auditing Standards No. 36 "Engagements to Review Financial Statements." A review consists principally of inquiries of the Group's management and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the consolidated interim financial statements taken as a whole. Accordingly, we do not express such an opinion.

The accompanying consolidated financial statements include certain consolidated subsidiaries which were not reviewed by independent accountants. The total assets of these subsidiaries amounted to NT$196,374 thousand and NT$1,245,910 thousand, representing 2.29% and

16.80% of the related consolidated total assets, and the total liabilities amounted to NT$23,862 thousand and NT$32,408 thousand, representing 0.89% and 1.21% of the related consolidated liabilities, as of March 31, 2016 and 2015, respectively. The comprehensive profit (loss) of these subsidiaries amounted to NT$(2,596) thousand and NT$(23,807) thousand, representing (1.44)% and (22.43)% of the related consolidated comprehensive income, for the three months ended March 31, 2016 and 2015, respectively.

Furthermore, long-term investments in these investee companies amounting to NT$241,475 thousand and NT$184,598 thousand as of March 31, 2016 and 2015, respectively, and the related investment gain amounting to NT$6,737 thousand and NT$3,485 thousand for the three months ended March 31, 2016 and 2015, respectively, were recognized based upon unreviewed financial statements of these investee companies by independent accountants.

Based on our reviews and the reports of other accountants, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of some consolidated subsidiaries and some equity-accounted investees been reviewed by independent accountants as described in paragraphs 3 and 4, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to the first paragraph for them to be in conformity with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission in the Republic of China (R.O.C.).

Taipei, Taiwan (the Republic of China)

May 10, 2016

Notes to Readers

The accompanying consolidated interim financial statements are intended only to present the financial position, results of operations, and cash flows in accordance with the "Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and IAS 34 endorsed by the Financial Supervisory Commission. The standards, procedures and practices to review such consolidated interim financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent accountants' review report and the accompanying consolidated interim 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 independent accountants' review report and financial statements in the Chinese language shall prevail.

(English Translation of Financial Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards, as of March 31, 2016 and 2015

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

MARCH 31, 2016, DECEMBER 31, 2015, AND MARCH 31, 2015

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current Assets:						
Cash and cash equivalents (Note 6(1))	$ 1,926,170	22	1,710,524	19	834,567	11
Financial assets carried at cost－current (Note 6(2))	26,250	-	-	-	-	-
Notes receivable, net (Note 6(3))	60,828	1	48,669	1	43,466	1
Notes receivable－related parties (Notes 6(3) and 7)	10	-	461	-	185	-
Accounts receivable, net (Note 6(3))	726,977	8	932,627	11	666,423	9
Accounts receivable, net－related parties (Notes 6(3) and 7)	22,445	-	22,839	-	26,515	-
Other receivables (Notes 6(3) and 7)	35,438	-	488,470	6	75,373	1
Inventories (Note 6(4))	538,626	6	532,137	6	463,543	6
Prepayments	52,051	1	44,828	1	48,143	1
Non-current assets classified as held for sale, net (Note 6(5))	-	-	27,791	-	-	-
Other financial assets－current (Note 6(1) and 8)	798,032	10	492,075	6	559,650	8
Other current assets	40,357	-	605	-	10,508	-
	4,227,184	48	4,301,026	50	2,728,373	37
Non-current assets:						
Available-for-sale financial assets－noncurrent (Notes 6(2) and (20))	424,618	5	562,733	6	-	-
Financial assets carried at cost－noncurrent (Note 6(2))	26,250	-	-	-	100,048	1
Investments accounted for using equity method (Note 6(6))	846,329	10	873,484	10	1,708,350	23
Property, plant and equipment, net (Note 6(8))	2,276,832	27	2,295,527	26	2,296,491	31
Investment property, net (Notes 6(9) and 8)	78,266	1	78,354	1	78,621	1
Intangible assets (Note 6(10))	46,347	1	50,780	1	59,215	1
Deferred tax assets	6,747	-	6,615	-	6,984	-
Prepayments for equipment (Note 9)	478,485	6	471,291	5	398,510	6
Refundable deposits (Note 7)	25,368	-	23,985	-	20,896	-
Cash surrender value of life insurance	3,121	-	8,505	-	8,484	-
Other financial assets－other－noncurrent (Note 8)	125,183	2	125,737	1	8,576	-
Other noncurrent assets－other	6,558	-	6,677	-	-	-
	4,344,104	52	4,503,688	50	4,686,175	63
TOTAL ASSETS	**$ 8,571,288**	**100**	**8,804,714**	**100**	**7,414,548**	**100**

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

(English Translation of Financial Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards, as of March 31, 2016 and 2015

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONT'D)

MARCH 31, 2016, DECEMBER 31, 2015, AND MARCH 31, 2015

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	March 31, 2016		December 31, 2015		March 31, 2015	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
Current Liabilities:						
Short-term loans (Note 6(11))	$ 1,200,000	14	1,200,000	14	1,740,000	24
Notes payable	9,718	-	20,768	-	11,285	-
Accounts payable	134,084	2	148,498	2	109,737	1
Accounts payable－related parties (Note 7)	7,284	-	4,814	-	4,981	-
Current income tax liabilities (Note 6(14))	173,332	2	198,378	2	129,320	2
Provisions－current	5,327	-	5,327	-	10,348	-
Other payables (Note 7)	400,495	5	459,919	5	384,173	5
Other current liabilities (Note 7)	23,209	-	31,230	-	37,115	1
Long-term loans payable－current portion (Note 6(12))	200,000	2	-	-	-	-
	2,153,449	25	2,068,934	23	2,426,959	33
Non-current liabilities:						
Long-term loans (Note 6(12))	200,000	2	700,000	8	-	-
Deferred tax liabilities	296,259	3	296,259	3	209,062	3
Net defined benefit liability－noncurrent (Note 6(13))	42,376	1	42,475	1	36,960	-
Guarantee deposit received	1,765	-	2,096	-	1,760	-
	540,400	6	1,040,830	12	247,782	3
Total Liabilities	2,693,849	31	3,109,764	35	2,674,741	36
Equity Attributable to Owners of the Parent (Note 6(15))						
Share capital	2,486,500	29	2,486,500	28	2,486,500	34
Capital surplus	376,793	4	373,985	4	379,226	5
Legal reserve	482,511	7	482,511	6	404,547	5
Special reserve	110,154	1	110,154	1	110,154	2
Unappropriated retained earnings	1,568,784	18	1,288,140	15	880,892	12
Other equity interest	281,228	3	360,011	4	35,729	-
Total equity attributable to owners of parent	5,305,970	62	5,101,301	58	4,297,048	58
Non-controlling interests (Notes 6(7) and (15))	571,469	7	593,649	7	442,759	6
Total Equity	5,877,439	69	5,694,950	65	4,739,807	64
TOTAL LIABILITIES AND EQUITY	**$ 8,571,288**	**100**	**8,804,714**	**100**	**7,414,548**	**100**

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

(English Translation of Financial Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the Three Months Ended March 31				
	2016			2015	
		Amount	%	Amount	%
Operating revenues (Notes 6(17) and 7)	$	912,604	100	719,133	100
Cost of sales (Notes 6(4) and 7)		273,628	30	242,518	34
Gross profit		638,976	70	476,615	66
Unrealized profit on intercompany transactions		7,512	1	4,674	-
Realized profit on intercompany transactions		6,408	1	1,202	-
Gross profit, net		637,872	70	473,143	66
Operating expenses (Note 7)					
Selling expenses		171,175	19	173,792	24
General and administrative expenses		69,326	8	72,079	10
Research and development expenses		79,915	9	103,509	15
		320,416	36	349,380	49
Results from operating activities		317,456	34	123,763	17
Non-operating income and expenses (Notes 6(19) and 7)					
Other income		4,474	1	4,646	2
Other gains and losses		49,789	5	31,398	4
Finance costs		(5,554)	(1)	(5,480)	(1)
Share of loss of associates and joint ventures accounted for using equity method (Note 6(6))		(1,543)	-	(27,598)	(4)
		47,166	5	2,966	1
Profit before tax		364,622	39	126,729	18
Income tax expense (Note 6(14))		59,431	6	23,034	3
Profit for the period		**305,191**	**33**	**103,695**	**15**
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Remeasurement effects on defined benefit plans		-	-	1,627	-
Less: Income tax relating to components of other comprehensive income		-	-	-	-
		-	-	1,627	-
Items which may be reclassified to profit and loss in subsequent periods					
Foreign currency translation differences－foreign operations		(895)	-	(458)	-
Unrealized loss on available-for-sale financial assets (Note 6(20))		(124,615)	(14)	-	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method		-	-	1,284	-
Less: Income tax relating to components of other comprehensive income		-	-	-	-
		(125,510)	(14)	826	-
Other comprehensive income for the period, net of tax		(125,510)	(14)	2,453	-
Total comprehensive income for the period	**$**	**179,681**	**19**	**106,148**	**15**
Profit attributable to					
Owners of the parent	$	280,644	30	98,498	14
Non-controlling interests		24,547	3	5,197	1
	$	**305,191**	**33**	**103,695**	**15**
Comprehensive income attributable to					
Owners of the parent	$	201,861	22	100,951	14
Non-controlling interests		(22,180)	(3)	5,197	1
	$	**179,681**	**19**	**106,148**	**15**
Earnings per share, net of tax (Note 6(16))					
Basic earnings per share	**$**		**1.13**		**0.40**
Diluted earnings per share	**$**		**1.13**		**0.40**

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

(English Translations of Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars)

	Attributable to Owners of the Parent										
			Retained earnings			Other adjustments to equity					
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated	Foreign currency translation differences	Unrealized gains (losses) on available-for-sale financial assets	Total	Owners of the parent company	Non-controlling interests	Total equity
Balance, January 1, 2015	$ 2,486,500	378,007	404,547	110,154	780,767	45,724	(10,821)	34,903	4,194,878	437,562	4,632,440
Profit for the period	-	-	-	-	98,498	-	-	-	98,498	5,197	103,695
Other comprehensive income for the period	-	-	-	-	1,627	826	-	826	2,453	-	2,453
Total comprehensive income for the period	-	-	-	-	100,125	826	-	826	100,951	5,197	106,148
Changes in equity of associates and joint ventures accounted for using equity method	-	1,219	-	-	-	-	-	-	1,219	-	1,219
Balance, March 31, 2015	**$ 2,486,500**	**379,226**	**404,547**	**110,154**	**880,892**	**46,550**	**(10,821)**	**35,729**	**4,297,048**	**442,759**	**4,739,807**
Balance, January 1, 2016	$ 2,486,500	373,985	482,511	110,154	1,288,140	16,160	343,851	360,011	5,101,301	593,649	5,694,950
Profit for the period	-	-	-	-	280,644	-	-	-	280,644	24,547	305,191
Other comprehensive income for the period	-	-	-	-	-	(894)	(77,889)	(78,783)	(78,783)	(46,727)	(125,510)
Total comprehensive income for the period	-	-	-	-	280,644	(894)	(77,889)	(78,783)	201,861	(22,180)	179,681
Changes in equity of associates and joint ventures accounted for using equity method	-	2,808	-	-	-	-	-	-	2,808	-	2,808
Balance, March 31, 2016	**$ 2,486,500**	**376,793**	**482,511**	**110,154**	**1,568,784**	**15,266**	**265,962**	**281,228**	**5,305,970**	**571,469**	**5,877,439**

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

(English Translation of Financial Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2016	2015
Cash flows from operating activities:		
Profit before tax	$ 364,622	126,729
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	23,769	22,691
Amortization	4,822	5,759
Interest expense	5,554	5,480
Interest income	(1,546)	(1,979)
Share of loss of associates and joint ventures accounted for using equity method	1,543	27,598
Loss on disposal of property, plant and equipment	3	24
Allocation of deferred income	(253)	(253)
Gain on disposal of investments	(47,373)	-
Unrealized profits on intercompany transactions	7,512	4,674
Realized profits on intercompany transactions	(6,408)	(1,202)
	(12,377)	62,792
Changes in operating assets and liabilities		
Notes receivable	(11,708)	6,751
Accounts receivable	206,112	(6,229)
Other receivables	(2,581)	(24,211)
Inventories	(6,491)	13,169
Other current assets	(46,701)	(15,142)
Other financial assets	(48,477)	(72,170)
Notes payable	(11,050)	(3,833)
Accounts payable	(11,935)	(28,210)
Other payables	(59,539)	(60,776)
Provisions	-	5,021
Other current liabilities	(8,018)	460
Net defined benefit liability	(99)	(183)
Net changes in operating assets and liabilities	(487)	(185,353)
Total changes in operating assets and liabilities	(12,864)	(122,561)
Cash provided by operating activities	351,758	4,168
Interest received	1,546	587
Dividend received	-	5,839
Interest paid	(5,492)	(5,556)
Income taxes paid	(84,613)	(927)
Net cash provided by operating activities	**263,199**	**4,111**

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

(English Translation of Financial Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE THREE MONTHS ENDED MARCH 31, 2016 AND 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2016	2015
Cash flows from investing activities		
Proceeds from disposal of available-for-sale financial assets	63,975	-
Proceeds from disposal of investments accounted for using equity method	455,398	-
Acquisition of property, plant and equipment	(3,619)	(10,683)
Proceeds from disposal of property, plant and equipment	107	305
Decrease (increase) in refundable deposits	(1,383)	7,912
Acquisition of intangible assets	(416)	(677)
Decrease in other financial assets	(256,926)	-
Increase in prepayments for equipment	(9,098)	(20,471)
Decrease in other noncurrent assets	5,503	-
Net cash provided by (used in) investing activities	**253,541**	**(23,614)**
Cash flows from financing activities		
Increase in short-term loans	500,000	-
Decrease in short-term loans	(500,000)	-
Repayments of long-term loans	(300,000)	-
Increase in guarantee deposit received	-	299
Decrease in guarantee deposit received	(331)	-
Net cash (used in) provided by financing activities	**(300,331)**	**299**
Effect of exchange rate fluctuations on cash held	**(763)**	**(457)**
Net increase (decrease) in cash and cash equivalents	215,646	(19,661)
Cash and cash equivalents, beginning of period	1,710,524	854,228
Cash and cash equivalents, end of period	**$ 1,926,170**	**834,567**

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

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2016 AND 2015

(Amounts Expressed in Thousands of New Taiwan Dollars,

Except for Per Share Information and Unless Otherwise Stated)

1. COMPANY HISTORY

TTY Biopharm Company Limited (the "Company") was established on July 22, 1960. The Company's registered office address is 3F., No. 3-1, Park St., Nangang Dist., Taipei City 115, Taiwan. The main activities of the Company are producing a variety of pharmaceuticals and chemical drugs. Please refer to Note 14.

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated interim financial statements were authorized for issue by the Board of Directors on May 10, 2016.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED

Newly released or amended standards and interpretations not yet endorsed by the Financial Supervisory Commission, R.O.C. ("FSC")

The new standards and amendments issued by the International Accounting Standards Board but not yet endorsed by the FSC, and the evaluation of the impact on the Company and its subsidiaries (the "Group") are consistent with those disclosed in Note 3 to the consolidated financial statements for the year ended December 31, 2015, except for the following:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
‧ IFRS 15 "*Revenue from Contracts with Customers*"	January 1, 2018

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following significant accounting policies have been applied consistently to all periods presented in the consolidated financial statements.

(1) Statement of compliance

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

The accompanying consolidated interim financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" in the Republic of China (hereinafter referred to as the Regulations) and the guidelines of IAS 34 "Interim Financial Reporting" endorsed by the FSC. Such consolidated interim financial statements, however, do not include all of the information required for full annual financial statements by the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as the "IFRSs endorsed by the FSC").

Except for the following descriptions, the significant accounting policies adopted in the accompanying consolidated quarterly financial statements were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2015. Please refer to Note 4 to the consolidated financial statements for the year ended December 31, 2015, for related information.

(2) Basis of consolidation

Except for the disclosure in Note 3, the principles followed in preparing the consolidated financial statements were consistent with those disclosed in the consolidated financial statements for the year ended December 31, 2015. Please refer to Note 4(3) to the consolidated financial statements for the year ended December 31, 2015, for related information.

A. List of subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Nature of business	Shareholding ratio		
			2016.03.31	2015.12.31	2015.03.31
The Company	Xudong Haipu International Co., Ltd.	Investing activities	100.00%	100.00%	100.00%
The Company	American Taiwan Biopharma Phils Inc.	Selling Western medicine	87.00%	87.00%	87.00%
The Company	TSH Biopharm Co., Ltd.	Selling Western medicine	56.48%	56.48%	56.48%
The Company	Worldco International Co., Ltd.	Investing activities and selling Western medicine	100.00%	100.00%	100.00%
Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd.	Marketing consulting regarding Western medicine	100.00%	100.00%	100.00%

Investor	Subsidiary	Nature of business	Shareholding ratio		
			2016.03.31	2015.12.31	2015.03.31
Worldco International Co., Ltd.	Chengdu Shuyu Pharmaceutical Co., Ltd.	Selling Western medicine	100.00%	100.00%	100.00%

(3) Noncurrent assets held for sale

A noncurrent asset (or disposal group comprising assets and liabilities) is classified as held for sale or distribution to owners when the entity is committed to sell or distribute the asset (or disposal group) to the owners to recover its carrying amount. For this to be the case, the asset must be available for immediate distribution in its present condition and the distribution must be highly probable, and actions to complete the distribution should be expected to be within one year from the date of classification. Before classification as held for sale or distribution, the asset or components of a disposal group are re-assessed in accordance with the Group's accounting policies. Thereafter, generally, the asset or disposal group is measured at the lower of its carrying amount and fair value, less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then the remaining balance of impairment loss is apportioned to assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property, and biological assets, which are assessed for impairment in accordance with the Group's accounting policies. Impairment losses on initial classification of noncurrent assets held for sale or distribution and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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

(4) Income taxes

Tax expense in the interim financial statements is measured and disclosed according to paragraph B12 of IAS 34 "Interim Financial Reporting."

Income tax expense for the period is best estimated by multiplying pretax income for the interim reporting period with the effective annual tax rate as forecasted by management. It is charged to profit or loss as income tax expense.

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

(5) Employee benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

5. SIGNIFICANT ACCOUNTING ASSUMPTIONS AND JUDGMENTS, AND MAJOR SOURCES OF ESTIMATION UNCERTAINTY

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

In preparation of the consolidated interim financial statements, the major sources of significant accounting judgments and estimation uncertainty are consistent with those disclosed in Note 5 to the consolidated financial statements for the year ended December 31, 2015.

6. EXPLANATIONS OF SIGNIFICANT ACCOUNTS

Except for the following disclosures, there is no significant difference with those disclosed in the consolidated financial statements for the year ended December 31, 2015. Please refer to Note 6 to the 2015 annual consolidated financial statements.

(1) Cash and cash equivalents

		March 31, 2016	December 31, 2015	March 31, 2015
Cash on hand	$	9,756	6,695	2,906
Cash in banks		1,226,546	1,658,241	768,061
Time deposits		689,868	45,588	63,600
	$	**1,926,170**	**1,710,524**	**834,567**

A. The above cash and cash equivalents were not pledged as collateral.

B. Time deposits which do not meet the definition of cash equivalents are accounted for under other financial assets－current.

(2) Investment in financial assets

		March 31, 2016	December 31, 2015	March 31, 2015
Available-for-sale financial assets				
Stock of emerging domestic company: Lumosa Therapeutics Co., Ltd.	$	424,618	562,733	-
Financial assets carried at cost (current and noncurrent)				
Shares of stock of unlisted domestic company: Pharmira Laboratories, Inc.		52,500	-	-
Shares of stock of unlisted domestic company: Lumosa Therapeutics Co., Ltd.		-	-	100,048
	$	**477,118**	**562,733**	**100,048**

A. The above equity investments in Lumosa Therapeutics Co., Ltd. were classified as available-for-sale financial assets according to the investment intention. Such equity investments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost on March 31, 2015. Lumosa Therapeutics Co., Ltd. obtained emerging stock market registration on July 16, 2015, so these equity investments were measured at fair value.

B. The 31.82% of Pharmira Laboratories, Inc. owned by TSH Biopharm Co., Ltd. was accounted for using the equity method. The Group's shareholding ratio in Pharmira Laboratories, Inc. dropped to 5.93%, and the Group lost its significant influence over the investments because of a cash capital increase in February 2016 launched by Pharmira Laboratories, Inc. Therefore, the investments were reclassified from investments accounted for using the equity method and noncurrent assets classified as held for sale to available-for-sale financial assets. Such investments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost. Please refer to Notes 6(5) and 6(6) for details.

C. Please refer to Notes 6(15) and 6(20) for recognition in other comprehensive income due to changes in fair value and further discussion on reclassification from equity to profit or loss.

D. Please refer to Note 6(19) for gains on disposal of the investments in Lumosa Therapeutics Co., Ltd.

E. The aforesaid financial assets were not pledged as collateral.

F. If the stock price changes at the reporting date, the changes in other comprehensive income of the Group are estimated as follows (The analysis was made on the same basis for both periods, assuming that all other variables remain constant and any impact on forecasted sales and purchases was ignored.):

	For the Three Months Ended March 31			
	2016		2015	
Stock price	**Other comprehensive income, net of tax**	**Profit, net of tax**	**Other comprehensive income, net of tax**	**Profit, net of tax**
Increase by 10%	**$ 42,462**	-	-	-
Decrease by 10%	**$ (42,462)**	-	-	-

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

	March 31, 2016	December 31, 2015	March 31, 2015
Notes receivable	$ 60,838	49,130	43,651
Accounts receivable	796,229	1,007,273	731,427
Other receivables	35,438	488,470	75,373
Less: Allowance for impairment	(46,807)	(51,807)	(38,489)
	$ 845,698	**1,493,066**	**811,962**

The aging analysis of notes and accounts receivable and other receivables which were overdue but not impaired was as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Past due less than 90 days	$ 1,033	4,591	5,683
Past due 90-180 days	165	234	1,111
Past due 181-365 days	99	170	30
Past due more than 365 days	164	170	18,641
Total	**$ 1,461**	**5,165**	**25,465**

The movements in the allowance for impairment with respect to the receivables during the period were as follows:

	Individually assessed impairment	Collectively assessed impairment	Total
Balance as of January 1, 2016	$ 20,539	31,268	51,807
Reversal of impairment loss	-	(5,000)	(5,000)
Balance as of March 31, 2016	**$ 20,539**	**26,268**	**46,807**
Balance as of January 1, 2015	$ 17,558	22,635	40,193
Written-off unrecoverable amount	-	(1,704)	(1,704)
Balance as of March 31, 2015	**$ 17,558**	**20,931**	**38,489**

A. The average credit terms granted for notes and accounts receivable pertaining to sales transactions ranged from one to six months. To determine the probability of collection, the Group considers any change in the credit quality from origination date to reporting date. Past experience indicates that notes receivable that are more than 180 days past due are dishonored and uncollectible. Thus, a 100% impairment loss is recognized in the allowance account. For those notes and accounts receivable which are past due within 180 days, an allowance account is recognized after analyzing the payment history of customer accounts, the current financial situation, and the evaluation of the uncollectible amount.

B. Individually assessed impairment is recognized as the difference between the carrying value of accounts receivable and the estimated recoverable amount. Accounts receivable are not pledged as collateral. In addition to previous individual assessment, the Group analyzes the current financial situation and the counterparty's payment history. Based on the historical default rate, the Group evaluates the uncollectible amount by groups of notes receivable and accounts receivable.

C. As of March 31, 2016 and 2015, notes receivable and accounts receivable were not pledged as collateral.

(4) Inventories

		March 31, 2016	December 31, 2015	March 31, 2015
Merchandise	$	90,061	93,789	80,599
Finished goods		109,121	99,423	94,283
Work in process		115,433	112,586	93,333
Raw materials		208,794	202,377	179,796
Materials		38,700	33,776	35,097
Subtotal		562,109	541,951	483,108
Goods in transit		1,403	10,822	9,297
Total		563,512	552,773	492,405
Less: Allowance for inventory market decline and obsolescence		(24,886)	(20,636)	(28,862)
Net amount	**$**	**538,626**	**532,137**	**463,543**

The cost of inventories recognized as cost of goods sold and expense for the three months ended March 31, 2016 and 2015, amounted to $269,378 and $241,839, respectively. The main item was the costs arising from selling goods. For the three months ended March 31, 2016 and 2015, the inventory write-down to net realizable value was recognized as allowance for inventory market decline of $4,250 and $679. The write-down is included in cost of goods sold.

As of March 31, 2016 and 2015, the aforesaid inventories were not pledged as collateral.

(5) Noncurrent assets classified as held for sale

TSH Biopharm Co., Ltd. sold half of its ownership in Pharmira Laboratories, Inc. totaling 2,625 thousand shares on October 20, 2015, and signed a share sale agreement on December 7, 2015. As of March 31, 2016, and December 31, 2015, partial payment of $5,000 was received and recognized under other current liabilities. As of December 31, 2015, the carrying value of the aforementioned investment amounted to $27,791, which was accounted for under noncurrent assets classified as held for sale. Based on the assessment in February 2016, the Group lost its significant influence over Pharmira Laboratories, Inc., so the investment was reclassified from noncurrent assets classified as held for sale to financial assets carried at cost. Please refer to Notes 6(2) and 6(6) for details.

(6) Investments accounted for using equity method

The Group's financial information for equity-accounted investees at the reporting date was as follows:

	March 31, 2016	December 31, 2015	March 31, 2015
Associates	$ **846,329**	**873,484**	**1,708,350**

A. As of March 31, 2016, December 31, 2015, and March 31, 2015, the carrying value of associates which had a quoted market price amounted to $604,854, $610,352 and $561,229, respectively, while fair value amounted to $4,885,916, $4,737,763 and $5,240,539, respectively.

B. Associates that had materiality were as follows:

			Proportion of shareholding and voting rights		
Associate	**Nature of relationship**	**Country of registration**	**March 31, 2016**	**December 31, 2015**	**March 31, 2015**
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	19.30%	19.32%	19.33%
American Taiwan Biopharm Co., Ltd.	Sale of western medicine	Thailand	40.00%	40.00%	40.00%

- Summary financial information on significant associates

  The following is a summary of financial information on the Group's significant associates. In order to reflect the adjustments for fair value in acquisition of shares and differences in accounting policies, adjustment for the amounts presented on the financial statements of associates in accordance with IFRSs has been made to such financial information.

  (i) Summary financial information on PharmaEngine, Inc.

		March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$	3,118,196	3,163,588	2,885,407
Noncurrent assets		81,228	74,994	33,774
Current liabilities		(55,150)	(66,340)	(15,770)
Noncurrent liabilities		(9,645)	(13,071)	-
Net assets	**$**	**3,134,629**	**3,159,171**	**2,903,411**
Net assets attributable to non-controlling interests	**$**	**-**	**-**	**-**
Net assets attributable to investee owners	**$**	**3,134,629**	**3,159,171**	**2,903,411**

		For the Three Months Ended March 31	
		2016	2015
Operating revenue	**$**	**1,586**	**6,392**
Net loss for the period	$	(42,995)	(32,407)
Other comprehensive loss		(28)	-
Comprehensive loss	**$**	**(43,023)**	**(32,407)**
Comprehensive income attribute to non-controlling interests	**$**	**-**	**-**
Comprehensive loss attributable to investee owners	**$**	**(43,023)**	**(32,407)**

		For the Three Months Ended March 31	
		2016	2015
Net assets attributable to the Group, January 1	$	610,352	566,282
Comprehensive loss attributable to the Group		(8,306)	(6,273)
Investments not recognized by shareholding ratio		2,808	1,220
Net assets attributable to the Group, March 31	**$**	**604,854**	**561,229**
Carrying amount of interest in associates, March 31	**$**	**604,854**	**561,229**

(ii) Summary financial information on American Taiwan Biopharm Co., Ltd.

		March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$	367,770	360,946	327,180
Noncurrent assets		182,528	181,114	92,210
Current liabilities		(71,993)	(81,568)	(55,365)
Noncurrent liabilities		(3,653)	(3,637)	(3,531)
Net assets	**$**	**474,652**	**456,855**	**360,494**
Net assets attributable to non-controlling interests	**$**	**-**	**-**	**-**
Net assets attributable to investee owners	**$**	**474,652**	**456,855**	**360,494**

		For the Three Months Ended March 31	
		2016	2015
Operating revenue	**$**	**97,140**	**89,819**
Net income for the period	$	16,078	15,963
Other comprehensive income		1,721	2,430
Comprehensive income	**$**	**17,799**	**18,393**
Comprehensive income attribute to non-controlling interests	**$**	**-**	**-**
Comprehensive income attributable to investee owners	**$**	**17,799**	**18,393**

		For the Three Months Ended March 31	
		2016	**2015**
Net assets attributable to the Group, January 1	$	182,742	136,841
Comprehensive income attributable to the Group		7,119	7,357
Net assets attributable to the Group, March 31		189,861	144,198
Less: Write-off of unrealized gain on intercompany downstream transactions		(7,512)	(4,674)
Carrying amount of interest in associates, March 31	$	**182,349**	**139,524**

- Summary financial information on individually insignificant associates

The following is the summary financial information on individually insignificant associates that were accounted for under the equity method:

		March 31, 2016	**December 31, 2015**	**March 31, 2015**
Carrying amount of interest in individually insignificant associates	$	**59,126**	**86,798**	**1,007,596**

		For the Three Months Ended March 31	
Attributable to the Group:		**2016**	**2015**
Profit (loss) for the year	$	306	(27,710)
Other comprehensive income (loss)		(440)	1,275
Comprehensive loss	$	**(134)**	**(26,435)**

The summary financial information on TTY International Co., Ltd. and TOT Biopharm International Company Limited, which were disposed of in December 2015, is as follows:

	March 31, 2016			**December 31, 2015**		**March 31, 2015**	
	Shareholding ratio		**Amount**	**Shareholding ratio**	**Amount**	**Shareholding ratio**	**Amount**
TTY International Co., Ltd.	- %	$	-	- %	-	40.00%	526,081
TOT Biopharm International Company Limited	- %		-	- %	-	40.91%	372,249
		$	-		-		**898,330**

The Group's recognition of investment gain or loss on TTY International Co., Ltd. and TOT Biopharm International Company Limited was based on the valuation in the unreviewed financial statements for the same period. The profit or loss on associates attributable to the Group was as follows:

	For the Three Months Ended March 31	
	2016	**2015**
Profit or loss	$ -	(22,208)
Other comprehensive income	$ -	1,284

TSH Biopharm Co., Ltd. paid $70,000 for the capital increase of Pharmira Laboratories, Inc. and acquired 31.82% of ownership in June 2014. Based on the evaluation of significant influence, such investment was accounted for using the equity method. The Group's shareholding ratio in Pharmira Laboratories, Inc. dropped to 5.93% and the Group lost its significant influence over the investments because of a cash capital increase in February 2016 launched by Pharmira Laboratories, Inc. Therefore, the investments were reclassified from investments accounted for using the equity method and noncurrent assets classified as held for sale to financial assets carried at cost. The fair value of investments was re-measured when reclassified. The difference between its fair value and carrying amount of $3,102 was recognized as disposal loss. Please refer to Note 6(19) for details.

C. Collateral

As of March 31, 2016 and 2015, the investments in the aforesaid equity-accounted investees were not pledged as collateral.

(7) Subsidiary with significant non-controlling interest

Subsidiary	Country of registration	Proportion of shareholding and voting rights		
		2016.03.31	**2015.12.31**	**2015.03.31**
TSH Biopharm Co., Ltd.	Taiwan	56.48%	56.48%	56.48%

The financial information below is prepared in accordance with IFRSs and reflects the adjustments for fair value on the acquisition date and differences in accounting policies. The amounts have not yet been eliminated from intra-group transactions. Information on the aforementioned subsidiary is as follows:

Summary financial information on TSH Biopharm Co., Ltd.

		March 31, 2016	December 31, 2015	March 31, 2015
Current assets	$	998,621	955,275	908,462
Noncurrent assets		409,224	505,955	208,030
Current liabilities		(96,476)	(98,741)	(99,777)
Net assets	$	**1,311,369**	**1,362,489**	**1,016,715**
Non-controlling interests	$	**570,700**	**592,948**	**442,467**

		For the Three Months Ended March 31	
		2016	2015
Operating revenue	$	**121,498**	**128,920**
Net income for the period	$	56,247	12,169
Other comprehensive loss		(107,367)	-
Comprehensive income (loss)	$	**(51,120)**	**12,169**
Profit attributable to non-controlling interests	$	**24,479**	**5,296**
Comprehensive income (loss) attributable to non-controlling interests	$	**(22,248)**	**5,296**
Cash flows from operating activities	$	6,290	26,161
Cash flows from investing activities		14,225	(139)
Net increase in cash and cash equivalents	$	**20,515**	**26,022**

(8) Property, plant and equipment

		Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Carrying amounts:									
Balance on January 1, 2016	$	816,169	610,073	195,434	2,535	120,981	4,237	546,098	2,295,527
Balance on March 31, 2016	$	816,169	603,351	188,354	2,434	116,332	4,094	546,098	2,276,832
Balance on January 1, 2015	$	816,169	637,794	221,111	2,931	133,238	4,811	486,231	2,302,285
Balance on March 31, 2015	$	816,169	630,908	213,396	2,832	133,532	4,668	494,986	2,296,491

A. For the three months ended March 31, 2016 and 2015, there were no significant additions to, or recognition and reversal of impairment losses of, property, plant and equipment. Please refer to Note 12(1) for details on depreciation on property, plant and equipment and to Note 6(9) to the consolidated financial statements for the year ended December 31, 2015, for other related information.

B. As of March 31, 2016 and 2015, the property, plant and equipment were not pledged as collateral.

C. Property, plant and equipment under construction

New plant is already under construction. As of the reporting date, expenditures incurred amounted to $546,098, including capitalized loan cost. The capitalized loan cost amounted to $0 for the three months ended March 31, 2016 and 2015.

(9) Investment property

		Land	Building and construction	Total
Carrying amount:				
Balance on January 1, 2016	$	**69,152**	**9,202**	**78,354**
Balance on March 31, 2016	$	**69,152**	**9,114**	**78,266**
Balance on January 1, 2015	$	**69,152**	**9,557**	**78,709**
Balance on March 31, 2015	$	**69,152**	**9,469**	**78,621**

A. For the three months ended March 31, 2016 and 2015, there were no significant additions, disposal, or recognition and reversal of impairment losses of investment property. Please refer to Note 12(1) for details on depreciation on investment property and to Note 6(10) to the consolidated financial statements for the year ended December 31, 2015, for other related information.

B. There was no significant difference between the fair value of investment property of the Group and the fair value disclosed in Note 6(10) to the consolidated financial statements for the year ended December 31, 2015.

C. As of March 31, 2016 and 2015, the aforesaid investment properties were pledged as collateral. Please refer to Note 8 for details.

(10) Intangible assets

The components of the costs of intangible assets, amortization, and impairment loss thereon for the three months ended March 31, 2016 and 2015, were as follows:

		Computer software	Patent and franchise	Total
Carrying amount:				
Balance on January 1, 2016	$	**18,636**	**32,144**	**50,780**
Balance on March 31, 2016	$	**17,526**	**28,821**	**46,347**
Balance on January 1, 2015	$	**16,579**	**47,971**	**64,550**
Balance on March 31, 2015	$	**15,468**	**43,747**	**59,215**

For the three months ended March 31, 2016 and 2015, there were no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets. Please refer to Note 12(1) for details on impairment and to Note 6(11) to the consolidated financial statements for the year ended December 31, 2015, for other related information.

As of March 31, 2016 and 2015, the aforementioned intangible assets were not pledged as collateral.

(11) Short-term loans

		March 31, 2016	December 31, 2015	March 31, 2015
Bank fiduciary loans	$	**1,200,000**	**1,200,000**	**1,740,000**
Unused credit line	$	**1,635,000**	**1,635,000**	**1,195,000**
Interest rate		**1.01%~1.12%**	**0.98%~1.15%**	**1.00%~1.28%**

A. For the three months ended March 31, 2016 and 2015, there were no significant issues, repurchases, or repayments of short-term loans. Please refer to Note 6(19) for details on interest expenses and to Note 6(12) to the consolidated financial statements for the year ended December 31, 2015, for other related information.

B. The Group's assets were pledged as guarantee for the Group's credit loan facility. Please refer to Note 8 for details.

(12) Long-term loans

		March 31, 2016	December 31, 2015	March 31, 2015
Unsecured bank loans	$	400,000	700,000	-
Less: Current portion		(200,000)	-	-
	$	**200,000**	**700,000**	-
Unused credit line	**$**	**300,000**	**-**	-
Interest rate		**1.19%~1.33%**	**1.21%~1.44%**	-

The Group repaid long-term loans of $300,000 and $0 in the three months ended March 31, 2016 and 2015, respectively. Please refer to Note 6(19) for details on interest expenses and to Note 6(13) to the consolidated financial statements for the year ended December 31, 2015, for other related information.

(13) Employee benefits

A. Defined benefit plans

The management believes that there was no material market volatility, material reimbursement and settlement, or other material one-time events. As a result, the pension cost in the accompanying consolidated interim financial statements was measured and disclosed according to the actuarial report as of December 31, 2015 and 2014.

The Group's pension expenses recognized in profit or loss for the three months ended March 31, 2016 and 2015, were as follows:

	For the Three Months Ended March 31	
	2016	**2015**
Operating costs	$ 191	176
Selling expenses	98	110
Administrative expenses	45	63
Research and development expenses	79	72
	$ 413	**421**

B. Defined contribution plans

The contributions of the Group to the Bureau of Labor Insurance for the employee pension benefits were as follows:

	For the Three Months Ended March 31	
	2016	**2015**
Operating costs	$ 1,851	1,554
Selling expenses	1,483	1,579
Administrative expenses	1,038	933
Research and development expenses	1,183	1,287
	$ 5,555	**5,353**

(14) Taxes

A. Income tax expense

The components of income tax expense for the three months ended March 31, 2016 and 2015 were as follows:

		For the Three Months Ended March 31	
		2016	**2015**
Current income tax	$	**59,431**	**23,034**

B. Status of approval of income tax

The Company's income tax returns through 2012 have been examined and approved by the Tax Authority.

C. Stockholders' imputation tax credit account and tax rate

		March 31, 2016	December 31, 2015	March 31, 2015
Undistributed earnings since 1998	$	**1,568,784**	**1,288,140**	**880,892**
Stockholders' imputation tax credit account	$	**54,959**	**54,959**	**48,752**

	2015 (expected)	2014 (actual)
Tax deduction ratio for earnings distributable to R.O.C. residents	**12.64%**	**11.76%**

The aforesaid imputation tax-related information was prepared in accordance with Decree No. 10204562810 issued by the Taxation Administration, Ministry of Finance, R.O.C., on October 17, 2013.

(15) Share capital and other interests

There were no significant changes in capital and reserves for the three months ended March 31, 2016 and 2015. Please refer to Note 6(16) to the consolidated financial statements for the year ended December 31, 2015, for other related information.

A. Capital surplus

The components of capital surplus were as follows:

		March 31, 2016	December 31, 2015	March 31, 2015
From issuance of share capital	$	484	484	484
From long-term investment		376,309	373,501	378,742
	$	**376,793**	**373,985**	**379,226**

In accordance with the Company Act amended in 2012, realized capital reserves can only be capitalized or distributed as cash dividends after offsetting losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the "Securities Offering and Issuance Guidelines", the amount of capital reserves that can be capitalized shall not exceed 10 percent of the actual share capital amount.

B. Retained earnings

The Company's articles of incorporation require that after-tax earnings first be offset against any deficit, and 10% of the balance be set aside as legal reserve. Aside from the aforesaid legal reserve, the Company may, under its articles of incorporation, appropriate or reverse a special reserve. The remaining balance of the earnings, if any, is distributed as follows:

(a) 2% as remuneration for directors and supervisors.

(b) 2%-8% as employee bonuses.

The remaining earnings, if any, may be appropriated according to a resolution of a stockholders' meeting.

To enhance the Company's financial structure and maintain investors' equity, the Company adopts a stable dividend policy in which earnings distribution cannot be less than 50% of distributable earnings, and dividend payment has to be 10% of the distribution.

In accordance with the Company Act amended in 2015, employee bonuses and directors' and supervisors' remuneration are no longer distributed from earnings. The Company will amend its articles of incorporation in this regard before the date prescribed by the Authority.

(a) Special reserve

The Company has elected to apply the optional exemptions according to IFRS 1 "First-time Adoption of International Financial Reporting Standards".

In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, a special reserve was appropriated from the undistributed earnings equivalent to the credit balance of cumulative translation differences of $82,429 and unrealized revaluation increments of $27,725. The special reserve appropriated can be reversed to the extent that the net credit balance reverses. As of March 31, 2016 and 2015, the special reserve appropriated from the undistributed earnings amounted to $110,154 and $110,154, respectively.

In accordance with the aforesaid Ruling, a special reserve is set aside from the current year's net income after tax and prior year's undistributed earnings at an amount equal to the debit balance of contra accounts in shareholders' equity. When the debit balance of any of these contra accounts in shareholders' equity is reversed, the related special reserve can be reversed.

(b) Earnings distribution

For the three months ended March 31, 2015, employee bonuses and directors' and supervisors' remuneration of $1,800 and $1,800, respectively, were estimated and recognized as current expense according to the Company Act prior the adoption of the amendment of the Company Act in May 2015. These amounts were calculated using the Company's net profit for the three months ended March 31, 2015, and were determined according to the percentages for employee benefits and key management personnel compensation as stated under the articles of incorporation. These benefits were charged to profit or loss under operating expenses for the three months ended March 31, 2015. Moreover, if the amounts are adjusted by the shareholders, the adjustment will be regarded as a change in accounting estimate and will be reflected in profit or loss in the following year. Shares distributed to employees as employee bonuses are calculated based on the closing price of the Company's shares on the day before the shareholders' meeting, and the ex-rights and ex-dividend effects should be taken into consideration as well.

On March 30, 2016, the Company's board of directors resolved to appropriate the 2015 earnings. On June 16, 2015, the shareholders' meeting resolved to distribute the 2014 earnings. These earnings were appropriated as follows:

	2015		2014	
	Amount per share (dollars)	**Amount**	**Amount per share (dollars)**	**Amount**
Dividends to ordinary shareholders:				
Cash	$ 3.50	**870,275**	2.50	**621,625**

C. Other equity accounts (net of tax)

		Exchange differences on translation of foreign financial statements	Available-for-sale investments	Total
Balance, January 1, 2016	$	16,160	343,851	360,011
Exchange differences on translation of foreign operations		(894)	-	(894)
Unrealized losses on available-for-sale financial assets		-	(77,889)	(77,889)
Balance, March 31, 2016	**$**	**15,266**	**265,962**	**281,228**
Balance, January 1, 2015	$	45,724	(10,821)	34,903
Exchange differences on translation of foreign operations		(458)	-	(458)
Share of exchange differences of associates accounted for using equity method		1,284	-	1,284
Balance, March 31, 2015	**$**	**46,550**	**(10,821)**	**35,729**

D. Non-controlling interests

		For the Three Months Ended March 31	
		2016	2015
Balance, January 1	$	593,649	437,562
Attributable to non-controlling interests			
Profit for the period		24,547	5,197
Foreign currency translation differences－foreign operations		(1)	-
Unrealized loss on available-for-sale financial assets		(46,726)	-
Balance, March 31	**$**	**571,469**	**442,759**

(16) Earnings per share

The basic earnings per share and diluted earnings per share were calculated as follows:

		For the Three Months Ended March 31	
		2016	2015
Basic earnings per share			
Profit attributable to ordinary shareholders	**$**	**280,644**	**98,498**
Weighted-average number of ordinary shares		248,650	248,650
	$	**1.13**	**0.40**

		For the Three Months Ended March 31	
		2016	**2015**
Diluted earnings per share			
Profit attributable to ordinary shareholders (diluted)	$	**280,644**	**98,498**
Weighted-average number of ordinary shares		248,650	248,650
Effect of potentially dilutive ordinary shares			
Employee stock bonus		247	257
Weighted-average number of ordinary shares (diluted)		**248,897**	**248,907**
	$	**1.13**	**0.40**

(17) Revenue

		For the Three Months Ended March 31	
		2016	**2015**
Sale of goods	$	895,116	710,878
Service		17,488	8,255
	$	**912,604**	**719,133**

(18) Remuneration for employees, and directors and supervisors

Based on the Company's amended articles of incorporation which have been approved by the Board of Directors but have not been approved by a shareholders' meeting, remuneration for employees, and directors and supervisors is appropriated at the rate of 1% to 8% and no more than 2%, respectively, of profit before tax. The Company should offset prior years' accumulated deficit before any appropriation of profit. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the three months ended March 31, 2016, remuneration for employees, and directors and supervisors of $5,080 and $5,080, respectively, was estimated and recognized as current expense. These amounts were calculated using the Company's profit before tax before remuneration for employees, and directors and supervisors for the three months ended March 31, 2016. These benefits were charged to profit or loss under operating expenses for the three months ended March 31, 2016. Management expects that the differences, if any, between the amounts which are yet to be approved in the shareholders' meeting and those recognized in the financial statements will be treated as changes in accounting estimates and charged to profit or loss

For the year ended December 31, 2015, remuneration for employees, and directors and supervisors was $22,373 and $21,468, respectively. Related information on remuneration for employees, and directors and supervisors can be accessed from the Market Observation Post

System website. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustments will be regarded as changes in accounting estimates and will be reflected in profit or loss in 2016.

(19) Non-operating income and expenses

A. Other income

	For the Three Months Ended March 31	
	2016	2015
Interest income	$ 1,546	1,979
Rental income	2,928	2,667
	$ 4,474	**4,646**

B. Other gains and losses

	For the Three Months Ended March 31	
	2016	2015
Foreign exchange loss	$ (33,578)	(2,306)
Gain on disposal of investment	47,373	-
Loss on disposal of property, plant and equipment	(3)	(24)
Gain on reversal of uncollectable account	5,000	-
Other	30,997	33,728
	$ 49,789	**31,398**

C. Finance costs

	For the Three Months Ended March 31	
	2016	2015
Interest expenses	**$ 5,554**	**5,480**

(20) Reclassification of other comprehensive income

	For the Three Months Ended March 31	
	2016	2015
Net fair value change in available-for-sale financial assets recognized in:		
Other comprehensive income	$ (74,140)	-
Profit or loss	(50,475)	-
Net fair value change recognized in other comprehensive income	**$ (124,615)**	-

(21) Financial instruments

There were no significant changes in the fair value of financial instruments and exposures to credit risk and market risk except for the following (Please refer to Note 6(22) to the consolidated financial statements for the year ended December 31, 2015, for other related information.):

A. Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments but excluding the impact of netting agreements.

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-3 years
March 31, 2016						
Non-derivative financial liabilities						
Unsecured bank loans	$	1,600,000	1,617,255	1,415,507	201,748	-
Non-interest-bearing liabilities (including related parties)		551,581	551,581	551,581	-	-
	$	**2,151,581**	**2,168,836**	**1,967,088**	**201,748**	**-**
						-
December 31, 2015						
Non-derivative financial liabilities						
Unsecured bank loans	$	1,900,000	1,925,437	1,218,061	707,376	-
Non-interest-bearing liabilities (including related parties)		633,999	633,999	633,999	-	-
	$	**2,533,999**	**2,559,436**	**1,852,060**	**707,376**	**-**
March 31, 2015						
Non-derivative financial liabilities						
Unsecured bank loans	$	1,740,000	1,744,005	1,744,005	-	-
Non-interest-bearing liabilities (including related parties)		510,176	510,176	510,176	-	-
	$	**2,250,176**	**2,254,181**	**2,254,181**	**-**	**-**

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

B. Fair value of financial instruments

The fair value of financial assets and liabilities was as follows (including information on fair value hierarchy, but excluding measurements that have similarities to fair value but are not fair value, financial instruments whose fair value cannot be reliably measured, and financial instruments whose inputs are unobservable in active markets):

(a) Categories of financial instruments

	March 31, 2016				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	$ 424,618	424,618	-	-	424,618
Financial assets carried at cost	52,500	-	-	-	-
Subtotal	477,118	424,618	-	-	424,618
Loans and receivables					
Cash and cash equivalents	1,926,170	-	-	-	-
Notes receivable and accounts receivable (including related party)	810,260	-	-	-	-
Other receivables (including related party)	35,438	-	-	-	-
Other financial assets	923,215	-	-	-	-
Cash surrender value of life insurance	3,121	-	-	-	-
Refundable deposits	25,368	-	-	-	-
Subtotal	3,723,572	-	-	-	-
Total	**$ 4,200,690**	**424,618**	-	-	**424,618**
Financial liabilities measured at amortized cost					
Bank loans	$ 1,600,000	-	-	-	-
Notes payable and accounts payable (including related party)	151,086	-	-	-	-
Other payables (including related party)	400,495	-	-	-	-
Guarantee deposit received	1,765	-	-	-	-
Total	**$ 2,153,346**	-	-	-	-

	December 31, 2015				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	$ 562,733	562,733	-	-	562,733
Loans and receivables					
Cash and cash equivalents	1,710,524	-	-	-	-
Notes receivable and accounts receivable (including related party)	1,004,596	-	-	-	-
Other receivables (including related party)	488,470	-	-	-	-
Other financial assets	617,812	-	-	-	-
Cash surrender value of life insurance	8,505	-	-	-	-
Refundable deposits	23,985	-	-	-	-
Subtotal	3,853,892	-	-	-	-
Total	**$ 4,416,625**	**562,733**	-	-	**562,733**

	December 31, 2015				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bank loans	$ 1,900,000	-	-	-	-
Notes payable and accounts payable (including related party)	174,080	-	-	-	-
Other payables (including related party)	459,919	-	-	-	-
Guarantee deposit received	2,096	-	-	-	-
Total	**$ 2,536,095**	-	-	-	-

	March 31, 2015				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets carried at cost	$ 100,048	-	-	-	-
Loans and receivables					
Cash and cash equivalents	834,567	-	-	-	-
Notes receivable and accounts receivable (including related party)	736,589	-	-	-	-
Other receivables (including related party)	75,373	-	-	-	-
Other financial assets	568,226	-	-	-	-
Cash surrender value of life insurance	8,484	-	-	-	-
Refundable deposits	20,896	-	-	-	-
Subtotal	2,244,135	-	-	-	-
Total	**$ 2,344,183**	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loans	$ 1,740,000	-	-	-	-
Notes payable and accounts payable (including related party)	126,003	-	-	-	-
Other payables (including related party)	384,173	-	-	-	-
Guarantee deposit received	1,760	-	-	-	-
Total	**$ 2,251,936**	-	-	-	-

(b) Fair value hierarchy

The table below analyzes financial instruments carried at fair value by the levels in the fair value hierarchy. The different levels have been defined as follows:

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

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(c) Valuation techniques for financial instruments which are not measured at fair value

The assumptions and methods used in valuing financial instruments that are not measured at fair value are as follows:

The expiry date of financial instruments, such as cash and cash equivalents, receivables, other financial assets, cash surrender value of life insurance, refundable deposits, bank loans, payables, and guarantee deposit received, is very close or their future price is close to carrying value. Financial instruments' fair value is estimated on the basis of their carrying value.

(d) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

The fair value of financial instruments traded in active markets is based on quoted market prices.

The market prices from the main exchanges and government bond exchanges are the basis of the fair value of Taipei Exchange equity instruments and debt instruments which have a quoted market price in an active market.

A financial instrument is regarded as being quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and those prices represent actual and regularly occurring market transactions. Quoted market prices may not be indicative of the fair value of an instrument if the activity in the market is infrequent, only small volumes are traded, or bid-ask spreads are very wide.

If financial instruments the Group obtained are traded in active markets and meet the criteria, their fair value is determined on the basis of market quotation.

(e) Transfer between levels

There was no change in valuation techniques for financial instruments measured at fair value for the three months ended March 31, 2016 and 2015, so there was no transfer between levels.

(22) Financial risk management

There were no significant changes in the Group's financial risk management and policies as disclosed in Note 6(23) to the consolidated financial statements for the year ended December 31, 2015.

(23) Capital management

The management believes that the objectives, policies and processes of capital management of the Group has been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2015. Also, the management believes that there were no significant changes in the Group's capital management information as disclosed for the year ended December 31, 2015. Please refer to Note 6(24) to the consolidated financial statements for the year ended December 31, 2015, for other related information.

7. RELATED-PARTY TRANSACTIONS

(1) Ultimate parent company

The Company is the ultimate parent company.

(2) Significant transactions with related parties

A. Operating revenue

The amounts of significant sales transactions between the Group and related parties were as follows:

		For the Three Months Ended March 31	
Recognized item	**Category**	**2016**	**2015**
Operating revenue	Associates	$ 12,623	25,761
	Other related parties	2,107	2,517
		$ 14,730	**28,278**

(a) Prices charged for sales transactions with offshore subsidiaries and associates were calculated at 100% of the annual cost. If the collection was three months past due, then 5% interest was charged.

(b) There were no significant differences between the terms and pricing of sales transactions with related parties and those with distributors. The collection period was ninety days. If paid within one month, a cash discount of 1% was offered.

(c) The Group sold products to other related parties and had pledged $5,000 of the certificates of deposit from those companies as collateral as of March 31, 2016, December 31, 2015, and March 31, 2015.

B. Service revenue

Recognized item	Category	For the Three Months Ended March 31 2016	2015
Service revenue	Other related parties	**$ 2,407**	**1,542**

The transaction terms were discussed and agreed by both sides, and revenue was collected by the stage of completion of the contract.

C. Purchase of goods from related parties

The amounts of significant purchase transactions between the Group and related parties were as follows:

Recognized item	Category	For the Three Months Ended March 31 2016	2015
Purchases	Other related parties	**$ 11,550**	**8,377**

There were no significant differences between the terms and pricing of purchase transactions with related enterprises and those carried out with other vendors. The average payment period for notes and accounts payable pertaining to such purchase transactions was sixty days or one month, which is similar to that of other vendors.

D. Rental revenue

Recognized item	Category	For the Three Months Ended March 31 2016	2015
Rental revenue	Associates	$ 448	576
	Other related parties	172	509
		$ 620	**1,085**

The rental was based on recent market transactions on arm's-length terms.

E. Rental expense

Recognized item	Category		For the Three Months Ended March 31 2016	2015
Rental expense	Other related parties	**$**	**662**	**897**

The rental was based on recent market transactions on arm's-length terms.

F. Other income

Recognized item	Category		For the Three Months Ended March 31 2016	2015
Other income	Associates	$	2,120	381
	Other related parties		25,350	-
		$	**27,470**	**381**

(a) Based on management services agreements, associates pay the Company for human resource services, daily accounting tasks, marketing plans, or new drug development.

(b) The credit term for revenue from human resource services and daily accounting tasks is three months.

G. Research expense

Recognized item	Category		For the Three Months Ended March 31 2016	2015
Research expense	Associates	$	-	381
	Other related parties		3,081	-
		$	**3,081**	**381**

There were no significant differences between the terms with related parties and those with other clients.

H. Other transactions

The Group provided related parties with human resource and research and development services for the three months ended March 31, 2015, and charged each subsidiary and associate a fee. The fee was recognized as contra-operating expense of $2,645.

(3) Receivables and payables with related parties

Recognized item	Category		March 31, 2016	December 31, 2015	March 31, 2015
Notes receivable	Other related parties	**$**	**10**	**461**	**185**
Accounts receivable	Associates	$	21,656	22,529	25,761
	Other related parties		789	310	754
		$	**22,445**	**22,839**	**26,515**
Other receivables	Associates	$	18,336	18,101	4,405
	Other related parties		21	60,089	15,928
		$	**18,357**	**78,190**	**20,333**
Refundable deposit	Other related parties	**$**	**4,708**	**4,708**	**6,088**
Accounts payable	Other related parties	**$**	**7,284**	**4,814**	**4,981**
Other payables	Associates	$	3,215	3,240	361
	Other related parties		2,100	1,577	-
		$	**5,315**	**4,817**	**361**
Advance receipt	Other related parties	**$**	**687**	**1,094**	**2,037**

(4) Key management personnel compensation

		For the Three Months Ended March 31	
		2016	**2015**
Salaries and other short-term employee benefits	$	11,756	14,079
Post-employment benefits		249	267
	$	**12,005**	**14,346**

8. PLEDGED ASSETS

As of March 31, 2016, December 31, 2015, and March 31, 2015, pledged assets were as follows:

Asset	Purpose of pledge		March 31, 2016	December 31, 2015	March 31, 2015
Investment property	Bank loans, letters of credit	$	60,812	60,881	61,395
Other financial asset－current	Grants for research and development project		2	1,525	532
Other financial asset－other－noncurrent	Provisional guarantee		120,010	120,010	-
		$	**180,824**	**182,416**	**61,927**

9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

(1) The Company signed an agreement with Taiwan Liposome Company, Ltd. for Liposome research in October 1997. The Company obtained an exclusive license to produce and sell in 2001, and paid a royalty of a certain proportion of pre-tax net sales. The payment based on such agreement was $10,355 and $8,237 for the three months ended March 31, 2016 and 2015, respectively.

(2) Due to the purchase of equipment, construction engineering, and entrusted research, the total price of unfinished contracts amounted to $937,623, $906,331 and $801,126, and the unpaid amount was $206,563, $188,084 and $129,689 as of March 31, 2016, December 31, 2015, and March 31, 2015, respectively.

(3) As of March 31, 2016, December 31, 2015, and March 31, 2015, guaranteed notes for bank loans, the sale of medicine, and research and development were $0, $0 and $75,580, respectively.

(4) As of March 31, 2016, December 31, 2015, and March 31, 2015, performance bonds from financial institutions for the sale of medicine were $30,865, $31,106 and $15,512, respectively.

(5) In June 2015, Taipei District Prosecutors Office initiated a public prosecution against the ex-chairman of the Company, Rong-Jin Lin, for the offense of violating Securities and Exchange Act. This lawsuit is being trialed by Taipei District Court. The Company cannot predict the result of the lawsuit.

(6) On January 19, 2016, Securities and Futures Investors Protection Center filed a suit to discharge the Company's ex-chairman, Rong-Jin Lin in accordance with Paragraph 1 of Article 10-1 of Securities Investor and Futures Trader Protection Act. The suit is being trialed by Taiwan Taipei District Court.

10. LOSSES DUE TO MAJOR DISASTERS: None.

11. SUBSEQUENT EVENTS: None.

12. OTHERS

(1) The nature of employee benefits, depreciation and amortization expenses, categorized by function, was as follows:

	For the Three Months Ended March 31, 2016			**For the Three Months Ended March 31, 2015**		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefits						
Salary	$ 46,279	117,705	163,984	40,355	116,313	156,668
Health and labor insurance	3,835	7,461	11,296	3,400	8,058	11,458
Pension	2,042	3,926	5,968	1,730	4,044	5,774
Others	3,897	15,980	19,877	4,198	9,266	13,464
Depreciation	14,312	9,457	23,769	14,507	8,184	22,691
Amortization	365	4,457	4,822	-	5,759	5,759

(2) Seasonality of operations:

The operations are not affected by seasonal or cyclical factors.

(3) Others:

(a) The Group donated $14,931 and $18,193 to related medical foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage for the three months ended March 31, 2016 and 2015, respectively.

(b) TSH Biopharm Co., Ltd. signed a grant agreement, "Industrial Technology Development Program-TUNEX Phase III Clinical Trial Program", with the Institute for Information Industry in September 2013. The total budget for the program amounted to $81,867, and the period was from May 1, 2013, to April 30, 2016. The grant for the program amounted to $16,373. Grant funds of $12,444 had been received, and the actual expenditure amounted to $12,444 as of March 31, 2016.

(c) TSH Biopharm Co., Ltd. signed a grant agreement, "TRIA11 Osteoporosis Treatment Biopharmaceutical Program", with the Institute for Information Industry in October 2014. The total budget for the program amounted to $90,000, and the period was from May 1, 2014, to January 31, 2017. The grant for the program amounted to $22,500. Grant funds of $8,666 had been received, and the actual expenditure amounted to $8,666 as of March 31, 2016.

(d) The Company signed a grant agreement, "The Integration Project of RTIA07 Antibody Drug Development and Platform Technique", with the Ministry of Economic Affairs in September 2010. The total budget for the project amounted to $167,955, and the period was from August

1, 2010, to October 31, 2015. The grant for the project amounted to $75,580. The Ministry of Economic Affairs agreed to close the project early on February 17, 2015, and the actual grant amounted to $64,485.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the three months ended March 31, 2016:

(a) Loans extended to other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the period (Note 4)	Ending balance (Note 5)	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company (Note 2)	Maximum financing limit for the lender (Note 3)
													Item	Value		
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd.	Receivables from related parties	YES	92,792 CNY18,663	92,792 CNY18,663	92,792 CNY18,663	0.5%	2	-	Operating capital	-	-	-	252,497 CNY50,549	252,497 CNY50,549
1	Worldco International Co., Ltd.	The Company	Receivables from related parties	YES	97,500 CNY3,000	77,244 USD2,400	77,244 USD2,400	0.8%	2	-	Operating capital	-	-	-	100,999 CNY20,220	100,999 CNY20,220
2	Xudong Haipu International Co., Ltd.	The Company	Receivables from related parties	YES	321,850 USD10,000	321,850 USD10,000	321,850 USD10,000	0.8%	2	-	Operating capital	-	-	-	609,675	609,675

The exchange rate of USD to NTD as of the reporting date was 1:32.185, and the average exchange rate of USD to NTD for the three months ended March 31, 2016, was 1:33.065.

The exchange rate of CNY to NTD as of the reporting date was 1:4.972, and the average exchange rate of CNY to NTD for the three months ended March 31, 2016, was 1:5.047.

Note 1: Nature of financing activities is as follows:
1. Trading partner, the number is "1".
2. Short-term financing, the number is "2".

Note 2: The total amount for lending to a company shall not exceed 40% of the lending company's net worth in the latest financial statements. 100% directly and indirectly owned foreign subsidiaries are not subject to such limitation.

Note 3: The total amount available for lending purposes shall not exceed 40% of the lending company's net worth in the latest financial statements. 100% directly and indirectly owned foreign subsidiaries are not subject to such limitation.

Note 4: The highest balance of financing to other parties as of March 31, 2016.

Note 5: The amounts were approved by the Board of Directors.

Note 6: The amounts in foreign currencies were translated based on the spot exchange rate at the reporting date.

(b) Guarantees and endorsements for other parties: None.

(c) Securities held as of March 31, 2016 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/Thousand Shares)

Name of holder	Category and name of securities	Relationship with the security issuer	Recorded account	Ending balance				Note
				Shares	Carrying value	Holding percentage	Fair value	
The Company	Lumosa Therapeutics Co., Ltd.	Note	Available-for-sale financial assets – noncurrent	1,600	117,136	1.90%	117,136	-
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd.	Note	Available-for-sale financial assets – noncurrent	4,200	307,482	4.99%	307,482	-
TSH Biopharm Co., Ltd.	Pharmira Laboratories, Inc.	-	Financial assets carried at cost	5,250	52,500	5.93%	52,500	-

Note: A director of the Company was its chairman, who resigned on March 24, 2016.

(d) The accumulated purchase or sale of securities exceeding NT$300 million or 20% of the paid-in capital: None.

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

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

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

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

(i) Trading in derivative instruments: None.

(j) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Xudong Haipu International Co., Ltd.	1	Interest expense	664	By contract	0.07%
0	〃	〃	1	Short-term loans	321,850	〃	3.76%
0	〃	Worldco International Co., Ltd.	1	Short-term loans	77,244	〃	0.90%
0	〃	〃	1	Other payables	11,238	〃	0.13%
0	〃	〃	1	Commission income	13,796	〃	1.51%
0	〃	〃	1	Interest expense	178	〃	0.02%
0	〃	TSH Biopharm Co., Ltd.	1	Accounts receivable	6,714	〃	0.08%
0	〃	〃	1	Other receivables	1,600	〃	0.02%
0	〃	〃	1	Sale	26,071	〃	2.86%
0	〃	〃	1	Other revenue	1,152	〃	0.13%
0	〃	American Taiwan Biopharma Phils Inc.	1	Accounts receivable	6,935	〃	0.08%
0	〃	〃	1	Other receivables	3,244	〃	0.04%
0	〃	〃	1	Sale	3,128	〃	0.34%
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd.	3	Other receivables	92,792	〃	1.08%

Note 1: The numbering is as follows:

1. "0" represents the parent company.
2. Subsidiaries are sequentially numbered from 1 by company.

Note 2: The types of transaction between the parent company and subsidiaries are as follows:

1. Transactions from parent company to subsidiary.
2. Transactions from subsidiary to parent company.
3. Transactions between subsidiaries.

Note 3: The transactions have been eliminated in the consolidated financial statements.

Note 4: The above table only discloses the related-party transactions each amounting to at least NT$1,000 thousand. Transactions which were more than NT$1,000 thousand were not disclosed.

(2) Information on investees

The following is the information on investees for the three months ended March 31, 2016:

(In Thousands of New Taiwan Dollars/Thousand Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2016			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2016	December 31, 2015	Shares	Percentage of ownership	Carrying value			
The Company	Xudong Haipu International Co., Ltd.	Cayman Is.	Investing activities	303,998	303,998	25,000	100.00%	1,494,440	(29,747)	(29,747)	Subsidiary
〃	American Taiwan Biopharm	Thailand	Selling chemical drugs	2,966	2,966	380	40.00%	182,349	16,078	6,431	Investments accounted for using equity method
〃	American Taiwan Biopharma Phils Inc.	Philippines	Selling chemical drugs	32,904	32,904	459	87.00%	1,791	529	460	Subsidiary

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2016			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2016	December 31, 2015	Shares	Percentage of ownership	Carrying value			
The Company	PharmaEngine, Inc.	Taiwan	Developing chemical drugs	371,070	371,070	19,701	19.30%	604,854	(42,995)	(8,301)	Investments accounted for using equity method
〃	Gligio International Limited	Hong Kong	Selling chemical drugs	2,685	2,685	620	40.00%	19,883	8,348	3,339	Investments accounted for using equity method
〃	Worldco International Co., Ltd.	Hong Kong	Selling chemical drugs	158,254	158,254	39,600	100.00%	249,356	(2,007)	(2,007)	Subsidiary
〃	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical drugs	227,449	227,449	21,687	56.48%	739,561	56,247	31,768	Subsidiary
〃	CY Biotech Co., Ltd.	Taiwan	Selling functional food	57,000	57,000	5,700	27.84%	39,243	(13,109)	(3,033)	Investments accounted for using equity method
TSH Biopharm Co., Ltd.	Pharmira Laboratories, Inc.	Taiwan	Developing biotechnology	-	70,000	-	- %	-	-	20	Note

Note: In February 2016, TSH Biopharm Co., Ltd. lost its significant influence over Pharmira Laboratories, Inc.; therefore, the investments accounted for using equity method were reclassified as financial assets carried at cost.

(3) Information on investment in Mainland China

(a) Information on investees in Mainland China:

(In Thousands of New Taiwan Dollars/Foreign Currencies)

Name of investee	**Main businesses and products**	**Total amount of paid-in capital**	**Method of investment (Note 1)**	**Accumulated outflow of investment from Taiwan as of January 1, 2016**	**Investment flows**		**Accumulated outflow of investment from Taiwan as of March 31, 2016**	**Net losses of the investee**	**Holding percentage**	**Investment losses (Note 2)**	**Book value**	**Accumulated remittance of earnings in current period**
					Outflow	**Inflow**						
Worldco Biotech Pharmaceutical Ltd.	Marketing consulting regarding chemical drugs	328,287 USD 10,200	2	323,433	-	-	323,433	491 CNY 97	100%	491 CNY 97	(109,023) CNY (21,927)	-
Chengdu Shuyu Pharmaceutical Co., Ltd.	Selling chemical drugs	59,167 CNY11,900	2	100,086 CNY 20,130	-	-	100,086 CNY 20,130	(371) CNY (74)	100%	(371) CNY (74)	55,460 CNY 11,154	-

The exchange rate of USD to TWD as of the reporting date was 1:32.185, and the average exchange rate of USD to TWD for the three months ended March 31, 2016, was 1:33.065.

The exchange rate of CNY to TWD as of the reporting date was 1:4.972, and the average exchange rate of CNY to TWD for the three months ended March 31, 2016, was 1:5.047.

Note 1: There are four ways to invest in Mainland China, and only the categories are identified.

1. Remittance from third-region companies to invest in Mainland China.
2. Through the establishment of third-region companies, then investing in Mainland China.
3. Through transfer of investment to third-region existing companies, then investing in Mainland China.
4. Other method.

Note 2: The investment income (loss) is recognized on the basis of an unreviewed financial report by a CPA.

(b) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2016	**Investment Amounts Authorized by Investment Commission, MOEA**	**Upper Limit on Investment**
TWD 423,982	1,503,941 (USD 46,728)	TWD 3,526,463

(c) Significant transactions: None.

14. SEGMENT INFORMATION

(1) General information

The Group's operating segments required to be disclosed are categorized as Oncology Business Unit, TTP, Anti-Infection Business Unit, Domestic Cardiovascular and Gastrointestinal Drugs Business Unit, China Medicine Business Unit, etc. The Group has other operating segments located in the Philippines that are below the quantitative criteria.

The segments' profit is measured at profit before tax. The Group assesses performance of the segments based on the segments' profit. The operating segments' accounting policies are similar to those described in Note 4 "significant accounting policies".

(2) Reportable segment profit or loss, segment assets, segment liabilities, and their measurement and reconciliation

The Group's operating segment information and reconciliation were as follows:

		Oncology Business Unit	TTP	Anti-Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	China Medicine Business Unit	Other segment	Adjustment and elimination	Total
For the Three Months Ended March 31, 2016									
Revenue:									
Revenue from external customers	$	593,701	53,243	112,121	121,498	27,833	4,208	-	912,604
Intersegment revenues		39,867	3,128	-	-	-	-	(42,995)	-
Total revenue	**$**	**633,568**	**56,371**	**112,121**	**121,498**	**27,833**	**4,208**	**(42,995)**	**912,604**
Reportable segment profit (loss)	**$**	**261,750**	**22,129**	**48,385**	**63,889**	**(31,586)**	**529**	**(474)**	**364,622**
For the Three Months Ended March 31, 2015									
Revenue:									
Revenue from external customers	$	436,030	69,152	63,858	128,920	18,933	2,240	-	719,133
Intersegment revenues		35,615	1,622	-	-	-	-	(37,237)	-
Total revenue	**$**	**471,625**	**70,774**	**63,858**	**128,920**	**18,933**	**2,240**	**(37,237)**	**719,133**
Reportable segment profit (loss)	**$**	**91,245**	**18,099**	**8,067**	**16,289**	**(9,641)**	**(758)**	**3,428**	**126,729**
Reportable segment assets									
March 31, 2016	**$**	**7,642,058**	**453,444**	**202,755**	**1,407,845**	**1,768,653**	**15,970**	**(2,919,437)**	**8,571,288**
December 31, 2015	**$**	**7,812,675**	**444,063**	**171,036**	**1,461,230**	**1,912,181**	**13,767**	**(3,010,238)**	**8,804,714**
March 31, 2015	**$**	**6,293,942**	**470,069**	**110,307**	**1,116,492**	**1,361,666**	**9,137**	**(1,947,065)**	**7,414,548**