(English Translation of Financial Report Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(With Independent Accountants' Review Report Thereon)

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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 September 30, 2016 and 2015, and the related consolidated statements of comprehensive income for the three-month and the nine-month periods then ended, and of changes in equity and cash flows for the nine months ended September 30, 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$612,989 thousand and NT$615,264 thousand, representing 6.85% and 7.80% of the related consolidated total assets, as of September 30, 2016 and 2015, respectively, and the related share of profit (loss) of associates and joint ventures accounted for using the equity method of NT$(17,675) thousand, NT$6,710 thousand, NT$14,099 thousand and NT$82,271 thousand, representing (10.09)%, 1.32%, 1.93% and 10.49% of consolidated net income, for the three months and the nine months ended September 30, 2016 and 2015, respectively. The financial statements of the investee accounted for using the equity method were reviewed by other accountants, whose report has been furnished to us, and our review, insofar as it relates to the amounts included for this company, is based solely on the report 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.

Included in the accompanying consolidated financial statements are the financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. The total assets of these subsidiaries amounted to NT$294,297 thousand and NT$1,114,793 thousand, representing 3.29% and 14.13% of the related consolidated total assets, and the total liabilities amounted to NT$26,528 thousand and NT$36,860 thousand, representing 0.78% and

1.18% of the related consolidated liabilities, as of September 30, 2016 and 2015, respectively. The comprehensive income (loss) of these subsidiaries amounted to NT$(4,791) thousand, NT$6,781 thousand, NT$(11,077) thousand and NT$(54,553) thousand, representing (2.73)%, 1.34%, (1.52)% and (6.96)% of the related consolidated comprehensive income for the three months and the nine months ended September 30, 2016 and 2015, respectively.

Furthermore, long-term investments in these investee companies amounted to NT$284,787 thousand and NT$205,957 thousand as of September 30, 2016 and 2015, respectively, and the related investment gains amounted to NT$8,027 thousand, NT$16,368 thousand, NT$22,729 thousand and NT$18,823 thousand for the three months and the nine months ended September 30, 2016 and 2015, respectively, were recognized based upon unreviewed financial statements of 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 certain consolidated subsidiaries and 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 in 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", which are endorsed by the Financial Supervisory Commission in the Republic of China (R.O.C.).

KPMG

Taipei, Taiwan (the Republic of China)

November 11, 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 as 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 September 30, 2016 and 2015

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2016, DECEMBER 31, 2015, AND SEPTEMBER 30, 2015

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	September 30, 2016			December 31, 2015		September 30, 2015	
		Amount	%	Amount	%	Amount	%
ASSETS							
Current Assets:							
Cash and cash equivalents (Note 6(1))	$	2,526,364	28	1,710,524	19	847,650	11
Notes receivable, net (Note 6(3))		52,934	1	48,669	1	63,821	1
Notes receivable—related parties (Notes 6(3) and 7)		-	-	461	-	269	-
Accounts receivable, net (Note 6(3))		767,726	9	932,627	11	768,456	10
Accounts receivable, net—related parties (Notes 6(3) and 7)		12,091	-	22,839	-	11,524	-
Other receivables (Notes 6(3) and 7)		40,054	-	488,470	6	29,848	-
Inventories (Note 6(4))		608,071	7	532,137	6	481,997	6
Prepayments		16,292	-	44,828	1	84,745	1
Non-current assets classified as held for sale, net (Note 6(5))		-	-	27,791	-	527,876	7
Other financial assets—current (Notes 6(1) and 8)		554,016	6	492,075	6	496,645	6
Other current assets		11,082	-	605	-	21,122	-
		4,588,630	51	4,301,026	50	3,333,953	42
Noncurrent Assets:							
Available-for-sale financial assets—noncurrent (Notes 6(2) and 6(20))		383,960	4	562,733	6	307,522	4
Financial assets carried at cost—noncurrent (Note 6(2))		26,250	-	-	-	-	-
Investments accounted for using equity method (Note 6(6))		897,776	11	873,484	10	1,215,429	15
Property, plant and equipment, net (Note 6(7))		2,291,848	27	2,295,527	26	2,294,914	29
Investment property, net (Notes 6(8) and 8)		78,088	1	78,354	1	78,443	1
Intangible assets (Note 6(9))		31,219	-	50,780	1	54,613	1
Deferred tax assets		6,367	-	6,615	-	6,859	-
Prepayments for equipment (Note 9)		483,363	5	471,291	5	433,802	6
Refundable deposits		26,043	-	23,985	-	25,307	-
Cash surrender value of life insurance		3,121	-	8,505	-	6,809	-
Other financial assets—other—noncurrent (Note 8)		124,987	1	125,737	1	126,289	2
Other noncurrent assets—other		6,496	-	6,677	-	6,560	-
		4,359,518	49	4,503,688	50	4,556,547	58
TOTAL ASSETS	$	8,948,148	100	8,804,714	100	7,890,500	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 September 30, 2016 and 2015

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONT'D)

SEPTEMBER 30, 2016, DECEMBER 31, 2015, AND SEPTEMBER 30, 2015

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	September 30, 2016		December 31, 2015		September 30, 2015	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
Current Liabilities:						
Short-term loans (Note 6(10))	$ 1,924,010	22	1,200,000	14	1,700,000	22
Notes payable	36,785	-	20,768	-	18,754	-
Accounts payable	99,031	1	148,498	2	129,022	2
Accounts payable—related parties (Note 7)	-	-	4,814	-	4,950	-
Current income tax liabilities (Note 6(14))	95,510	1	198,378	2	117,157	1
Provisions—current	5,327	-	5,327	-	5,327	-
Other payables (Note 7)	442,768	5	459,919	5	375,620	5
Other current liabilities (Note 7)	55,036	1	31,230	-	34,716	-
Long-term loans payable—current portion (Note 6(11))	200,000	2	-		300,000	4
	2,858,467	32	2,068,934	23	2,685,546	34
Noncurrent Liabilities:						
Long-term loans (Note 6(11))	200,000	2	700,000	8	200,000	3
Deferred tax liabilities	296,259	3	296,259	3	209,062	3
Net defined benefit liability—noncurrent (Note 6(13))	42,160	-	42,475	1	36,650	-
Guarantee deposit received	1,936	-	2,096	-	2,096	-
	540,355	5	1,040,830	12	447,808	6
Total Liabilities	3,398,822	37	3,109,764	35	3,133,354	40
EQUITY						
Share capital	2,486,500	28	2,486,500	28	2,486,500	31
Capital surplus	404,020	5	373,985	4	372,770	5
Legal reserve	603,613	7	482,511	6	482,511	6
Special reserve	110,154	1	110,154	1	110,154	1
Unappropriated retained earnings	1,145,034	13	1,288,140	15	606,423	8
Other equity interest	242,912	3	360,011	4	205,542	3
Total equity attributable to owners of parent (Note 6(15))	4,992,233	57	5,101,301	58	4,263,900	54
Non-controlling interests (Notes 6(7) and 6(15))	557,093	6	593,649	7	493,246	6
Total Equity	5,549,326	63	5,694,950	65	4,757,146	60
TOTAL LIABILITIES AND EQUITY	**$ 8,948,148**	**100**	**8,804,714**	**100**	**7,890,500**	**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 AND NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the Three Months ended September 30				For the Nine Months ended September 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues (Notes 6(17) and 7)	$ 935,583	100	814,428	100	2,808,168	100	2,270,082	100
Cost of sales (Notes 6(4) and 7)	285,724	31	226,154	28	862,493	30	712,433	31
Gross profit	649,859	69	588,274	72	1,945,675	70	1,557,649	69
Unrealized profit on intercompany transactions	(3,826)	-	(2,061)	-	3,686	-	7,534	-
Realized profit on intercompany transactions	(3,064)	-	(1)	-	6,408	-	1,202	-
Gross profit, net	650,621	69	590,334	72	1,948,397	70	1,551,317	69
Operating expenses (Note 7)								
Selling expenses	184,601	20	167,692	21	528,934	19	551,322	24
General and administrative expenses	78,075	8	74,641	9	221,140	8	196,530	9
Research and development expenses	83,638	9	66,507	8	254,359	9	240,232	11
	346,314	37	308,840	38	1,004,433	36	988,084	44
Results from operating activities	304,307	32	281,494	34	943,964	34	563,233	25
Non-operating income and expenses (Notes 6(19) and 7)								
Other income	6,785	1	3,501	-	19,278	1	13,884	1
Other gains and losses	(35,744)	(4)	27,852	4	84,479	3	61,060	2
Finance costs	(5,960)	(1)	(6,120)	(1)	(16,715)	(1)	(16,308)	(1)
Share of profit of associates and joint ventures accounted for using equity method (Note 6(6))	(9,648)	(1)	(16,737)	(2)	36,848	2	15,871	1
	(44,567)	(5)	8,496	1	123,890	5	74,507	3
Profit before tax	259,740	27	289,990	35	1,067,854	39	637,740	28
Income tax expense (Note 6(14))	46,020	5	41,988	5	161,445	6	92,353	4
Profit for the period	213,720	22	248,002	30	906,409	33	545,387	24
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	(11,935)	(1)	9,971	1	(18,436)	(1)	5,505	-
Unrealized loss on available-for-sale financial assets (Note 6(20))	(36,540)	(4)	207,549	25	(165,273)	(6)	207,549	9
Share of other comprehensive income of associates and joint ventures accounted for using equity method	9,957	1	40,947	5	7,009	-	24,126	1
Less: Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-	-
	(38,518)	(4)	258,467	31	(176,700)	(7)	237,180	10
Other comprehensive income for the period, net of tax	(38,518)	(4)	258,467	31	(176,700)	(7)	238,807	10
Total comprehensive income for the period	$ 175,202	18	506,469	61	729,709	26	784,194	34
Profit attributable to								
Owners of the parent	$ 212,587	22	242,367	29	848,271	31	523,618	23
Non-controlling interests	1,133	-	5,635	1	58,138	2	21,769	1
	$ 213,720	22	248,002	30	906,409	33	545,387	24
Comprehensive income attributable to								
Owners of the parent	$ 185,634	19	434,402	53	731,172	26	695,884	30
Non-controlling interests	(10,432)	(1)	72,067	8	(1,463)	-	88,310	4
	$ 175,202	18	506,469	61	729,709	26	784,194	34
Earnings per share, net of tax (Note 6(16))								
Basic earnings per share	$	0.85		0.97		3.41		2.11
Diluted earnings per share	$	0.85		0.97		3.41		2.10

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 NINE MONTHS ENDED SEPTEMBER 30, 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	-	-	-	-	523,618	-	-	-	523,618	21,769	545,387
Other comprehensive income for the period	-	-	-	-	1,627	1,284	169,355	170,639	172,266	66,541	238,807
Total comprehensive income for the period	-	-	-	-	525,245	1,284	169,355	170,639	695,884	88,310	784,194
Appropriation and distribution of retained earnings											
Legal reserve	-	-	77,964	-	(77,964)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(621,625)	-	-	-	(621,625)	(33,422)	(655,047)
Changes in equity of associates and joint ventures accounted for using equity method	-	(5,237)	-	-	-	-	-	-	(5,237)	-	(5,237)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	796	796
Balance, September 30, 2015	$ 2,486,500	372,770	482,511	110,154	606,423	47,008	158,534	205,542	4,263,900	493,246	4,757,146
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	-	-	-	-	848,271	-	-	-	848,271	58,138	906,409
Other comprehensive income for the period	-	-	-	-	-	(18,483)	(98,616)	(117,099)	(117,099)	(59,601)	(176,700)
Total comprehensive income for the period	-	-	-	-	848,271	(18,483)	(98,616)	(117,099)	731,172	(1,463)	729,709
Appropriation and distribution of retained earnings											
Legal reserve	-	-	121,102	-	(121,102)	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(870,275)	-	-	-	(870,275)	(35,093)	(905,368)
Changes in equity of associates and joint ventures accounted for using equity method	-	30,035	-	-	-	-	-	-	30,035	-	30,035
Balance, September 30, 2016	$ 2,486,500	404,020	603,613	110,154	1,145,034	(2,323)	245,235	242,912	4,992,233	557,093	5,549,326

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 NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2016	2015
Cash flows from operating activities:		
Profit before tax	$ 1,067,854	637,740
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	71,965	72,622
Amortization	19,845	16,601
(Reversal of) Allowance for uncollectable accounts	(5,000)	6,815
Interest expense	16,715	16,326
Interest income	(10,193)	(5,419)
Allowance (Reversal of) of inventory market decline and obsolescence	11,620	(7,547)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(36,848)	(15,871)
Loss on disposal of property, plant and equipment	96	61
Allocation of deferred income	(757)	(757)
Gain on disposal of investments	(104,924)	(153)
Unrealized profits on intercompany transactions	4,191	7,534
Realized profits on intercompany transactions	(6,408)	(1,202)
	(39,698)	89,010
Changes in operating assets and liabilities		
Notes receivable	(3,804)	(13,688)
Accounts receivable	179,436	(101,853)
Other receivables	(10,803)	21,304
Inventories	(87,675)	2,280
Other current assets	18,016	(59,719)
Other financial assets	(7,767)	-
Notes payable	16,017	3,636
Accounts payable	(53,055)	(7,909)
Other payables	(13,295)	(70,623)
Other current liabilities	23,850	(1,944)
Net defined benefit liability	(315)	(492)
Net changes in operating assets and liabilities	60,605	(229,008)
Total changes in operating assets and liabilities	20,907	(139,998)
Cash provided by operating activities	1,088,761	497,742
Interest received	10,193	4,146
Dividend received	47,280	25,540
Interest paid	(16,584)	(16,185)
Income taxes paid	(265,057)	(82,410)
Net cash provided by operating activities	864,593	428,833

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 NINE MONTHS ENDED SEPTEMBER 30, 2016 AND 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars)

	For the Nine Months Ended September 30	
	2016	2015
Cash flows from investing activities		
Proceeds from disposal of available-for-sale financial assets	64,028	228
Proceeds from disposal of financial assets carried at cost	83,748	-
Acquisition of investments accounted for using equity method	(25,059)	-
Proceeds from disposal of investments accounted for using equity method	455,398	-
Acquisition of property, plant and equipment	(66,961)	(56,815)
Proceeds from disposal of property, plant and equipment	220	55
(Increase) decrease in refundable deposits	(2,058)	3,501
Acquisition of intangible assets	(384)	(6,491)
Increase in other financial assets	(53,424)	(125,060)
Increase in prepayments for equipment	(14,786)	(57,937)
Decrease (increase) in other noncurrent assets	5,550	(6,560)
Net cash provided by (used in) investing activities	**446,272**	**(249,079)**
Cash flows from financing activities		
Increase in short-term loans	4,774,020	-
Decrease in short-term loans	(4,050,010)	(40,000)
Increase in long-term loans	-	500,000
Repayments of long-term loans	(300,000)	-
(Decrease) increase in guarantee deposit received	(160)	635
Cash dividends paid	(870,275)	(621,625)
Dividends paid to non-controlling interests	(35,093)	(33,422)
Change in non-controlling interests	-	796
Net cash used in financing activities	**(481,518)**	**(193,616)**
Effect of exchange rate fluctuations on cash held	**(13,507)**	**7,284**
Net increase (decrease) in cash and cash equivalents	815,840	(6,578)
Cash and cash equivalents, beginning of period	1,710,524	854,228
Cash and cash equivalents, end of period	$ **2,526,364**	**847,650**

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

AS OF SEPTEMBER 30, 2016 AND 2015, REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 2016 AND 2015

(Amounts Expressed in Thousands of New Taiwan Dollars, Except for Per Share Information and Unless Otherwise Specified)

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 and its subsidiaries (the "Group") 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 issuance by the Board of Directors on November 11, 2016.

3. APPLICATION OF NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

(1) Impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") but not yet in effect

According to Ruling No. 1050026834 issued on July 18, 2016, by the FSC, public entities are required to conform to the IFRSs which were issued by the International Accounting Standards Board (IASB) before January 1, 2016, and were endorsed by the FSC on January 1, 2017 (excluding IFRS 9 "Financial Instruments", IFRS 15 "Revenue from Contracts with Customers", and others which have yet to be approved by the FSC in order for them to take effect) in preparing their financial statements. The related new standards, interpretations and amendments are as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
· Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*	January 1, 2016
· Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*	January 1, 2016
· IFRS 14 *Regulatory Deferral Accounts*	January 1, 2016
· Amendments to IAS 1 *Disclosure Initiative*	January 1, 2016
· Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortization*	January 1, 2016

New, Revised or Amended Standards and Interpretations	Effective date per IASB
· Amendments to IAS 16 and IAS 41 *Agriculture: Bearer Plants*	January 1, 2016
· Amendments to IAS 19 *Defined Benefit Plans: Employee Contributions*	July 1, 2014
· Amendments to IAS 27 *Equity Method in Separate Financial Statements*	January 1, 2016
· Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*	January 1, 2014
· Amendments to IAS 39 *Novation of Derivatives and Continuation of Hedge Accounting*	January 1, 2014
· Annual improvements cycles 2010–2012 and 2011–2013	July 1, 2014
· Annual improvements cycle 2012–2014	January 1, 2016
· IFRIC 21 *Levies*	January 1, 2014

The Group assessed that the initial application of the above IFRSs would not have any material impact on its consolidated financial statements.

(2) **Newly released or amended standards and interpretations not yet endorsed by the FSC**

A summary of the new standards and amendments issued by the IASB but not yet endorsed by the FSC as of the reporting date is as follows:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
· IFRS 9 *Financial Instruments*	January 1, 2018
· Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture*	Effective date to be determined by IASB
· IFRS 15 *Revenue from Contracts with Customers*	January 1, 2018
· IFRS 16 *Leases*	January 1, 2019
· Amendments to IFRS 2 *Clarification of Classification and Measurement of Share-based Payment Transactions*	January 1, 2018
· Amendments to IFRS 15 *Clarification to IFRS 15*	January 1, 2018
· Amendments to IAS 7 *Disclosure Initiative*	January 1, 2017
· Amendments to IAS 12 *Recognition of Deferred Tax Assets for Unrealized Losses*	January 1, 2017

The Group is still currently determining the potential impact of the standards listed below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
May 28, 2014 April 12, 2016	IFRS 15 "Revenue from Contracts with Customers"	IFRS 15 establishes a five-step model for recognizing revenue that applies to all contracts with customers, and will supersede IAS 18 "Revenue", IAS 11 "Construction Contracts", and a number of revenue-related interpretations. Final amendments issued on April 12, 2016, clarify how to (i) identify performance obligations in a contract; (ii) determine whether a company is a principal or an agent; (iii) account for a license for intellectual property (IP); and (iv) apply transition requirements.
November 19, 2013 July 24, 2014	IFRS 9 "Financial Instruments"	The standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", and the main amendments are as follows: · Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial assets' contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that "own credit risk" adjustments be measured at fair value through other comprehensive income. · Impairment: The expected credit loss model is used to evaluate impairment. · Hedge accounting: Hedge accounting is more closely aligned with risk management activities, and hedge effectiveness is measured based on the hedge ratio.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for leases is amended as follows: · For a contract that is, or contains, a lease, the lessee shall recognize a right-of-use asset and a lease liability in the balance sheet. In the statement of profit or loss and other comprehensive income, a lessee shall present interest expense on the lease liability separately from the depreciation charge for the right-of use asset during the lease term. · A lessor classifies a lease as either a finance lease or an operating lease, and therefore, the accounting remains similar to IAS 17.

The Group is evaluating the impact on its financial position and financial performance upon 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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as "IFRSs as endorsed by the FSC").

Except for the following descriptions, the significant accounting policies adopted in the accompanying consolidated interim 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 as disclosed in Note 3, the principles 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		
			2016.09.30	2015.12.31	2015.09.30
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%
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 assets not within the scope of IAS 36 "Impairment of Assets". Such assets will continue to be measured 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 by 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 the 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 preparation of the consolidated interim financial statements in conformity with IFRSs (in accordance with IAS 34 endorsed by the FSC) requires management to make judgments, estimations 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 estimations.

In the 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 from 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

	September 30, 2016	December 31, 2015	September 30, 2015
Cash on hand	$ 6,612	6,695	7,974
Cash in banks	1,619,535	1,658,241	799,676
Time deposits	900,217	45,588	40,000
	$ 2,526,364	**1,710,524**	**847,650**

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

	September 30, 2016	December 31, 2015	September 30, 2015
Available-for-sale financial assets—noncurrent			
Stock of emerging—listed domestic company: Lumosa Therapeutics Co., Ltd.	$ 383,960	562,733	307,522
Financial assets carried at cost—noncurrent			
Stock of unlisted domestic company: Pharmira Laboratories, Inc.	26,250	-	-
	$ 410,210	**562,733**	**307,522**

A. 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, which 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.

B. 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.

C. Please refer to Note 6(19) for gains on disposal of the investments in Lumosa Therapeutics Co., Ltd. and Pharmira Laboratories, Inc. of $50,528 and $57,498, respectively.

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

E. If the stock price of Lumosa Therapeutics Co., Ltd. had changed at the reporting date, the changes in other comprehensive income of the Group would have been estimated as follows (The analysis was made on the same basis for both periods, assuming that all other variables remain constant and that any impact on forecasted sales and purchases is ignored.):

	For the Nine Months Ended September 30			
	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%	$ **38,396**	-	**30,752**	-
Decrease by 10%	$ **(38,396)**	-	**(30,752)**	-

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

	September 30, 2016	December 31, 2015	September 30, 2015
Notes receivable	$ 52,934	49,130	64,090
Accounts receivable	826,601	1,007,273	825,284
Other receivables	40,054	488,470	29,848
Less: Allowance for impairment	(46,784)	(51,807)	(45,304)
	$ **872,805**	**1,493,066**	**873,918**

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

		September 30, 2016	December 31, 2015	September 30, 2015
Past due less than 90 days	$	3,778	4,591	1,462
Past due 90-180 days		82	234	414
Past due 181-365 days		118	170	21
Past due more than 365 days		88	170	17,428
Total	$	**4,066**	**5,165**	**19,325**

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
Written-off unrecoverable amount		-	(23)	(23)
Reversal of impairment loss		-	(5,000)	(5,000)
Balance as of September 30, 2016	$	**20,539**	**26,245**	**46,784**
Balance as of January 1, 2015	$	17,558	22,635	40,193
Provision for impairment loss			6,815	6,815
Written-off unrecoverable amount		-	(1,704)	(1,704)
Balance as of September 30, 2015	$	**17,558**	**27,746**	**45,304**

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 September 30, 2016, December 31, 2015, and September 30, 2015, notes receivable and accounts receivable were not pledged as collateral.

(4) Inventories

		September 30, 2016	December 31, 2015	September 30, 2015
Merchandise	$	144,746	93,789	106,235
Finished goods		129,056	99,423	103,483
Work in process		90,974	112,586	90,325
Raw materials		224,763	202,377	167,981
Materials		34,748	33,776	32,698
Subtotal		624,287	541,951	500,722
Goods in transit		16,040	10,822	1,911
Total		640,327	552,773	502,633
Less: Allowance for inventory market decline and obsolescence		(32,256)	(20,636)	(20,636)
Net amount	$	**608,071**	**532,137**	**481,997**

For the three months and the nine months ended September 30, 2016 and 2015, the inventory write-down to net realizable value or reversal of gain from valuation of inventories at net realizable value was recognized as an increase (decrease) in cost of goods sold of $7,370, $86, $11,620 and $(7,547), respectively.

As of September 30, 2016, December 31, 2015, and September 30, 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 of Pharmira Laboratories, Inc. totaling 2,625 thousand shares on October 20, 2015, and signed a share sale agreement on December 7, 2015. The aforesaid investment was sold in June 2016. Please refer to Notes 6(2) and 6(6) for details.

The Group handled the process for selling its 40% ownership of TTY International Co., Ltd. in the second quarter and sold it in December 2015. As of September 30, 2016, December 31, 2015, and September 30, 2015, the content of the disposal group was as follows:

		September 30, 2016	December 31, 2015	September 30, 2015
Investments accounted for using equity method	$	-	27,791	527,876
Assets in disposal group	$	-	27,791	527,876

(6) Investments accounted for using equity method

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

		September 30, 2016	December 31, 2015	September 30, 2015
Associates	$	897,776	873,484	1,215,429

A. As of September 30, 2016, December 31, 2015, and September 30, 2015, the carrying value of associates which had a quoted market price amounted to $673,621, $610,352 and $615,264, respectively, while fair value amounted to $5,904,449, $4,737,763 and $4,176,670, respectively.

B. Chuang Yi Biotech Co., Ltd.'s shares were listed on the emerging market in January 2016. The Group invested $25,059 in Chuang Yi Biotech Co., Ltd. in September 2016. The Group did not increase its investment based on its original shareholding ratio, and as a result thereof recognized an increase of $2,068 in capital surplus.

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

		September 30, 2016	December 31, 2015	September 30, 2015
Carrying amount of interest in individually insignificant associates	$	897,776	873,484	1,215,429

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2016	2015	2016	2015
Attributable to the Group:					
Profit (loss) for the period	$	(9,648)	(16,737)	36,848	15,871
Other comprehensive income (loss)		9,957	40,947	7,009	24,126
Comprehensive income (loss)	$	309	24,210	43,857	39,997

The summary financial information on TOT Biopharm International Company Limited, which was disposed of in December 2015, is as follows:

	September 30, 2016		December 31, 2015		September 30, 2015	
	Shareholding ratio	Amount	Shareholding ratio	Amount	Shareholding ratio	Amount
TOT Biopharm International Company Limited	-%	$ -	-%	-	40.91%	334,340

The Group's recognition of investment gain or loss on 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 Nine Months Ended September 30	
	2016	2015
Profit or loss	$ -	(86,594)
Other comprehensive loss	$ -	18,105

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 during the reclassification. The difference between the fair value and the carrying amount of $3,102 was recognized as disposal loss under other income and loss in the statement of comprehensive income.

D. Collateral

As of September 30, 2016, December 31, 2015, and September 30, 2015, the investments in the aforesaid equity-accounted investees were not pledged as collateral.

(7) Property, plant and equipment

The cost, depreciation, and impairment loss of the property, plant and equipment of the Group as of September 30, 2016, December 31, 2015, and September 30, 2015 were as follows:

		Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Cost:									
Balance on January 1, 2016	$	816,169	783,796	403,143	4,371	358,038	6,298	546,098	2,917,913
Additions		-	28,168	4,173	-	8,988	686	24,946	66,961
Disposals		-	(4,575)	(635)	(1,200)	(3,110)	-	-	(9,520)
Reclassifications		-	234,410	249	-	679	-	(233,941)	1,397
Effect of movements in exchange rates		-	-	-	-	(143)	(9)	-	(152)
Balance on September 30, 2016	$	816,169	1,041,799	406,930	3,171	364,452	6,975	337,103	2,976,599
Balance on January 1, 2015	$	816,169	780,691	398,911	4,408	342,194	6,298	486,231	2,834,902
Additions		-	2,734	4,213	-	8,597	-	41,271	56,815
Disposals		-	(968)	(3,362)	(37)	(1,019)	-	-	(5,386)
Reclassifications		-	1,156	897	-	6,306	-	-	8,359
Effect of movements in exchange rates		-	-	-	-	23	(3)	-	20
Balance on September 30, 2015	$	816,169	783,613	400,659	4,371	356,101	6,295	527,502	2,894,710
Depreciation:									
Balance on January 1, 2016	$	-	173,723	207,709	1,836	237,057	2,061	-	622,386
Depreciation for the period		-	25,515	23,353	297	22,057	477	-	71,699
Disposals		-	(4,572)	(628)	(1,000)	(3,004)	-	-	(9,204)
Reclassifications		-	-	-	-	(3)	-	-	(3)
Effect of movements in exchange rates		-	-	-	2	(120)	(9)	-	(127)
Balance on September 30, 2016	$	-	194,666	230,434	1,135	255,987	2,529	-	684,751
Balance on January 1, 2015	$	-	142,897	177,800	1,477	208,956	1,487	-	532,617
Depreciation for the period		-	24,398	24,767	297	22,465	429	-	72,356
Disposals		-	(968)	(3,344)	(36)	(839)	-	-	(5,187)
Effect of movements in exchange rates		-	-	-	-	13	(3)	-	10
Balance on September 30, 2015	$	-	166,327	199,223	1,738	230,595	1,913	-	599,796
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 September 30, 2016	$	816,169	847,133	176,496	2,036	108,465	4,446	337,103	2,291,848
Balance on January 1, 2015	$	816,169	637,794	221,111	2,931	133,238	4,811	486,231	2,302,285
Balance on September 30, 2015	$	816,169	617,286	201,436	2,633	125,506	4,382	527,502	2,294,914

A. Collateral

As of September 30, 2016, December 31, 2015, and September 30, 2015, the property, plant and equipment were not pledged as collateral.

B. Property, plant and equipment under construction

New plant is already under construction. As of the reporting date, expenditures incurred amounted to $337,103, including capitalized loan cost. The capitalized loan cost amounted to $0 and $0 for the nine months ended September 30, 2016 and 2015, respectively.

(8) Investment property

		Land	Building and construction	Total
Carrying amount:				
Balance on January 1, 2016	$	69,152	9,202	78,354
Balance on September 30, 2016	$	69,152	8,936	78,088
Balance on January 1, 2015	$	69,152	9,557	78,709
Balance on September 30, 2015	$	69,152	9,291	78,443

A. For the nine months ended September 30, 2016 and 2015, there were no significant additions, disposals, 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 in the fair value of investment property of the Group compared to the fair value disclosed in Note 6(10) to the consolidated financial statements for the year ended December 31, 2015.

C. As of September 30, 2016, December 31, 2015, and September 30, 2015, the aforesaid investment properties were pledged as collateral. Please refer to Note 8 for details.

(9) Intangible assets

		Computer software	Patent and franchise	Total
Carrying amount:				
Balance on January 1, 2016	$	18,636	32,144	50,780
Balance on September 30, 2016	$	14,739	16,480	31.219
Balance on January 1, 2015	$	16,579	47,971	64,550
Balance on September 30, 2015	$	18,565	36,048	54,613

For the nine months ended September 30, 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 September 30, 2016, December 31, 2015, and September 30, 2015, the aforementioned intangible assets were not pledged as collateral.

(10) Short-term loans

		September 30, 2016	December 31, 2015	September 30, 2015
Secured bank loans	$	-	-	55,000
Unsecured bank loans		1,924,010	1,200,000	1,645,000
	$	**1,924,010**	**1,200,000**	**1,700,000**
Unused credit line	$	**780,990**	**1,635,000**	**935,000**
Range of interest rates		**1.00%~1.15%**	**0.98%~1.15%**	**1.10%~1.25%**

A. For the nine months ended September 30, 2016 and 2015, the Group increased its short-term borrowings by $4,774,020 and $0, respectively, with an interest rate of 1% ~ 1.2% and 0%, respectively, and the repayments of short-term borrowings amounted to $4,050,010 and $40,000, respectively. Please refer to Note 6(19) for details on interest expenses and to Note 6(12) to 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.

(11) Long-term loans

		September 30, 2016	December 31, 2015	September 30, 2015
Unsecured bank loans	$	400,000	700,000	500,000
Less: Current portion		(200,000)	-	(300,000)
	$	**200,000**	**700,000**	**200,000**
Unused credit line	$	**100,000**	-	-
Range of interest rates		**1.107%~1.33%**	**1.21%~1.44%**	**1.39%~1.5%**

For the nine months ended September 30, 2016 and 2015, the Group increased its long-term borrowings by $0 and $500,000, respectively, with an interest rate of 0% and 1.39%, respectively, and the repayments of long-term borrowings amounted to $300,000 and $0, 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.

(12) Operating lease

A. Leases as lessee

Non-cancellable operating lease rentals payable were as follows:

		September 30, 2016	December 31, 2015	September 30, 2015
Less than one year	$	4,435	3,175	449
Between one and five years		9,267	656	52
	$	**13,702**	**3,831**	**501**

B. Leases as lessor

The Group leases out its investment properties. Please refer to Note 6(8) for details. The future minimum lease payments under non-cancellable leases are as follows:

		September 30, 2016	December 31, 2015	September 30, 2015
Less than one year	$	6,581	4,240	5,064
Between one and five years		10,989	308	771
Over five years		34	-	-
	$	**17,604**	**4,548**	**5,835**

(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 and the nine months ended September 30, 2016 and 2015, were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Operating costs	$ 192	176	573	528
Selling expenses	98	107	295	329
Administrative expenses	45	63	135	190
Research and development expenses	79	72	236	216
	$ **414**	**418**	**1,239**	**1,263**

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 September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Operating costs	$ 1,931	1,642	5,659	4,785
Selling expenses	1,576	1,632	4,551	4,793
Administrative expenses	1,334	1,159	3,627	3,269
Research and development expenses	1,197	1,244	3,518	3,751
	$ **6,038**	**5,677**	**17,355**	**16,598**

(14) Taxes

A. Income tax expense

The components of income tax expense for the three months and the nine months ended September 30, 2016 and 2015, were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2016	2015	2016	2015
Current income tax expense				
Currently incurred	$ 46,020	41,988	161,970	92,353
Adjustment to prior year's income tax charged to current income tax	-	-	(525)	-
Income tax expense	$ **46,020**	**41,988**	**161,445**	**92,353**

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

		September 30, 2016	December 31, 2015	September 30, 2015
Undistributed earnings since 1998	$	1,145,034	1,288,140	606,423
Stockholders' imputation tax credit account	$	43,369	54,959	9,536

	2015 (actual)	2014 (actual)
Tax deduction ratio for earnings distributable to R.O.C. residents	12.93%	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 nine months ended September 30, 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:

		September 30, 2016	December 31, 2015	September 30, 2015
From issuance of share capital	$	484	484	484
From long-term investment		403,536	373,501	372,286
	$	404,020	373,985	372,770

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 used to offset any deficit and that 10% of the balance be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated according to the proposal presented in the annual shareholders' meeting by the board of directors.

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 cash dividend payment has to be 10% of the distribution.

(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 September 30, 2016, December 31, 2015, and September 30, 2015, the special reserve appropriated from the undistributed earnings amounted to $110,154, $110,154 and $110,154, respectively.

In accordance with the aforesaid Ruling, a special reserve equal to the contra account of other shareholders' equity is appropriated from current and prior-period earnings. When the debit balance of any of the contra accounts in the shareholders' equity is reversed, the related special reserve can be reversed. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

(b) Earnings distribution

On June 24, 2016, and June 16, 2015, the Group's shareholders' meeting resolved to appropriate the 2015 and 2014 earnings. These earnings were distributed as dividends 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		(18,483)	-	(18,483)
Unrealized losses on available-for-sale financial assets		-	(105,734)	(105,734)
Unrealized losses on available-for-sale financial assets of associates accounted for using equity method		-	7,118	7,118
Balance, September 30, 2016	$	(2,323)	245,235	242,912
Balance, January 1, 2015	$	45,724	(10,821)	34,903
Exchange differences on translation of foreign operations		1,284	-	1,284
Unrealized losses on available-for-sale financial assets		-	141,045	141,045
Unrealized losses on available-for-sale financial assets of associates accounted for using equity method		-	28,310	28,310
Balance, September 30, 2015	$	47,008	158,534	205,542

D. Non-controlling interests

		For the Nine Months Ended September 30	
		2016	2015
Balance, January 1	$	593,649	437,562
Attributable to non-controlling interests			
Profit for the period		58,138	21,769
Foreign currency translation differences—foreign operations		(62)	37
Unrealized loss on available-for-sale financial assets		(59,539)	66,504
Issuance of common stock for cash		-	796
Cash dividends received		(35,093)	(33,422)
Balance, September 30	$	**557,093**	**493,246**

(16) Earnings per share

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

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2016	2015	2016	2015
Basic earnings per share					
Profit attributable to ordinary shareholders	$	**212,587**	**242,367**	**848,271**	**523,618**
Weighted-average number of ordinary shares		248,650	248,650	248,650	248,650
	$	**0.85**	**0.97**	**3.41**	**2.11**
Diluted earnings per share					
Profit attributable to ordinary shareholders (diluted)	$	**212,587**	**242,367**	**848,271**	**523,618**
Weighted-average number of ordinary shares		248,650	248,650	248,650	248,650
Effect of potentially dilutive ordinary shares					
Employees' remuneration		119	25	190	150
Weighted-average number of ordinary shares (diluted)		**248,769**	**248,675**	**248,840**	**248,800**
	$	**0.85**	**0.97**	**3.41**	**2.10**

(17) Revenue

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2016	**2015**	**2016**	**2015**
Sale of goods	$	922,296	796,541	2,760,078	2,172,002
Service		13,287	17,887	48,090	98,080
	$	**935,583**	**814,428**	**2,808,168**	**2,270,082**

(18) Remuneration of employees and of directors and supervisors

Based on the Company's articles of incorporation, remuneration of employees and of 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 and the nine months ended September 30, 2016, remuneration of employees of $4,024 and $15,330, respectively, and of directors and supervisors of $4,024 and $15,330, respectively, was estimated and recognized as current expense. These amounts were calculated using the Company's profit before tax before remuneration of employees and of directors and supervisors for the nine months ended September 30, 2016. These benefits were charged to profit or loss under operating expenses for the nine months ended September 30, 2016. 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, the remuneration of employees and of directors and supervisors amounted to $22,373 and $21,468, respectively. The proposed amounts did not differ from those accrued in the financial statements for the year ended December 31, 2015. Related information on remuneration of employees and of directors and supervisors can be accessed from the Market Observation Post System web site.

(19) Non-operating income and expenses

A. Other income

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2016	2015	2016	2015
Interest income	$	3,746	1,835	10,193	5,419
Rental income		3,039	1,666	9,085	8,465
	$	**6,785**	**3,501**	**19,278**	**13,884**

B. Other gains and losses

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2016	2015	2016	2015
Foreign exchange (losses) gains	$	(52,933)	21,265	(79,832)	14,516
Gains on disposal of investment (Notes 6(2) and 6(6))		-	153	104,924	153
Losses on disposal of property, plant and equipment		(93)	(51)	(96)	(61)
Gains on reversal of uncollectable account		-	-	5,000	-
Others		17,282	6,485	54,483	46,452
	$	**(35,744)**	**27,852**	**84,479**	**61,060**

C. Finance costs

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2016	2015	2016	2015
Interest expenses	$	**5,960**	**6,120**	**16,715**	**16,308**

(20) Reclassification of other comprehensive income

		For the Nine Months Ended September 30
		2016
Net fair value change in available-for-sale financial assets recognized in:		
Other comprehensive income	$	(114,745)
Profit or loss		(50,528)
Net fair value change recognized in other comprehensive income	$	**(165,273)**

(21) Financial instruments

For the nine months ended September 30, 2016 and 2015, there were no significant changes in 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
September 30, 2016						
Non-derivative financial liabilities						
Unsecured bank loans	$	2,324,010	2,334,141	2,133,563	200,578	-
Non-interest-bearing liabilities (including related parties)		578,584	578,584	578,584	-	-
	$	**2,902,594**	**2,912,725**	**2,712,147**	**200,578**	-
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**	-
September 30, 2015						
Non-derivative financial liabilities						
Unsecured bank loans	$	2,200,000	2,214,354	2,011,773	202,581	-
Non-interest-bearing liabilities (including related parties)		528,341	528,341	528,341	-	-
	$	**2,728,341**	**2,742,695**	**2,540,114**	**202,581**	-

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

B. Currency risk

(a) Currency risk exposure

The Group's exposures to significant currency risk were those from its foreign currency-denominated financial assets and liabilities as follows:

	September 30, 2016			December 31, 2015			September 30, 2015		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets									
Monetary items									
USD	$ 59,757	31.36	1,873,981	43,238	32.83	1,419,501	13,814	32.87	601,981
RMB	5,638	4.69	26,459	22,626	5.00	113,017	20,415	5.18	105,749
JPY	36,161	0.31	11,242	42,891	0.27	11,696	-	-	-
PHP	15,921	0.66	10,583	11,058	0.72	7,931	7,810	0.72	5.623
EUR	558	35.08	19,587	-	-	-	154	34.46	5,307
Non-Monetary items									
USD	648	31.36	20,321	556	32.83	18,251	373	32.87	12,261
THB	230,350	0.91	209,296	199,805	0.91	182,742	175,275	0.91	159.500
Financial liabilities									
PHP	13,655	0.66	9,077	26,873	0.72	19,273	4,400	0.72	3,168

(b) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, trade and other receivables, loans and borrowings, and trade and other payables that are denominated in foreign currency.

A strengthening (weakening) of 1% of the NTD against the foreign currency as at September 30, 2016 and 2015, would have (decreased) increased the net profit after tax by \$17,948 and \$7,334, respectively. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the reporting date. The analysis assumes that all other variables remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2015 and 2016.

(c) Gains or losses on monetary items

As the Company deals in diverse foreign currencies, gains or losses on foreign exchange were summarized as a single amount. For the three months and the nine months ended September 30, 2016 and 2015, the foreign exchange gain (loss), including both realized and unrealized, amounted to \$(52,933), \$21,265, \$(79,832) and \$14,516, respectively.

C. Fair value of financial instruments

The carrying amount and fair value of financial assets and liabilities were 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

	September 30, 2016				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets—noncurrent	$ 383,960	383,960	-	-	383,960
Financial assets carried at cost—noncurrent	26,250	-	-	-	-
Subtotal	410,210	383,960	-	-	383,960
Loans and receivables					
Cash and cash equivalents	2,526,364	-	-	-	-
Notes receivable and accounts receivable (including related party)	832,751	-	-	-	-
Other receivables (including related party)	40,054	-	-	-	-
Other financial assets	679,003	-	-	-	-
Cash surrender value of life insurance	3,121	-	-	-	-
Refundable deposits	26,043	-	-	-	-
Subtotal	4,107,336	-	-	-	-
Total	$ 4,517,546	383,960	-	-	383,960
Financial liabilities measured at amortized cost					
Bank loans	$ 2,324,010	-	-	-	-
Notes payable and accounts payable (including related party)	135,816	-	-	-	-
Other payables (including related party)	442,768	-	-	-	-
Guarantee deposit received	1,936	-	-	-	-
Total	$ 2,904,530	-	-	-	-

	December 31, 2015				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets—noncurrent	$ 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	-	-	-	-

	September 30, 2015				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets—noncurrent	$ 307,522	307,522	-	-	307,522
Loans and receivables					
Cash and cash equivalents	847,650	-	-	-	-
Notes receivable and accounts receivable (including related party)	844,070	-	-	-	-
Other receivables (including related party)	29,848	-	-	-	-
Other financial assets	622,934	-	-	-	-
Cash surrender value of life insurance	6,809	-	-	-	-
Refundable deposits	25,307	-	-	-	-
Subtotal	2,376,618	-	-	-	-
Total	$ 2,684,140	307,522	-	-	307,522
Financial liabilities measured at amortized cost					
Bank loans	$ 2,200,000	-	-	-	-
Notes payable and accounts payable (including related party)	152,726	-	-	-	-
Other payables (including related party)	375,620	-	-	-	-
Guarantee deposit received	2,096	-	-	-	-
Total	$ 2,730,442	-	-	-	-

(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. These 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 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 nine months ended September 30, 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 have 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 in the consolidated financial statements 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 September 30		For the Nine Months Ended September 30	
Recognized item	**Category**		**2016**	**2015**	**2016**	**2015**
Operating revenue	Associates	$	12,937	10,251	29,759	49,054
	Other related parties		-	2,105	4,548	7,628
		$	12,937	12,356	34,307	56,682

(a) Prices charged for sales transactions with offshore subsidiaries and associates were calculated at 100% of the cost. If the collection was past due three months, 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 pledged $5,000 of the certificates of deposit from those companies as collateral as of December 31, 2015, and September 30, 2015.

B. Service revenue

			For the Three Months Ended September 30		For the Nine Months Ended September 30	
Recognized item	**Category**		**2016**	**2015**	**2016**	**2015**
Service revenue	Other related parties	$	-	4,574	2,815	6,562

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:

			For the Three Months Ended September 30		For the Nine Months Ended September 30	
Recognized item	**Category**		**2016**	**2015**	**2016**	**2015**
Purchases	Other related parties	$	-	9,377	20,743	25,816
Processing costs	Other related parties	$	-	1,225	-	2,069

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 purchase transactions with related enterprises was sixty days or one month, which is similar to that for other vendors.

D. Rental revenue

			For the Three Months Ended September 30		For the Nine Months Ended September 30	
Recognized item	**Category**		**2016**	**2015**	**2016**	**2015**
Rental revenue	Associates	$	705	448	1,945	1,472
	Other related parties		-	507	172	1,503
		$	705	955	2,117	2,975

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

E. Rent expense

Recognized item	Category		For the Three Months Ended September 30 2016	For the Three Months Ended September 30 2015	For the Nine Months Ended September 30 2016	For the Nine Months Ended September 30 2015
Rental expenses	Other related parties	$	-	597	1,323	2,690

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

F. Other income

Recognized item	Category		For the Three Months Ended September 30 2016	For the Three Months Ended September 30 2015	For the Nine Months Ended September 30 2016	For the Nine Months Ended September 30 2015
Other income	Associates	$	4,222	310	6,595	4,804
	Other related parties		-	-	22,538	193
		$	4,222	310	29,133	4,997

(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. Operating expense

Recognized item	Category		For the Three Months Ended September 30 2016	For the Three Months Ended September 30 2015	For the Nine Months Ended September 30 2016	For the Nine Months Ended September 30 2015
Research expense	Other related parties	$	-	-	18,004	381

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

H. Other transactions

The Group provided related parties with human resource and research and development services for the nine months ended September 30, 2015, and charged each subsidiary and associate. The charges were recognized as contra-operating expense of $7,345.

(3) Receivables and payables with related parties

Recognized item	Category		September 30, 2016	December 31, 2015	September 30, 2015
Notes receivable	Other related parties	$	-	461	269
Accounts receivable	Associates	$	12,091	22,529	10,623
	Other related parties		-	310	901
		$	12,091	22,839	11,524
Other receivables	Associates	$	1,065	18,101	2,832
	Other related parties		17,430	60,089	16,021
		$	18,495	78,190	18,853
Refundable deposits	Other related parties	$	582	4,708	5,292
Accounts payable	Other related parties	$	-	4,814	4,950
Other payables	Associates	$	-	3,240	25
	Other related parties		6,150	1,577	2,622
		$	6,150	4,817	2,647
Advance receipt	Associates	$	-	-	154
	Other related parties		279	1,094	1,222
		$	279	1,094	1,376

(4) Key management personnel compensation

		For the Three Months Ended September 30		For the Nine Months Ended September 30	
		2016	2015	2016	2015
Short-term employee benefits	$	23,723	14,046	47,569	25,338
Post-employment benefits		238	243	738	505
	$	23,961	14,289	48,307	25,843

8. PLEDGED ASSETS

As of September 30, 2016, December 31, 2015, and September 30, 2015, pledged assets were as follows:

Asset	Purpose of pledge	September 30, 2016	December 31, 2015	September 30, 2015
Investment property	Bank loans, letters of credit	$ 60,441	60,881	60,951
Other financial asset—current	Grants for research and development project	5,466	1,525	6,095
Other financial asset—other— noncurrent	Provisional guarantee	120,010	120,010	120,010
		$ **185,917**	**182,416**	**187,056**

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 $27,616 and $22,155 for the nine months ended September 30, 2016 and 2015, respectively.

(2) Due to the purchase of equipment, construction engineering, and entrusted research, the total price of unfinished contracts amounted to $921,731, $906,331 and $898,527, and the unpaid amount was $331,924, $188,084 and $221,437 as of September 30, 2016, December 31, 2015, and September 30, 2015, respectively.

(3) As of September 30, 2016, December 31, 2015, and September 30, 2015, performance bonds from financial institutions for the sale of medicine were $18,097, $31,106 and $16,352, respectively.

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

(5) On January 19, 2016, the 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 the Securities Investor and Futures Trader Protection Act. The lawsuit was withdrawn by the Securities and Futures Investors Protection Center in August 2016.

(6) On May 31, 2016, the Company filed a request with the Swiss Cantonal Court of Zug to nullify all 13 licensing agreements it had entered into with Inopha AG (Inopha), and demanded that Inopha return all the benefits it had gained from the agreements. The case is still in progress.

(7) On May 30, 2016, Janssen Pharmaceutica NV (Janssen) filed a request for arbitration with the WIPO Arbitration and Mediation Center, at the Company's request, to confirm whether the royalties belong to the Company or Inopha AG. The case was suspended.

(8) On July 1, 2016, Center Laboratories, Inc. filed a lawsuit against the Company in the Taipei District Court to confirm the validity of the agreement it had entered into with the Company regarding a generic drug called Risperidone. The Company cannot predict the result of the lawsuit.

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 September 30, 2016			For the Three Months Ended September 30, 2015		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefits						
Salary	$ 54,078	132,916	186,994	44,986	102,720	147,706
Health and labor insurance	3,773	7,443	11,216	3,257	7,299	10,556
Pension	2,123	4,329	6,452	1,816	4,279	6,095
Others	3,925	15,185	19,110	2,294	15,709	18,003
Depreciation	16,502	10,326	26,828	15,072	11,672	26,744
Amortization	320	10,119	10,439	-	6,053	6,053

	For the Nine Months Ended September 30, 2016			For the Nine Months Ended September 30, 2015		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefits						
Salary	$ 152,365	367,830	520,195	126,468	335,282	461,750
Health and labor insurance	11,604	22,030	33,634	9,964	22,179	32,143
Pension	6,232	12,362	18,594	5,313	12,548	17,861
Others	11,271	53,123	64,394	10,998	33,990	44,988
Depreciation	45,733	26,232	71,965	44,642	27,980	72,622
Amortization	1,049	18,796	19,845	-	16,601	16,601

(2) Seasonality of operations

The operations are not affected by seasonal or cyclical factors.

(3) Others

(a) The Group donated \$26,897 and \$32,034 to related medical foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage in the nine months ended September 30, 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 \$14,324 had been received, and the actual expenditure amounted to \$14,324 as of September 30, 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 \$20,058 had been received, and the actual expenditure amounted to \$14,593, as of September 30, 2016.

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 nine months ended September 30, 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 CNY7,887 USD1,700	90,326 CNY7,887 USD1,700	90,326 CNY7,887 USD1,700	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 USD3,000	-	-	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	322,750 USD10,000	156,800 USD5,000	156,800 USD5,000	0.8%	2	-	Operating capital	-	-	-	609,675	609,675

The exchange rate of USD to NTD as of the reporting date was 1:31.36, and the average exchange rate of USD to NTD for the nine months ended September 30, 2016, was 1:32.418.

The exchange rate of CNY to NTD as of the reporting date was 1:4.693, and the average exchange rate of CNY to NTD for the nine months ended September 30, 2016, was 1:4.919.

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 September 30, 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 September 30, 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	105,920	1.90%	105,920	-
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd.	Note	Available-for-sale financial assets – noncurrent	4,200	278,040	4.99%	278,040	-
TSH Biopharm Co., Ltd.	Pharmira Laboratories, Inc.	-	Financial assets carried at cost – noncurrent	2,625	26,250	2.54%	-	-

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	Other short-term loans	156,800	By contract	1.74%
0	〃	〃	1	Interest expense	1,736	〃	0.06%
0	〃	Worldco International Co., Ltd.	1	Other receivables	58,044	〃	0.64%
0	〃	〃	1	Commission income	24,333	〃	0.87%
0	〃	〃	1	Other payables	42,749	〃	0.47%
0	〃	TSH Biopharm Co., Ltd.	1	Other receivables	2,352	〃	0.03%
0	〃	〃	1	Sale	87,175	〃	3.10%
0	〃	〃	1	Rental income	2,712	〃	0.10%
0	〃	〃	1	Other revenue	5,008	〃	0.18%
0	〃	〃	1	Accounts receivable	10,379	〃	0.12%
0	〃	American Taiwan Biopharma Phils Inc.	1	Accounts receivable	5,412	〃	0.06%
0	〃	〃	1	Other receivables	4,426	〃	0.05%
0	〃	〃	1	Sale	3,128	〃	0.11%

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
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd.	3	Other receivables	122,592	〃	1.36%

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, with 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 nine months ended September 30, 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 September 30, 2016			Net income (losses) of investee	Share of profits/losses of investee	Note
				September 30, 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%	1,459,846	(64,341)	(64,341)	Subsidiary
〃	Worldco International Co., Ltd.	Hong Kong	Selling chemical drugs	158,254	158,254	39,600	100.00%	241,108	4,064	4,064	Subsidiary
〃	American Taiwan Biopharma Phils Inc.	Philippines	Selling chemical drugs	32,904	32,904	459	87.00%	3,780	696	606	Subsidiary
〃	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical drugs	227,449	227,449	21,687	56.48%	720,862	133,395	75,341	Subsidiary
〃	PharmaEngine, Inc.	Taiwan	Developing chemical drugs	371,070	371,070	19,701	19.30%	612,989	73,195	14,099	Investments accounted for using equity method
〃	American Taiwan Biopharm	Thailand	Selling chemical drugs	2,966	2,966	380	40.00%	205,105	52,786	21,115	Investments accounted for using equity method
〃	Gligio International Limited	Hong Kong	Selling chemical drugs	2,685	2,685	620	40.00%	19,050	27,046	10,818	Investments accounted for using equity method
〃	CY Biotech Co., Ltd.	Taiwan	Selling functional food	82,059	57,000	6,326	27.54%	60,632	(35,285)	(9,204)	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 September 30, 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	319,872 USD 10,200	2	323,433	-	-	323,433	(1,815) CNY(369)	100%	(1,815) CNY(369)	(105,090) CNY(22,393)	-
Chengdu Shuyu Pharmaceutical Co., Ltd.	Selling chemical drugs	55,847 CNY 11,900	2	94,470 CNY 20,130	-	-	94,470 CNY 20,130	(521) CNY (106)	100%	(521) CNY (106)	52,196 CNY 11,122	-

The exchange rate of USD to NTD as of the reporting date was 1:31.36, and the average exchange rate of USD to NTD for the nine months ended September 30, 2016, was 1:32.418.

The exchange rate of CNY to NTD as of the reporting date was 1:4.693, and the average exchange rate of CNY to NTD for the nine months ended September 30, 2016, was 1:4.919.

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 a financial report not reviewed by a CPA.

(b) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of September 30, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 423,982	NTD 1,465,390 (USD 46,728)	NTD 3,329,596

(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 that are below the quantitative criteria located in the Philippines.

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 reconciliations

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 September 30, 2016								
Revenue:								
Revenue from external customers	$ 598,956	53,355	138,286	103,189	36,508	5,289	-	935,583
Intersegment revenues	50,807	-	-	-	-	-	(50,807)	-
Total revenue	$ 649,763	53,355	138,286	103,189	36,508	5,289	(50,807)	935,583
Reportable segment profit (loss)	$ 182,036	20,990	55,290	2,636	(37,531)	538	35,781	259,740
For the Three Months Ended September 30, 2015								
Revenue:								
Revenue from external customers	$ 624,121	45,484	18,931	121,297	2,483	2,112	-	814,428
Intersegment revenues	25,223	-	-	-	5,256	-	(30,479)	-
Total revenue	$ 649,344	45,484	18,931	121,297	7,739	2,112	(30,479)	814,428
Reportable segment profit (loss)	$ 291,901	14,766	(24,730)	15,925	(15,609)	(1,869)	9,606	289,990
For the Nine Months Ended September 30, 2016								
Revenue:								
Revenue from external customers	$ 1,835,020	154,764	374,411	362,301	68,347	13,325	-	2,808,168
Intersegment revenues	111,508	3,128	-	-	-	-	(114,636)	-
Total revenue	$ 1,946,528	157,892	374,411	362,301	68,347	13,325	(114,636)	2,808,168
Reportable segment profit (loss)	$ 783,127	60,930	150,208	147,659	(59,090)	691	(15,671)	1,067,854
For the Nine Months Ended September 30, 2015								
Revenue:								
Revenue from external customers	$ 1,483,201	167,237	160,581	388,983	63,382	6,698	-	2,270,082
Intersegment revenues	98,170	1,622	-	-	5,256	-	(105,048)	-
Total revenue	$ 1,581,371	168,859	160,581	388,983	68,638	6,698	(105,048)	2,270,082
Reportable segment profit (loss)	$ 555,063	43,071	5,544	63,155	(49,738)	(2,814)	23,459	637,740
Reportable segment assets								
September 30, 2016	$ 7,782,339	471,919	213,620	1,393,916	1,782,240	16,237	(2,712,123)	8,948,148
December 31, 2015	$ 7,812,675	444,063	171,036	1,461,230	1,912,181	13,767	(3,010,238)	8,804,714
September 30, 2015	$ 6,772,144	411,395	131,662	1,241,701	1,350,136	10,982	(2,027,520)	7,890,500