Stock Code:4105

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED
AND ITS SUBSIDIARIES

Consolidated Interim Financial Statements

March 31, 2017 and 2016
(With Independent Auditors' Review Report Thereon)

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Table of contents

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Independent Auditors' Review Report

To the Board of Directors of TTY Biopharm Company Limited:

We have reviewed the accompanying consolidated interim balance sheets of TTY Biopharm Company Limited and its subsidiaries ("the Group") as of March 31, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2017 and 2016. 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 review. We did not review the investments in other companies accounted for using the equity method of NT$711,423 thousand and NT$604,854 thousand, representing 7.74% and 7.06% of the related consolidated total assets, as of March 31, 2017 and 2016, respectively, and the related share of loss of associates and joint ventures accounted for using the equity method of NT$24,205 thousand and NT$8,301 thousand, representing (23.12)% and (4.62)% of consolidated net income, for the three months ended March 31, 2017 and 2016, respectively. The financial statements of the investee accounted for using the equity method were reviewed by other auditors, 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 auditors.

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 auditors. The total assets of these subsidiaries amounted to NT$271,155 thousand and NT$196,374 thousand, representing 2.95% and 2.29% of the related consolidated total assets, and the total liabilities amounted to NT$9,266 thousand and NT$23,862 thousand, representing 0.30% and 0.89% of the related consolidated liabilities, as of March 31, 2017 and 2016, respectively. The comprehensive income (loss) of these subsidiaries amounted to NT$14,508 thousand and NT$(1,457) thousand, representing 13.86% and (0.81)% of the related consolidated comprehensive income for the three months ended March 31, 2017 and 2016, respectively.

Furthermore, long-term investments in these investee companies amounted to NT$271,003 thousand and NT$241,475 thousand as of March 31, 2017 and 2016, respectively, and the related investment gains amounted to NT$6,257 thousand and NT$6,737 thousand for the three months ended March 31, 2017 and 2016, respectively, were recognized based upon unreviewed financial statements of investee companies by independent auditors.

Based on our reviews and the reports of other auditors, 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 auditors 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 (Republic of China)
May 3, 2017

Notes to Readers

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

The auditors' report and the accompanying 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 auditors' report and consolidated interim financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards as of March 31, 2017 and 2016

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2017, December 31, 2016, and March 31, 2016

(Expressed in Thousands of New Taiwan Dollars)

	Assets	March 31, 2017 Amount	%	December 31, 2016 Amount	%	March 31, 2016 Amount	%
	Current assets:						
1100	Cash and cash equivalents (notes 6(a) and (u))	$ 2,456,850	27	2,108,713	23	1,926,170	22
1144	Financial assets carried at cost-current (notes 6(b), (e) and (u))	-	-	-	-	26,250	-
1150	Notes receivable, net (notes 6(c) and (u))	55,265	1	62,278	1	60,828	1
1161	Notes receivable due from related parties (notes 6(c), (u) and 7)	-	-	-	-	10	-
1170	Accounts receivable, net (notes 6(c) and (u))	711,504	8	783,373	8	726,977	8
1180	Accounts receivable due from related parties, net (notes 6(c), (u) and 7)	22,540	-	13,668	-	22,445	-
1200	Other receivables, net (notes 6(c), (u) and 7)	50,107	1	46,309	-	35,438	-
130X	Inventories (note 6(d))	595,063	6	565,683	7	538,626	6
1410	Prepayments	59,560	1	26,884	-	52,051	1
1476	Other financial assets-current (notes 6(a), (u) and 8)	674,792	7	1,057,186	12	798,032	10
1470	Other current assets	5,473	-	4,186	-	40,357	-
		4,631,154	51	4,668,280	51	4,227,184	48
	Non-current assets:						
1523	Available-for-sale financial assets-noncurrent (notes 6(b) and (u))	518,195	6	539,205	6	424,618	5
1543	Financial assets carried at cost-noncurrent (notes 6(b) and (u))	-	-	-	-	26,250	-
1550	Investments accounted for using equity method, net (notes 6(e) and (f))	982,426	11	1,007,758	11	846,329	10
1600	Property, plant and equipment (note 6(g))	2,566,156	28	2,585,575	28	2,276,832	27
1760	Investment property, net (notes 6(h) and 8)	77,911	1	77,999	1	78,266	1
1780	Intangible assets (note 6(i))	27,989	-	29,648	-	46,347	1
1840	Deferred tax assets	30,019	-	31,760	-	6,747	-
1915	Prepayments for equipment	182,936	2	181,472	2	478,485	6
1920	Refundable deposits paid (notes 6(u) and 7)	25,922	-	24,001	-	25,368	-
1981	Cash surrender value of life insurance (note 6(u))	5,198	-	5,198	-	3,121	-
1984	Other financial assets-noncurrent (notes 6(a), (u) and 8)	125,698	1	126,816	1	125,183	2
1990	Other assets-noncurrent	23,445	-	12,593	-	6,558	-
		4,565,895	49	4,622,025	49	4,344,104	52
	Total assets	$ 9,197,049	100	9,290,305	100	8,571,288	100

	Liabilities and Equity	March 31, 2017 Amount	%	December 31, 2016 Amount	%	March 31, 2016 Amount	%
	Current liabilities:						
2100	Short-term loans (notes 6(j) and (u))	$ 1,149,000	12	1,249,010	13	1,200,000	14
2150	Notes payable (note 6(u))	3,373	-	16,572	-	9,718	-
2170	Accounts payable (note 6(u))	69,933	1	84,671	1	134,084	2
2180	Accounts payable to related parties (note 6(u), (v) and 7)	-	-	-	-	7,284	-
2230	Current tax liabilities	236,984	3	193,201	2	173,332	2
2250	Current provisions	5,327	-	5,327	-	5,327	-
2200	Other payables (notes 6(u) and 7)	372,728	5	483,329	6	400,495	5
2300	Other current liabilities	42,636	-	48,548	1	23,209	-
2320	Long-term loans, current portion (note 6(k))	200,000	2	200,000	3	200,000	2
		2,079,981	23	2,280,658	26	2,153,449	25
	Non-Current liabilities:						
2540	Long-term loans (notes 6(k) and (u))	630,000	7	630,000	7	200,000	2
2570	Deferred tax liabilities	314,729	3	314,729	3	296,259	3
2640	Net defined benefit liability-noncurrent (note 6(m))	44,587	-	44,621	-	42,376	1
2645	Guarantee deposits received (note 6(u))	10,437	-	9,985	-	1,765	-
		999,753	10	999,335	10	540,400	6
	Total liabilities	3,079,734	33	3,279,993	36	2,693,849	31
	Equity attributable to owners of parent (note 6(o)):						
	Share capital:						
3100	Share capital	2,486,500	27	2,486,500	27	2,486,500	29
	Capital surplus:						
3200	Capital surplus	407,671	4	405,368	4	376,793	4
	Retained earnings:						
3310	Legal reserve	603,613	7	603,613	6	482,511	7
3320	Special reserve	110,154	1	110,154	1	110,154	1
3350	Total unappropriated retained earnings	1,709,011	19	1,487,805	16	1,568,784	18
3400	Other equity interest	171,591	2	285,088	3	281,228	3
	Equity attributable to the parent company:	5,488,540	60	5,378,528	57	5,305,970	62
36XX	Non-controlling interests (note 6(o))	628,775	7	631,784	7	571,469	7
	Total equity	6,117,315	67	6,010,312	64	5,877,439	69
	Total liabilities and equity	$ 9,197,049	100	9,290,305	100	8,571,288	100

See accompanying notes to consolidated interim financial statements.

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		For the three months ended March 31			
		2017		2016	
		Amount	%	Amount	%
4000	**Operating revenue (notes 6(q) and 7)**	$ 946,406	100	912,604	100
5000	**Cost of sales (notes 6(d) and 7)**	298,181	32	273,628	30
	Gross profit	648,225	68	638,976	70
5910	Less:Unrealized profit (loss) from sales	6,265	1	7,512	1
5920	Add: Realized (profit) loss on from sales	4,132	-	6,408	1
	Gross profit, net	646,092	67	637,872	70
6000	**Operating expenses (note 7):**				
6100	Selling expenses	198,642	21	171,175	19
6200	General and administrative expenses	67,378	7	69,326	8
6300	Research and development expenses	77,950	8	79,915	9
		343,970	36	320,416	36
	Net operating income	302,122	31	317,456	34
	Non-operating income and expenses (notes 6(s) and 7):				
7010	Other income	7,793	1	4,474	1
7020	Other gains and losses, net	(15,879)	(2)	49,789	5
7050	Finance costs, net	(5,937)	(1)	(5,554)	(1)
7070	Share of loss of associates and joint ventures accounted for using equity method, net (note 6(f))	(17,948)	(2)	(1,543)	-
		(31,971)	(4)	47,166	5
	Profit before tax	270,151	27	364,622	39
7950	Less: Income tax expense (notes 6(n) and (t))	43,801	5	59,431	6
	Profit for the period	226,350	22	305,191	33
8300	**Other comprehensive income:**				
8360	**Other components of other comprehensive income that may be reclassified to profit or loss**				
8361	Exchange differences on translation	(106,005)	(11)	(895)	-
8362	Unrealized losses on valuation of available-for-sale financial assets	(21,010)	(2)	(124,615)	(14)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	5,365	1	-	-
8399	Less: Income tax relating to components of other comprehensive income	-	-	-	-
	Components of other comprehensive income that may be reclassified to profit or loss	(121,650)	(12)	(125,510)	(14)
8300	**Other comprehensive income, net**	(121,650)	(12)	(125,510)	(14)
	Total comprehensive income	$ 104,700	10	179,681	19
	Profit attributable to:				
	Owners of parent	$ 221,206	21	280,644	30
	Non-controlling interests	5,144	1	24,547	3
		$ 226,350	22	305,191	33
	Comprehensive income attributable to:				
	Owners of parent	$ 107,709	10	201,861	22
	Non-controlling interests	(3,009)	-	(22,180)	(3)
		$ 104,700	10	179,681	19
	Earnings per share (note 6(p))				
	Basic earnings per share	$	0.89		1.13
	Diluted earnings per share	$	0.89		1.13

See accompanying notes to consolidated interim financial statements.

(English Translation of Consolidated Interim Financial Statements and 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 Changes in Equity

For the three months ended March 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										
	Share capital		Retained earnings			Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Owners of parent company	Non-controlling interests	Total equity
Balance at January 1, 2016	$ 2,486,500	373,985	482,511	110,154	1,288,140	16,160	343,851	360,011	5,101,301	593,649	5,694,950
Profit for the period	-	-	-	-	280,644	-	-	-	280,644	24,547	305,191
Other comprehensive income for the period	-	-	-	-	-	(895)	(77,888)	(78,783)	(78,783)	(46,727)	(125,510)
Total comprehensive income for the period	-	-	-	-	280,644	(895)	(77,888)	(78,783)	201,861	(22,180)	179,681
Other changes in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method	-	2,808	-	-	-	-	-	-	2,808	-	2,808
Balance at March 31, 2016	$ 2,486,500	376,793	482,511	110,154	1,568,784	15,265	265,963	281,228	5,305,970	571,469	5,877,439
Balance at January 1, 2017	$ 2,486,500	405,368	603,613	110,154	1,487,805	(2,362)	287,450	285,088	5,378,528	631,784	6,010,312
Profit for the period	-	-	-	-	221,206	-	-	-	221,206	5,144	226,350
Other comprehensive income for the period	-	-	-	-	-	(106,037)	(7,460)	(113,497)	(113,497)	(8,153)	(121,650)
Total comprehensive income for the period	-	-	-	-	221,206	(106,037)	(7,460)	(113,497)	107,709	(3,009)	104,700
Other changes in capital surplus:											
Changes in equity of associates and joint ventures accounted for using equity method	-	2,303	-	-	-	-	-	-	2,303	-	2,303
Balance at March 31, 2017	$ 2,486,500	407,671	603,613	110,154	1,709,011	(108,399)	279,990	171,591	5,488,540	628,775	6,117,315

See accompanying notes to consolidated interim financial statements.

(English Translation of Consolidated Interim Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2017	2016
Cash flows from (used in) operating activities:		
Profit before tax	$ 270,151	364,622
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	33,487	23,769
Amortization expense	2,056	4,822
Reversal of allowance for uncollectable accounts	(5,000)	(5,000)
Interest expense	5,937	5,554
Interest income	(4,671)	(1,546)
Share of loss of associates and joint ventures accounted for using equity method	17,948	1,543
Loss on disposal of property, plant and equipment	34	3
Allocation of deferred income	(253)	(253)
Gain on disposal of investments	-	(47,373)
Unrealized profit (loss) from sales	6,265	7,512
Realized loss (profit) on from sales	(4,132)	(6,408)
Total adjustments to reconcile profit (loss)	51,671	(17,377)
Changes in operating assets and liabilities:		
Notes receivable	7,013	(11,708)
Accounts receivable	67,807	211,112
Other receivable	(2,556)	(2,581)
Inventories	(29,540)	(6,491)
Other current assets	(34,025)	(46,701)
Total changes in operating assets	8,699	143,631
Notes payable	(13,199)	(11,050)
Accounts payable	(13,934)	(11,935)
Other payable	(109,317)	(59,539)
Other current liabilities	(5,883)	(8,018)
Net defined benefit liability	(34)	(99)
Total changes in operating liabilities	(142,367)	(90,641)
Net changes in operating assets and liabilities	(133,668)	52,990
Total adjustments	(81,997)	35,613
Cash flows from operating activities	188,154	400,235
Interest received	4,671	1,546
Dividends received	7,416	-
Interest paid	(5,875)	(5,492)
Income taxes paid	(18)	(84,613)
Net cash flows from operating activities	194,348	311,676
Cash flows from (used in) investing activities:		
Proceeds from disposal of available-for-sale financial assets	-	63,975
Proceeds from disposal of investments accounted for using equity method	-	455,398
Acquisition of property, plant and equipment	(14,633)	(3,619)
Proceeds from disposal of property, plant and equipment	-	107
Increase in refundable deposits	(1,924)	(1,383)
Acquisition of intangible assets	(398)	(416)
Decrease (increase) in other financial assets	358,912	(305,403)
Increase in prepayments for equipment	(2,084)	(9,098)
(Increase) decrease in other non-current assets	(10,863)	5,503
Net cash flows from investing activities	329,010	205,064
Cash flows from (used in) financing activities:		
Increase in short-term loans	1,270,000	500,000
Decrease in short-term loans	(1,370,010)	(500,000)
Repayments of long-term debt	-	(300,000)
Increase (decrease) in guarantee deposits received	464	(331)
Net cash flows used in financing activities	(99,546)	(300,331)
Effect of exchange rate changes on cash and cash equivalents	(75,675)	(763)
Net increase in cash and cash equivalents	348,137	215,646
Cash and cash equivalents at beginning of period	2,108,713	1,710,524
Cash and cash equivalents at end of period	$ 2,456,850	1,926,170

See accompanying notes to consolidated interim financial statements.

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

Notes to the Consolidated Interim Financial Statements

March 31, 2017 and 2016

(Expressed in Thousands of New Taiwan Dollars, 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 accompaning consolidated interim financial statements were authorized for issuance by the Board of Directors on May 3, 2017.

(3) New standards, amendments and interpretations adopted:

(a) 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 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
Amendment 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
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
Amendment 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

(Continued)

New, Revised or Amended Standards and Interpretations	Effective date per IASB
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

Except for the following item, the Group assessed that the adoption of the above IFRSs would not have a material impact on the consolidated financial statements:

(i) Amendments to IAS 36 "Recoverable Amount Disclosures for Non-Financial Assets"

Under the amendments, the recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. In such cases, the amendments also require that the following be disclosed if the recoverable amount is based on fair value less costs of disposal:

1) the level of the fair value hierarchy within which the fair value measurement is categorized; and

2) the valuation technique(s) used for fair value measurements categorized within Levels 2 and 3 of the fair value hierarchy, and the key valuation assumptions made.

(b) 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. The FSC announced that the Group should apply IFRS 9 and IFRS 15 starting January 1, 2018. As of the date the Group' s financial statements were issued, the FSC has yet to announce the effective dates of the other IFRSs. As of the end of 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
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendment to IFRS 15 "Clarifications of IFRS 15"	January 1, 2018
Amendment to IAS 7 "Disclosure Initiative"	January 1, 2017

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

New, Revised or Amended Standards and Interpretations	Effective date per IASB
Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IFRS 4 "Insurance Contracts" ("Applying IFRS 9 Financial Instruments and IFRS 4 Insurance Contracts")	January 1, 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle:	
IFRS 12 "Disclosure of Interests in Other Entities"	January 1, 2017
IFRS 1 "First-time Adoption of International Financial Reporting Standards" and IAS 28 "Investments in Associates and Joint Ventures"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018
Amendments to IAS 40 Investment Property	January 1, 2018

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.

Issuance / Release Dates	Standards or Interpretations	Content of amendment
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.
January 13, 2016	IFRS 16 "Leases"	The new standard of accounting for lease 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.

(Continued)

(4) Summary of significant accounting policies:

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

(a) 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 interim consolidated financial statements have been prepared in accordance with the revised Regulations Governing the Preparation of Financial Reports by Securities Issuers in the Republic of China (hereinafter referred to 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 and released to be effective by the FSC (hereinafter referred to as "IFRS endorsed by the FSC").

The significant accounting policies adopted in the consolidated interim financial statements are the same as those disclosed in the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2016.

(b) 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, 2016. Please refer to Note 4(c) to the consolidated financial statements for the year ended December 31, 2016, for related information. A list of subsidiaries included in the consolidated financial statements.

			Shareholding ratio		
Investor	**Subsidiary**	**Nature of business**	**March 31, 2017**	**December 31, 2016**	**March 31, 2016**
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 %

(Continued)

			Shareholding ratio		
Investor	**Subsidiary**	**Nature of business**	**March 31, 2017**	**December 31, 2016**	**March 31, 2016**
Worldco International Co., Ltd	Worldco Biotech (Chengdu) Pharmaceutical Co., Ltd.	Selling Western medicine	100.00 %	100.00 %	100.00 %

(c) 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.

(d) 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 the Regulations and IFRSs (in accordance with IAS 34 "Interim Financial Reporting" and endorsed by the FSC) requires management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2016. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2016.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		March 31, 2017	December 31, 2016	March 31, 2016
Cash on hand	$	6,198	4,155	9,756
Cash in banks		1,678,878	1,687,420	1,226,546
Time deposits		771,774	417,138	689,868
	$	2,456,850	2,108,713	1,926,170

(i) The above cash and cash equivalents were not pledged as collateral.

(ii) Time deposits which do not meet the definition of cash equivalents are accounted for under other financial assets—current and noncurrent.

(iii) Refer to Note 6(u) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Investment in financial assets

		March 31, 2017	December 31, 2016	March 31, 2016
Available-for-sale financial assets－noncurrent:				
Stocks listed on domestic markets －Lumosa Therapeutics Co., Ltd.	$	248,240	256,650	424,618
Stocks emerged on domestic markets －Pharmira Laboratories, Inc.		269,955	282,555	-
Financial assets carried at cost－current and noncurrent:				
Stock of unlisted on domestic markets －Pharmira Laboratories, Inc.		-	-	52,500
	$	518,195	539,205	477,118

(i) 31.82% of Pharmira Laboratories, Inc. owned by TSH Biopharm Co., Ltd. was accounted for using the equity method. Pharmira Laboratories, Inc. was launched cash capital increase in February 2016, the Group's shareholding ratio in Pharmira Laboratories, Inc. was reduced to 5.93%, resulting in the Group's lost in its significant influence over the investments. 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. Pharmira Laboratories, Inc. shares were listed on the emerging market December 28, 2016, so the investments were reclassified from financial assets carried at cost to available-for-sale financial assets. Please refer to Note 6(e) and 6(f) details.

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

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

(iii) Please refer to Note 6(t) for gains on disposal of the investments in Lumosa Therapeutics Co., Ltd. of $50,475.

(iv) As of March 31, 2017 and 2016, the aforesaid financial assets were not pledged as collateral.

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

	For the three months ended March 31			
	2017		2016	
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%	$ 51,820	-	42,462	-
Decrease by 10%	$ (51,820)	-	(42,462)	-

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

	March 31, 2017	December 31, 2016	March 31, 2016
Notes receivables	$ 55,265	62,278	60,838
Accounts receivables	767,383	835,380	796,229
Other receivables	50,107	46,309	35,438
Less: Allowance for impairment	(33,339)	(38,339)	(46,807)
	$ 839,416	905,628	845,698

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

	March 31, 2017	December 31, 2016	March 31, 2016
Past due less than 90 days	$ 2,335	2,783	1,033
Past due 91-180 days	32	1,487	165
Past due 181-365 days	2	10	99
Past due more than 365 days	-	-	164
	$ 2,369	4,280	1,461

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

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, 2017	$ 20,394	17,945	38,339
Reversal of impairment loss	-	(5,000)	(5,000)
Balance as of March 31, 2017	$ 20,394	12,945	33,339
Balance as of January 1, 2016	$ 20,539	31,268	51,807
Reversal of impairment loss	-	(5,000)	(5,000)
Balance as of March 31, 2016	$ 20,539	26,268	46,807

(i) 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 which have more than 180 days past due was 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.

(ii) As of March 31, 2017 and 2016, notes receivable and accounts receivable were not pledged as collateral.

(d) Inventories

	March 31, 2017	December 31, 2016	March 31, 2016
Merchandise	$ 148,313	151,452	90,061
Finished goods	117,448	114,986	109,121
Work in process	125,187	102,487	115,433
Raw materials	210,250	207,832	208,794
Materials	34,037	31,064	38,700
Subtotal	635,235	607,821	562,109
Goods in transit	18,732	16,689	1,403
Total	653,967	624,510	563,512
Less: Allowance for inventory market decline and obsolescence	(58,904)	(58,827)	(24,886)
Net amount	$ 595,063	565,683	538,626

(Continued)

The cost of inventories recognized as cost of goods sold and expense for the years ended March 31, 2017 and 2016, amounted to $298,104 and $269,378, respectively. The main item was the costs arising from selling goods. For the three months ended March 31, 2017 and 2016, the inventory write-down to net realizable value was recognized as an increase in cost of goods sold of $ 77 and $4,250, respectively.

As of March 31, 2017 and 2016, the aforesaid inventories were not pledged as collateral.

(e) Noncurrent assets classified as held for sale

On October 20, 2015, the Board of directors meeting resolved to sold half of its ownership of Pharmira Laboratiories, Inc. totaling 2,625 thousand shares, and signed a share sales agreement on December 7, 2015. The book value of these investments amounted to $27,791 for the years ended December 31, 2015. The aforesaid investments which were previously classified as held for sale were reclassified to noncurrent assets. The investment was sold in June 2016. Please refer to Notes 6(b) and 6(f) for details.

(f) Investments accounted for using equity method

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

	March 31, 2017	December 31, 2016	March 31, 2016
Associates	$ 982,426	1,007,758	846,329

(i) Associates

1) As of March 31, 2017, December 31, 2016 and March 31, 2016, the carrying value of associates which had a quoted market price amounted to $764,484, $792,619 and $604,854, respectively, while fair value amounted to $5,084,484, $4,545,226 and $4,885,916, respectively.

2) Chuang Yi Biotech Co., Ltd.' s shares were listed on the emerging market in January 2016. For the years ended December 31, 2016, Chuang Yi Biotech Co., Ltd. launched a cash capital increase. The Group invested $25,059 for 626,425 shares in 2016, resulting in a decrease in ratio from 27.84% to 27.54%. As the Group did not subscribe in proportion to the shareholding ratio for the year ended December 31, 2016, such increase was credited to capital surplus of $2,068.

3) In the three months ended March 31, 2017 and 2016, PharmaEngine, Inc. amortized stock compensation cost, exercised employee stock options, and repurchased treasury shares, which led to a change in the shareholding ratio, and such change was credited to capital surplus of $2,303 and $2,808, respectively. As the Group did not subscribe in proportion to the shareholding ratio for the three months ended March 31, 2017 and 2016, such ratio decreased from 19.30% to 19.28% and 19.32% to 19.30%, respectively.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(ii) Associates that had materiality were as follows:

Associate	Nature of relationship	Country of registration	Equity ownership March 31, 2017	December 31, 2016	March 31, 2016
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	19.28 %	19.30 %	19.30 %

1) Summary financial information on significant associates

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

a) Summary financial information on PharmaEngine, Inc.

	March 31, 2017	December 31, 2016	March 31, 2016
Current assets	$ 3,794,190	3,935,733	3,118,196
Noncurrent assets	36,385	23,528	81,228
Current liabilities	(141,544)	(150,038)	(55,149)
Noncurrent liabilities	-	(10,445)	(9,645)
Net assets	$ 3,689,031	3,798,778	3,134,630
Net assets attributable to non-controlling interests	$ 711,423	733,329	604,854
Net assets attributable to investee owners	$ 2,977,608	3,065,449	2,529,776

	For the three months ended March 31 2017	2016
Revenue	$ 10,950	1,586
Profit for the period	$ (125,515)	(42,995)
Other comprehensive income	(25)	(28)
Comprehensive income	$ (125,540)	(43,023)
Comprehensive income attributable to investee owners	$ (125,540)	(43,023)

	For the three months ended March 31	
	2017	2016
Net assets attributable to the Group, beginning balance	$ 733,329	610,352
Comprehensive income attributable to the Group	(24,209)	(8,306)
Recognition of capital surplus due to change in associates	2,303	2,808
Assets attributable to the Group, ending balance	711,423	604,854
Carrying amount of interest in associates, ending balance	$ 711,423	604,854

2) Summary financial information on individually insignificant associates

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

	March 31, 2017	December 31, 2016	March 31, 2016
Carrying amount of interest in individually insignificant associates	$ 271,003	274,429	241,475

	For the three months ended March 31	
	2017	2016
Attributable to the Group:		
Profit for the period	$ 6,257	6,737
Other comprehensive income (loss)	(387)	248
Comprehensive income	$ 5,870	6,985

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.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(iii) Collateral

As of March 31, 2017, December 31, 2016, and March 31, 2016, the investments in the aforesaid equity-accounted investees were not pledged as collateral.

(g) Property, plant and equipment

		Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Carrying amounts:									
Balance on January 1, 2017	$	816,169	1,068,263	424,452	1,937	143,523	4,274	126,957	2,585,575
Balance on March 31, 2017	$	816,169	1,055,154	414,156	1,885	137,383	4,103	137,306	2,566,156
Balance on January 1, 2016	$	816,169	610,073	195,434	2,533	120,983	4,237	546,098	2,295,527
Balance on March 31, 2016	$	816,169	603,351	188,354	2,434	116,332	4,094	546,098	2,276,832

(i) For the three months ended March 31, 2017 and 2016, there were no significant additions, disposals, or recognition and reversal of impairment losses of investment property. Please refer to Note 12(a) for details on depreciation on property, plant and equipment and to Note 6(h) of the consolidated financial statements for the year ended December 31, 2016 for other related information.

(ii) Collateral

As of March 31, 2017, December 31, 2016, and March 31, 2016, the property, plant and equipment were not pledged as collateral.

(iii) Property, plant and equipment under construction

New plant is already under construction. As of the reporting date, expenditures incurred amounted to $137,306, including capitalized loan cost.

(h) Investment property

		Land	Building and construction	Total
Carrying amount:				
Balance on January 1, 2017	$	69,152	8,847	77,999
Balance on March 31, 2017	$	69,152	8,759	77,911
Balance on January 1, 2016	$	69,152	9,202	78,354
Balance on March 31, 2016	$	69,152	9,114	78,266

(i) For the three months ended March 31, 2017 and 2016, there were no significant additions, disposals, or recognition and reversal of impairment losses of investment property. Please refer to Note 12(a) for details on depreciation on investment property and to Note 6(i) of the consolidated financial statements for the year ended December 31, 2016, for other related information.

(ii) There was no significant difference in the fair value of investment property of the Group compared to the fair value disclosed in Note 6(i) to the consolidated financial statements for the year ended December 31, 2016.

(iii) As of March 31, 2017 and December 31, 2016, the Group's investment properties were not pledged as collateral. The Group's investment properties were pledged as collateral for the years ended March 31, 2016. Please refer to Note 8 for details.

(i) Intangible assets

The components of the costs of intangible assets, amortization, and impairment loss thereon for the three months ended March 31, 2017 and 2016, were as follows:

	Computer software	Patent and franchise	Total
Carrying amount:			
Balance on January 1, 2017	$ 14,145	15,503	29,648
Balance on March 31, 2017	$ 13,090	14,899	27,989
Balance on January 1, 2016	$ 18,636	32,144	50,780
Balance on March 31, 2016	$ 17,526	28,821	46,347

For the three months ended March 31, 2017 and 2016, there were no significant additions, disposals, or recognition and reversal of impairment losses of intangible assets. Please refer to Note 12(a) for details on impairment and to Note 6(j) of the consolidated financial statements for the year ended December 31, 2016 for other related information.

As of March 31, 2017, December 31, 2016, and March 31, 2016 the aforementioned intangible assets were not pledged as collateral.

(j) Short-term loans

	March 31, 2017	December 31, 2016	March 31, 2016
Secured bank loans	$ 1,149,000	1,249,010	1,200,000
Unused credit line	$ 1,651,000	1,455,990	1,635,000
Range of interests rates	1.00%~1.03%	0.85%~1.05%	1.01%~1.12%

(i) For the three months ended March 31, 2017 and 2016, the Group increased its short-term borrowings by $1,270,000 and $500,000, respectively, with an interest rate of 1%~1.2% and 1.07%~1.15%, respectively, and the repayments of short-term borrowings amounted to $1,370,000 and $500,000, respectively. Please refer to Note 6(s) for details on interest expenses and to Note 6(l) of consolidated financial statements for the year ended December 31, 2016, for other related information.

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

(k) Long-term loans

	March 31, 2017	December 31, 2016	March 31, 2016
Unsecured bank loans	$ 830,000	830,000	400,000
Less: Current portion	(200,000)	(200,000)	(200,000)
	$ 630,000	630,000	200,000
Unused credit line	$ -	-	300,000
Range of interest rate	1.15%~1.298%	1.135%~1.298%	1.19%~1.33%

(i) There were no significant issues, repurchases and repayments of long-term borrowings for the three months ended March 31, 2017 and 2016. Please refer to Note 6(s) for information on interest expense. Please refer to Note 6(t) of the consolidated financial statements for the year ended December 31, 2016 for other related information.

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

(l) Operating lease

(i) Leases as lessee

Non-cancellable operating lease rentals payable were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Less than one year	$ 3,148	3,710	6,309
Between one and five years	7,792	8,530	23
	$ 10,940	12,240	6,332

(ii) Leases as lessor

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

	March 31, 2017	December 31, 2016	March 31, 2016
Less than one year	$ 11,183	7,894	8,504
Between one and five years	20,701	20,099	3,910
More than five years	-	110	-
	$ 31,884	28,103	12,414

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(m) Employee benefits

(i) 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, 2016 and 2015.

The Group's pension expenses recognized in profit or loss for the three months ended March 31, 2017 and 2016, were as follows:

	For the three months ended March 31	
	2017	2016
Operating costs	$ 164	191
Selling expenses	118	98
Administrative expenses	66	45
Research and development expenses	80	79
	$ 428	413

(ii) Defined contribution plans

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

	For the three months ended March 31	
	2017	2016
Operating costs	$ 1,991	1,851
Selling expenses	1,923	1,483
Administrative expenses	1,127	1,038
Research and development expenses	1,230	1,183
	$ 6,271	5,555

(n) Taxes

(i) Income tax expense

The components of income tax expense for the three months ended March 31, 2017 and 2016, were as follows:

	For the three months ended March 31	
	2017	2016
Current income tax expense		
Current period incurred	$ 43,801	59,431

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(ii) Status of approval of income tax

The Company's income tax returns through 2014 have been examined and approved by the Tax Authority.

(iii) Stockholders' imputation tax credit account and tax rate

	March 31, 2017	December 31, 2016	March 31, 2016
Unappropriated earnings of 1998 and after	$ 1,709,011	1,487,805	1,568,784
Balance of imputation credit account	$ 110,856	110,856	54,959

	For the three months ended March 31	
	2016 (Estimated)	2015 (Actual)
Creditable ratio for earnings distribution to R.O.C. residents	19.15 %	12.93 %

The above stated information was prepared in accordance with information letter No. 10204562810 issued by the Taxation Administration, Ministry of Finance, R.O.C., on October 17, 2013.

(o) Capital and other equity

There were no significant changes in capital and reserves for the three months ended March 31, 2017 and 2016. Please refer to Note 6(p) to the consolidated financial statements for the year ended December 31, 2016, for other related information.

(i) Capital surplus

The components of capital surplus were as follows:

	March 31, 2017	December 31, 2016	March 31, 2016
Share capital	$ 484	484	484
Long-term investment	407,187	404,884	376,309
	$ 407,671	405,368	376,793

According to the R.O.C. Company Act amended in 2012, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. According to the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, capital increases by transferring paid-in capital in excess of par value should not exceed 10% of the total common stock outstanding.

(ii) Retained earnings

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall 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 dividend payment has to be 10% of the distribution.

1) Legal reserve

In accordance with the Company Act amended in 2012, 10 percent of net income is set aside as legal reserve until it is equal to share capital. If the Company earned a profit for the year, the meeting of shareholders decides on the distribution of the statutory earnings reserve either by issuing new shares or by paying cash, and the distribution is limited to the portion of legal reserve which exceeds 25% of the actual share capital.

2) 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 FSC on April 6, 2012, a special reserve was appropriated from the undistributed earnings equivalent to the debit 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 debit balance reverses. As of March 31, 2017 and 2016, the special reserve appropriated from the undistributed earnings amounted to $110,154 and $110,154, respectively.

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

(Continued)

3) Earnings distribution

On March 10, 2017, the Company's board of directors resolved to appropriate the 2016 earnings. On June 24, 2016, the shareholders' meetings resolved to distribute the 2015 earnings. These earnings were distributed as dividends as follows:

	2016		2015	
	Amount per share (dollars)	**Amount**	**Amount per share (dollars)**	**Amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 3.80	944,870	3.50	870,275

(iii) Other equity accounts (net of tax)

	Exchange differences on translation of foreign financial statements	Available-for-sale investments	Total
Balance, January 1, 2017	$ (2,362)	287,450	285,088
Exchange differences on translation of foreign operations	(105,986)	-	(105,986)
Share of exchange differences of subsidiaries and associates accounted for using equity method	(51)	-	(51)
Unrealized gains (losses) on available-for-sale financial assets	-	(12,876)	(12,876)
Unrealized gains (losses) on available-for-sale financial assets of associates accounted for using equity method	-	5,416	5,416
Balance, March 31, 2017	$ (108,399)	279,990	171,591
Balance, January 1, 2016	$ 16,160	343,851	360,011
Exchange differences on translation of foreign operations	(895)	-	(895)
Unrealized gains (losses) on available-for-sale financial assets	-	(77,888)	(77,888)
Balance, March 31, 2016	$ 15,265	265,963	281,228

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(iv) Non-controlling interests

	For the three months ended March 31	
	2017	2016
Balance, January 1	$ 631,784	593,649
Attributable to non-controlling interests:		
Profit for the period	5,144	24,547
Foreign currency translation differences-foreign operations	(20)	(1)
Unrealized loss on available-for-sale financial assets	(8,133)	(46,726)
Balance, March 31	$ 628,775	571,469

(p) Earnings per share

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

	For the three months ended March 31	
	2017	2016
Basic earnings per share		
Profit attributable to ordinary shareholders	$ 221,206	280,644
Weighted-average number of ordinary shares	248,650	248,650
	$ 0.89	1.13
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	$ 221,206	280,644
Weighted-average number of ordinary shares	248,650	248,650
Employee stock bonus	179	247
Weighted-average number of ordinary shares (diluted)	248,829	248,897
	$ 0.89	1.13

(q) Revenue

	For the three months ended March 31	
	2017	2016
Sale of goods	$ 935,059	895,116
Rendering of service	11,347	17,488
	$ 946,406	912,604

(r) Remuneration for employees, and directors and supervisors

Based on the Company' s amended articles of incorporation remuneration for employees, and directors and supervisors is appropriated at the rate of 1% to 8% and no more than 2%, respectively, of profit before tax. The Company should offset prior years' accumulated deficit before any appropriation of profit. Employees of subsidiaries may also be entitled to the employee remuneration of the Company, which can be settled in the form of cash or stock.

For the three months ended March 31, 2017 and 2016, remuneration of employees of $3,730 and $5,080, respectively, and of directors and supervisors of $2,487 and $5,080, 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 three months ended March 31, 2017. These benefits were charged to profit or loss under operating expenses for the three months ended March 31, 2017. 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, 2016, the remuneration of employees and of directors and supervisors amounted to $22,048 and $15,786, respectively. The proposed amounts did not differ from those accrued in the financial statements for the year ended December 31, 2016. Related information on remuneration of employees and of directors and supervisors can be accessed from the Market Observation Post System web site.

(s) Non-operating income and expenses

(i) Other income

	For the three months ended March 31	
	2017	**2016**
Interest income	$ 4,671	1,546
Rental income	3,122	2,928
	$ 7,793	4,474

(ii) Other gains and losses

	For the three months ended March 31	
	2017	**2016**
Foreign exchange loss	$ (32,282)	(33,578)
Gain on disposal of investment	-	47,373
Losses on disposal of property, plant and equipment	(34)	(3)
Gain on reversal of uncollectable account	5,000	5,000
Other	11,437	30,997
	$ (15,879)	49,789

(Continued)

(iii) Finance costs

	For the three months ended March 31	
	2017	2016
Interest expenses	$ 5,937	5,554

(t) Reclassification of other comprehensive income

	For the three months ended March 31	
	2017	2016
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method:		
Profit (loss) for the year	$ 5,365	-
Net profit (loss) recognized in other comprehensive income	$ 5,365	-
Net fair value change in available-for-sale financial assets recognized:		
Other comprehensive income	$ (21,009)	(74,140)
Profit or loss	-	(50,475)
Net change in fair value recognized in other comprehensive income	$ (21,009)	(124,615)

(u) Financial instruments

Except for the contention mentioned below, there was no significant change in the fair value of the Group's financial instruments and degree of exposure to credit risk, liquidity risk and market risk arising from financial instruments. For the related information, please refer to note 6(v) of the consolidated financial statements for the year ended December 31, 2016.

(i) 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	2-3 years	4-5 years
March 31, 2017					
Non-derivative financial liabilities					
Unsecured bank loans	$ 1,979,000	2,000,586	1,365,115	635,471	-
Non-interest-bearing liabilities (including related parties)	446,034	446,034	446,034	-	-
	$ 2,425,034	2,446,620	1,811,149	635,471	-

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

	Carrying amount	Contractual cash flows	Within 1 year	2-3 years	4-5 years
December 31, 2016					
Non-derivative financial liabilities					
Unsecured bank loans	$ 2,079,010	2,105,184	1,467,918	637,266	-
Non-interest-bearing liabilities (including related parties)	584,572	584,572	584,572	-	-
	$ 2,663,582	2,689,756	2,052,490	637,266	-
March 31, 2016					
Non-derivative financial liabilities					
Unsecured bank loans	$ 1,600,000	1,617,255	1,415,507	201,748	-
Non-interest-bearing liabilities (including related parties)	551,581	551,581	551,581	-	-
	$ 2,151,581	2,168,836	1,967,088	201,748	-

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

(ii) Currency risk

1) Exposure to currency risk

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

	March 31, 2017			December 31, 2016			March 31, 2016		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets									
Monetary items									
USD	$ 29,060	30.33	881,404	57,608	32.25	1,857,851	63,877	32.19	2,055,891
CNY	4,741	4.41	20,893	5,275	4.62	24,353	5,999	4.97	29,825
JPY	18,807	0.27	5,102	66,488	0.28	18,324	56,025	0.29	16,040
PHP	13,945	0.62	8,673	16,532	0.67	11,050	11,481	0.72	8,226
EUR	3,543	32.43	114,905	3,350	33.90	113,567	173	36.51	6,334
Nonmonetary items									
USD	47,038	30.33	1,426,649	750	32.25	24,173	657	32.19	21,153
CNY	53,366	4.41	235,183	52,206	4.62	241,037	50,152	4.97	249,356
THB	228,476	0.89	202,407	216,982	0.91	196,368	206,708	0.91	187,071
Financial liabilities									
Monetary items									
PHP	7,535	0.62	4,672	7,219	0.67	4,825	10,842	0.72	7,769

2) 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, accounts receivable, loans and accounts payable that are denominated in foreign currency. Net investments in a foreign operation are strategic investments, so the Group does not treat them as a hedge.

A 1% of appreciation of each major foreign currency against the Group's functional currency as of March 31, 2017 and 2016, would have increased or decreased the after-tax net income by $23,992 and $21,299, respectively. The analysis is performed on the same basis for both periods.

3) Gains or losses on monetary item

As the Group deals in diverse foreign currencies, gains or losses on foreign exchange are summarized as a single amount. For the three months ended March 31, 2017 and 2016, the foreign exchange loss, including both realized and unrealized, amounted to $32,282 and $33,578, respectively.

(iii) Fair value of financial instruments

1) Categories of financial instruments

The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and for equity investments that has no quoted prices in the active markets and whose fair value cannot be reliably measured, disclosure of fair value information is not required:

	March 31, 2017				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	$ 518,195	518,195	-	-	518,195
Loans and receivables					
Cash and cash equivalents	2,456,850	-	-	-	-
Notes receivable and accounts receivable (including related party)	789,309	-	-	-	-
Other receivables (including related party)	50,107	-	-	-	-
Other financial assets	800,490	-	-	-	-
Cash surrender value of life insurance	5,198	-	-	-	-
Refundable deposits	25,922	-	-	-	-
Total	$ 4,646,071	518,195	-	-	518,195

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

	March 31, 2017				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bank loans	$ 1,979,000	-	-	-	-
Notes payable and accounts payable (including related party)	73,306	-	-	-	-
Other payables (including related party)	372,728	-	-	-	-
Guarantee deposit received	10,437	-	-	-	-
Total	$ 2,435,471	-	-	-	-

	December 31, 2016				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	$ 539,205	539,205	-	-	539,205
Loans and receivables					
Cash and cash equivalents	2,108,713	-	-	-	-
Notes receivable and accounts receivable (including related party)	859,319	-	-	-	-
Other receivables (including related party)	46,309	-	-	-	-
Other financial assets	1,184,002	-	-	-	-
Cash surrender value of life insurance	5,198	-	-	-	-
Refundable deposits	24,001	-	-	-	-
Total	$ 4,766,747	539,205	-	-	539,205
Financial liabilities measured at amortized cost					
Bank loans	$ 2,079,010	-	-	-	-
Notes payable and accounts payable (including related party)	101,243	-	-	-	-
Other payables (including related party)	483,329	-	-	-	-
Guarantee deposit received	9,985	-	-	-	-
Total	$ 2,673,567	-	-	-	-

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

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

2) 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:

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

b) 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).

c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

4) 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 OTC 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.

5) Transfer between levels

There was no change in valuation techniques for financial instruments measured at fair value for the three months ended in March 31, 2017 and 2016, so there was no transfer between levels.

(v) Financial risk management

There were no significant changes in the Group' s financial risk management and policies as disclosed in Note 6(w) to the consolidated financial statements for the year ended December 31, 2016.

(w) 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, 2016. 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, 2016. Please refer to Note 6(x) to the consolidated financial statements for the year ended December 31, 2016, for other related information.

(7) Related-party transactions:

(a) Ultimate parent company

The Company is the ultimate parent company.

(b) Names and relationship with related parties

The followings are related parties that have had transactions during the periods in the consolidated financial statements.

Name of related party	Relationship with the Group
American Taiwan Biopharm (Thailand)	An associate
Chuang Yi Biotech Co., Ltd.	An associate
Pharmira Laboratories, Inc.	An associate (Note A)
TOT Biopharm Co., Ltd.	The entity's director is the president of the Company (Note B)
TOT Biopharm International Co., Ltd.	The entity's director is the president of the Company (Note B)
Lumosa Therapeutics Co., Ltd.	The entity's director is the president of the Company (Note B)
Center Laboratories, Inc.	The entity's director is the president of the Company (Note B)
TPG Biologics, Inc.	The entity's director is the president of the Company (Note B)
Mycenax Biotech Inc.	The entity's director is the president of the Company (Note B)
Shengbang Pharmaceutical Technology Co., Ltd.	The entity's director is the president of the Company (Note B)

Note A: The Group did not subscribe in the cash capital increase of the entity. Therefore, the Group lost its significant influence in February 2016.

Note B: The entity was no longer a related party of the Group since June 24, 2016 due to its newly elected board of directors.

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(c) Significant transactions with related parties

(i) Operating revenue

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

		For the three months ended March 31	
		2017	**2016**
Associates	$	22,472	12,623
Other related parties		-	2,107
	$	22,472	14,730

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

2) 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.

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

(ii) Service revenue

			For the three months ended March 31	
Recognized item	**Category**		**2017**	**2016**
Service revenue	Other related parties —Lumosa Therapeutics Co., Ltd.	$	-	2,000
	Other related parties		-	407
		$	-	2,407

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

(iii) Purchase of goods from related parties

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

			For the three months ended March 31	
Recognized item	**Category**		**2017**	**2016**
Purchases	Other related parties —Center Laboratories, Inc.	$	-	11,550

(Continued)

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

(iv) Rental revenue

		For the three months ended March 31	
Recognized item	**Category**	**2017**	**2016**
Rental revenue	Associates —Chuang Yi Biotech Co., Ltd.	$ 783	448
	Other related parties	-	172
		$ 783	620

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

(v) Rent expense

		For the three months ended March 31	
Recognized item	**Category**	**2017**	**2016**
Rental expense	Other related parties —TPG Biologics, Inc.	$ -	662

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

(vi) Other income

		For the three months ended March 31	
Recognized item	**Category**	**2017**	**2016**
Other income	Associates —American Taiwan Biopharm	$ 2,498	1,868
Other interest	Associates	252	252
	Other related parties —TOT Biopharm International Co., Ltd.	-	25,350
		$ 2,750	27,470

1) Based on management services agreements, associates pay the Company for development in the pharmaceutical industry or registration of pharmaceutical products.

2) The credit term for revenue from development in the pharmaceutical industry or registration of pharmaceutical products is three months.

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(vii) Operating expense

Recognized item	Category	For the three months ended March 31 2017	2016
Research expense	Other related parties —Mycenax Biotech Inc.	$ -	3,081

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

(d) Assets and liabilities with related parties

Recognized item	Category	March 31, 2017	December 31, 2016	March 31, 2016
Notes receivable	Other related parties	$ -	-	10
Accounts receivable	Associates	$ 22,540	13,668	21,656
	Other related parties	-	-	789
		$ 22,540	13,668	22,445
Other receivables	Associates	$ 448	1,573	1,231
	Other related parties—TOT Biopharm Co., Ltd.	14,411	14,411	14,411
	Other related parties	2,695	2,715	2,715
		$ 17,554	18,699	18,357
Refundable deposit paid	Other related parties —Center Laboratories, Inc.	$ -	-	4,126
	Other related parties	582	582	582
		$ 582	582	4,708
Accounts payable	Other related parties	$ -	-	7,284
Other payables	Other related parties	$ 6,150	6,150	5,315

(e) Key management personnel compensation

	For the three months ended March 31 2017	2016
Salaries and other short-term employee benefits	$ 21,218	16,903
Post-employment benefits	239	249
	$ 21,457	17,152

(Continued)

(8) Pledged assets:

Asset	Purpose of pledge		March 31, 2017	December 31, 2016	March 31, 2016
Investment property	Bank loans, letters of credit	$	-	-	60,812
Other financial asset—current	Grants for research and development project		-	635	2
Other financial asset—noncurrent	Provisional guarantee		120,010	120,010	120,010
		$	120,010	120,645	180,824

(9) Commitments and contingencies:

(a) The Group signed an agreement with Taiwan Liposome Company, Ltd. for Liposome research in October 1997. The Group obtained an exclusive license to produce and sell in 2001, and paid the royalty by a certain proportion of pre-tax net sales. The payment based on such agreement amounted to $10,227 and $10,355 for the three months ended March 31, 2017 and 2016, respectively.

(b) Due to the purchase of equipment, construction engineering, and entrusted research, the total price of unfinished contracts amounted to $691,695, $678,455 and $937,623, and the unpaid amount was $335,460, $320,534 and $206,563 as of March 31, 2017, December 31, 2016, and March 31, 2016, respectively.

(c) As of March 31, 2017, December 31, 2016, and March 31, 2016, performance bonds from financial institutions for the sale of medicine amounted to $16,693, $17,659 and $30,865, respectively.

(d) In June 2015, the Taipei District Prosecutors Office filed a lawsuit against the ex-chairman of the Company, Rong-Jin Lin, for the offense of breach of trust under the Securities and Exchange Act. This lawsuit is being heard by the Taipei District Court. The Company cannot predict the result of the lawsuit.

(e) 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.

(f) 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.

(g) 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.

(h) 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:

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

	For the three months ended March 31					
	2017			2016		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	$ 47,847	132,826	180,673	46,279	117,705	163,984
Health and labor insurance	4,232	8,533	12,765	3,835	7,461	11,296
Pension	2,155	4,544	6,699	2,042	3,926	5,968
Others	2,268	12,650	14,918	3,897	15,980	19,877
Depreciation	25,733	7,754	33,487	14,312	9,457	23,769
Amortization	87	1,969	2,056	365	4,457	4,822

(b) Seasonality of operations:

The operations are not affected by seasonal factors or cyclical factors.

(c) Others

(i) The Group donated $15,604 and $14,931 to related medical foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage in the three months ended March 31, 2017 and 2016, respectively.

(ii) 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 $22,498 had been received, and the actual expenditure amounted to $22,498, as of March 31, 2017.

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Consolidated Interim Financial Statements

(13) Other disclosures:

(a) 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:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period (Note 4)	Ending balance (Note 5)	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (Note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
													Item	Value		
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd.	Receivables from related parties	Yes	51,561 USD 1,700	51,561 USD 1,700	51,561 USD 1,700	0.5%	2	-	Operating capital	-	-	-	241,037 CNY 52,206	241,037 CNY 52,206
1	Worldco International Co., Ltd.	The Company	Receivables from related parties	Yes	75,825 USD 2,500	75,825 USD 2,500	-	0.9%	2	-	Operating capital	-	-	-	96,415 CNY 20,882	96,415 CNY 20,882
2	Xudong Haipu International Co., Ltd.	The Company	Receivables from related parties	Yes	515,610 USD 17,000	515,610 USD 17,000	-	0.9%	2	-	Operating capital	-		-	599,322	599,322

The exchange rate of USD to NTD as of the reporting date is 1:30.33, and the average exchange rate of USD to NTD as of the reporting date is 1:31.095.

The exchange rate of CNY to NTD as of the reporting date is 1:4.407, and the average exchange rate of CNY to NTD as of the reporting date is 1:4.523.

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Consolidated Interim Financial Statements

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

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

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

Note 4): The highest balance of financing to other parties as of March 31, 2017.

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.

(ii) Guarantees and endorsements for other parties:None

(iii) Securities held as of March 31, 2017 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Lumosa Therapeutics Co., Ltd.	Note	Available-for-sale financial assets -- noncurrent	1,600	68,480	1.70 %	68,480	
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd.	Note	〃	4,200	179,760	4.46 %	179,760	
〃	Pharmira Laboratories, Inc.	-	〃	2,625	269,955	2.51 %	269,955	

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

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Consolidated Interim Financial Statements

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock:None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock:None

(ix) Trading in derivative instruments:None

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

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	Worldco International Co., Ltd.	1	Other receivables	25,463	By contract	0.28%
0	〃	〃	1	Commission revenue	12,012		1.27%
0	〃	〃	1	Other payables	8,125	〃	0.09%
0	〃	TSH Biopharm Co., Ltd.	1	Sale	21,885	〃	2.31%
0	〃	〃	1	Other receivables	1,747	〃	0.02%
0	〃	〃	1	Rental revenue	1,040	〃	0.11%
0	〃	〃	1	Other income	1,152	〃	0.12%
0	〃	〃	1	Accounts receivable	8,423	〃	0.09%
0	〃	American Taiwan Biopharma Phils Inc.	1	Accounts receivable	4,927	〃	0.05%
0	〃	〃	1	Other receivables	6,158	〃	0.07%
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd.	1	Other receivables	51,561	〃	0.56%
1	〃	〃	1	Other payables	8,929	〃	0.10%
1	〃	Worldco Biotech (Chengdu) Pharmaceutical Ltd.	2	Other receivables	24,679	〃	0.27%

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Consolidated Interim Financial Statements

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 less than NT$1,000 thousand were not disclosed.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2017 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of March 31, 2017			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2017	December 31, 2016	Shares (thousands)	Percentage of ownership	Carrying value			
The Company	Xudong Haipu International Co., Ltd.	Cayman Is.	Investing activities	303,998	303,998	25,000	100.00 %	1,403,579	(5,663)	(5,663)	Subsidiary
〃	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	158,254	158,254	39,600	100.00 %	235,183	5,244	5,244	Subsidiary
〃	American Taiwan Biopharma Phils Inc.	Philippines	Selling chemical medicine	32,904	32,904	459	87.00 %	157	(2,748)	(2,391)	Subsidiary
〃	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48 %	815,887	12,641	7,140	Subsidiary
〃	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	371,070	371,070	23,640	19.28 %	711,423	(125,540)	(24,205)	Investments accounted for using equity method
〃	American Taiwan Biopharm	Thailand	Selling chemical medicine	2,966	2,966	380	40.00 %	196,143	12,063	4,825	Investments accounted for using equity method
〃	Gligio International Limited	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00 %	21,799	19,668	7,867	Investments accounted for using equity method
〃	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	82,059	82,059	6,326	27.54 %	53,061	(23,367)	(6,435)	Investments accounted for using equity method

(Continued)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Consolidated Interim Financial Statements

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

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, 2017	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2017	Net income (losses) of the investee	Percentage of ownership	Investment income (losses) (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Worldco Biotech Pharmaceutical Ltd.	Marketing consulting regarding chemical medicine	309,366 USD 10,200	(2)	323,433	-	-	323,433	118 CNY 26	100 %	118 CNY 26	(67,330) CNY (15,278)	-
Worldco Biotech (Chengdu) Pharmaceutical Ltd.	Selling chemical medicine	52,443 CNY 11,900	(2)	88,713 CNY 20,130	-	-	88,713 CNY 20,130	(276) CNY (61)	100 %	(276) CNY (61)	48,609 CNY 11,030	-

The exchange rate of USD to NTD as of the reporting date is 1:30.33, and the average exchange rate of USD to NTD as of the reporting date is 1:31.095.

The exchange rate of CNY to NTD as of the reporting date is 1:4.407, and the average exchange rate of CNY to NTD as of the reporting date is 1:4.523.

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.

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to Consolidated Interim Financial Statements

Note 3): The amounts are presented in New Taiwan Dollars. Recognized investment gain (loss) and the carrying value of investment as of the reporting date in foreign currencies were translated based on the average exchange rate during the reporting period and the exchange rate at the reporting date, respectively.

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 423,982	NTD1,417,260 (USD 46,728)	NTD3,293,124

(iii) Significant transactions:

Please refer to Note 7.

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
Notes to the Consolidated Interim Financial Statements

(14) Segment information:

(a) General information

The Group' s operating segments required to be disclosed are categorized as Oncology Business Unit, Health Care Unit, 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".

(b) 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:

For the Three Months Ended March 31, 2017	Oncology Business Unit	Health Care Unit	Anti-Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	China Medicine Business Unit	Other Segment	Adjustment and Elimination	Total
Revenue:								
Revenue from external customers	$ 600,552	50,582	159,180	113,915	18,875	3,302	-	946,406
Intersegment revenues	33,965	-	-	-	-	-	(33,965)	-
Total revenue	$ 634,517	50,582	159,180	113,915	18,875	3,302	(33,965)	946,406
Reportable segment profit or loss	$ 184,847	15,310	62,267	15,224	419	(2,748)	(5,168)	270,151
Assets:								
For the Three Months Ended March 31, 2016								
Revenue:								
Revenue from external customers	$ 593,701	53,243	112,121	121,498	27,833	4,208	-	912,604
Intersegment revenues	39,867	3,128	-	-	-	-	(42,995)	-
Total revenue	$ 633,568	56,371	112,121	121,498	27,833	4,208	(42,995)	912,604
Reportable segment profit or loss	$ 261,750	22,129	48,385	63,889	(31,586)	529	(474)	364,622
Assets:								
Reportable segment assets								
Balance on March 31, 2017	$ 7,870,688	387,294	218,425	1,544,708	1,671,752	13,178	(2,508,996)	9,197,049
Balance on December 31, 2016	$ 7,791,524	553,953	206,643	1,567,234	1,760,966	17,802	(2,607,817)	9,290,305
Balance on March 31, 2016	$ 7,642,058	453,444	202,755	1,407,845	1,768,653	15,970	(2,919,437)	8,571,288