Stock Code:4105

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

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Interim Financial Statements

With Independent Auditors' Review Report For the Three Months Ended March 31, 2018 and 2017

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Table of contents

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Independent Auditors' Review Report

To the Board of Directors
TTY Biopharm Company Limited :

Introduction

We have reviewed the accompanying consolidated balance sheets of the TTY Biopharm Company Limited and its subsidiaries as of March 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month ended March 31, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards ("IASs") No. 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except as explained in the "Basis for Qualified Conclusion" paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65, "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It is substantially less in scope than an audit in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets of $271,155 thousand, constituting 2.95% of consolidated total assets and total liabilities $9,266 thousand, constituting 0.30% of consolidated total liabilities at March 31, 2017, and total comprehensive income (loss) amounting to $14,508 thousand, constituting 13.86% of consolidated total comprehensive income (loss) for the three-month ended March 31, 2017.

Furthermore, as stated in Note 6(h), the investments accounted for using equity method of the TTY Biopharm Company Limited and its subsidiaries amounting to $310,880 thousand and $271,003 thousand at March 31, 2018 and 2017, respectively, and its the related share of profit (loss) of associates accounted for using the equity method of $(2,356) thousand and $6,257 thousand for the three-month ended March 31, 2018 and 2017, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

Qualified Conclusion

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using equity method, described in the "Basis for Qualified Conclusion" paragraph, been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the TTY Biopharm Company Limited and its subsidiaries as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three-month ended March 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IASs 34, " Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

Other Matter

We did not review the financial statements of PharmaEngine Inc., which represented investment in accounted for using the equity method of the Company. Those financial statements were reviewed by another auditor, whose review report has been furnished to us, and our conclusion, insofar as it relates to the amounts included for PharmaEngine Inc., is based solely on the review report of another auditor. The investment in PharmaEngine Inc. accounted for using the equity method of $692,875 thousand and $711,423 thousand, constituting 7.51% and 7.74% of total assets at March 31, 2018 and 2017, respectively, and the related share of profit of associates accounted for using the equity method of $8,807 thousand and $24,205 thousand, constituting (2.56)% and (8.96)% of total profit before tax for the three-month ended March 31, 2018 and 2017, respectively.

The engagement partners on the review resulting in this independent auditors' review report are Kuo-Yang Tseng and Shin-Chin Chih.

KPMG

Taipei, Taiwan (Republic of China)
May 14, 2018

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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 financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' review report and the accompanying consolidated 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 independent auditors' review report and consolidated 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, 2018 and 2017

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

March 31, 2018, December 31, 2017, and March 31, 2017

(Expressed in Thousands of New Taiwan Dollars)

		March 31, 2018		December 31, 2017		March 31, 2017	
	Assets	Amount	%	Amount	%	Amount	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a) and (z))	$ 2,551,757	29	1,441,374	15	2,456,850	27
1120	Current financial assets at fair value through other comprehensive income (note 6(c) and (z))	177,240	2	-	-	-	-
1150	Notes receivable, net (note 6(e) and (z))	56,459	1	73,339	1	55,265	1
1170	Accounts receivable, net (note 6(e) and (z))	793,851	9	915,846	10	711,504	8
1180	Accounts receivable due from related parties, net (note 6(e), (z) and 7)	14,659	-	8,973	-	22,540	-
1200	Other receivables, net (note 6(f), (z) and 7)	44,115	-	73,622	1	50,107	1
130X	Inventories (note 6 (g))	635,006	7	693,713	7	595,063	6
1410	Prepayments	23,433	-	15,511	-	59,560	1
1476	Other current financial assets (note 6(a), (m) and (z))	379,578	4	1,771,755	19	674,792	7
1470	Other current assets (note 6(m))	7,263	-	2,457	-	5,473	-
		4,683,361	52	4,996,590	53	4,631,154	51
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (note 6(b) and (z))	382	-	-	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c) and (z))	191,741	2	-	-	-	-
1523	Non-current available-for-sale financial assets, net (note 6(d) and (z))	-	-	286,586	3	518,195	6
1550	Investments accounted for using equity method, net (note 6(h))	1,003,755	11	1,024,020	11	982,426	11
1600	Property, plant and equipment (note (j))	2,533,190	27	2,548,006	27	2,566,156	28
1760	Investment property, net (note 6(k))	89,064	1	89,023	1	77,911	1
1780	Intangible assets (note 6(l))	168,826	2	142,203	1	27,989	-
1840	Deferred tax assets	30,763	-	30,912	-	30,019	-
1915	Prepayments for business facilities	170,952	2	169,161	2	182,936	2
1920	Guarantee deposits paid (note 6(z))	28,321	-	28,365	-	25,922	-
1981	Cash surrender value of life insurance (note 6(z) and 7)	7,275	-	7,275	-	5,198	-
1984	Other non-current financial assets, others (note 6(a), (m), (z) and 8)	124,680	1	124,326	1	125,698	1
1990	Other non-current assets (note 6(m))	193,454	2	60,600	1	23,445	-
		4,542,403	48	4,510,477	47	4,565,895	49
	Total assets	$ 9,225,764	100	9,507,067	100	9,197,049	100

		March 31, 2018		December 31, 2017		March 31, 2017	
	Liabilities and Equity	Amount	%	Amount	%	Amount	%
	Current liabilities:						
2100	Short-term borrowings (note 6(n) and (z))	$ 1,050,000	11	1,650,000	18	1,149,000	12
2130	Contract liabilities-current (note 6(u))	26,023	-	-	-	-	-
2150	Notes payable (note 6(z))	13,309	-	37,403	-	3,373	-
2160	Notes payable to related parties (note 6(z) and 7)	19	-	22,464	-	-	-
2170	Accounts payable (note 6(z))	97,747	1	95,055	1	69,933	1
2230	Current tax liabilities	208,597	2	131,881	1	236,984	3
2200	Other payables (note 6(z) and 7)	461,438	5	496,623	5	372,728	5
2300	Other current liabilities	27,618	-	49,472	1	47,963	-
2320	Long-term liabilities, current portion (note 6(o))	300,000	3	300,000	3	200,000	2
		2,184,751	22	2,782,898	29	2,079,981	23
	Non-Current liabilities:						
2540	Long-term borrowings (note 6(o) and (z))	250,000	3	250,000	3	630,000	7
2570	Deferred tax liabilities	298,136	3	298,136	3	314,729	3
2640	Net defined benefit liability, non-current	54,339	1	54,310	1	44,587	-
2645	Guarantee deposits received (note 6(z))	6,047	-	10,086	-	10,437	-
		608,522	7	612,532	7	999,753	10
	Total liabilities	2,793,273	29	3,395,430	36	3,079,734	33
	Equity attributable to owners of parent (note 6(s)):						
	Share capital:						
3100	Capital stock	2,486,500	28	2,486,500	27	2,486,500	27
	Capital surplus:						
3200	Capital surplus	393,203	4	396,113	4	407,671	4
	Retained earnings:						
3310	Legal reserve	722,945	8	722,945	8	603,613	7
3320	Special reserve	110,154	1	110,154	1	110,154	1
3350	Unappropriated retained earnings (accumulated deficit)	2,014,534	22	1,758,633	18	1,709,011	19
3400	Other equity interest	52,470	1	22,431	-	171,591	2
	Equity attributable to the parent company:	5,779,806	64	5,496,776	58	5,488,540	60
36XX	Non-controlling interests (note 6(s))	652,685	7	614,861	6	628,775	7
	Total equity	6,432,491	71	6,111,637	64	6,117,315	67
	Total liabilities and equity	$ 9,225,764	100	9,507,067	100	9,197,049	100

See accompanying notes to financial statements.

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the three months ended March 31, 2018 and 2017

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

		For the three months ended March 31			
		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenue (note 6(u), (v) and 7)**	$ 1,040,455	100	946,406	100
5000	**Operating costs (note 6(g) and (q))**	342,465	33	298,181	32
	Gross profit	697,990	67	648,225	68
5910	Less: Unrealized profit (loss) from sales	6,516	1	6,265	1
5920	Add: Realized profit (loss) on from sales	6,346	(1)	4,132	-
	Gross profit, net	697,820	67	646,092	67
6000	**Operating expenses (note 6(q), 7 and 12):**				
6100	Selling expenses	225,584	22	198,642	21
6200	Administrative expenses	85,260	8	67,378	7
6300	Research and development expenses	76,363	7	77,950	8
6450		387,207	37	343,970	36
	Net operating income	310,613	30	302,122	31
	Non-operating income and expenses (note 6(x) and 7):				
7010	Other income	4,380	-	7,793	1
7020	Other gains and losses, net	45,582	4	(15,879)	(2)
7050	Finance costs, net	(4,981)	-	(5,937)	(1)
7070	Share of profit (loss) of associates accounted for using equity method, net (note 6(h))	(11,163)	(1)	(17,948)	(2)
		33,818	3	(31,971)	(4)
	Profit before tax	344,431	33	270,151	27
7950	Less: Income tax expense (note 6(r))	76,767	7	43,801	5
	Profit for the period	267,664	26	226,350	22
8300	**Other comprehensive income:**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	80,260	8	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
		80,260	8	-	-
8360	**Other components of other comprehensive income that may be reclassified to profit or loss**				
8361	Exchange differences on translation	(21,515)	(2)	(106,005)	(11)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(21,010)	(2)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that may be reclassified to profit or loss (note 6(u))	(2,604)	-	5,365	1
8399	Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that may be reclassified to profit or loss	(24,119)	(2)	(121,650)	(12)
8300	**Other comprehensive income, net**	56,141	6	(121,650)	(12)
	Total comprehensive income for the year	$ 323,805	32	104,700	10
	Profit attributable to:				
	Owners of parent	$ 255,944	25	221,206	21
	Non-controlling interests	11,720	1	5,144	1
		$ 267,664	26	226,350	22
	Comprehensive income attributable to:				
	Owners of parent	$ 285,981	28	107,709	10
	Non-controlling interests	37,824	4	(3,009)	-
		$ 323,805	32	104,700	10
	Earnings per share, net of tax (note 6(t))				
	Basic earnings per share	$	1.03		0.89
	Diluted earnings per share	$	1.03		0.89

See accompanying notes to financial statements.

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

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

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the three months ended March 31, 2018 and 2017

(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 financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
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	-	-	-	-	-	(106,037)	-	(7,460)	(113,497)	(113,497)	(8,153)	(121,650)
Total comprehensive income	-	-	-	-	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
Balance at January 1,2018	$ 2,486,500	396,113	722,945	110,154	1,758,633	(99,734)	-	122,165	22,431	5,496,776	614,861	6,111,637
Effects of retrospective application	-	-	-	-	(43)	-	122,167	(122,165)	2	(41)	-	(41)
Balance at January 1, 2018, after adjustments	2,486,500	396,113	722,945	110,154	1,758,590	(99,734)	122,167	-	22,433	5,496,735	614,861	6,111,596
Profit for the period	-	-	-	-	255,944	-	-	-	-	255,944	11,720	267,664
Other comprehensive income	-	-	-	-	-	(21,500)	51,537	-	30,037	30,037	26,104	56,141
Total comprehensive income	-	-	-	-	255,944	(21,500)	51,537	-	30,037	285,981	37,824	323,805
Appropriation and distribution of retained earnings:												
Other changes in capital surplus:												
Changes in equity of associates and joint ventures accounted for using equity method	-	1,172	-	-	-	-	-	-	-	1,172	-	1,172
Disposal of subsidiaries or investments accounted for using equity method	-	(4,082)	-	-	-	-	-	-	-	(4,082)	-	(4,082)
Balance at March 31, 2018	$ 2,486,500	393,203	722,945	110,154	2,014,534	(121,234)	173,704	-	52,470	5,779,806	652,685	6,432,491

See accompanying notes to financial statements.

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

REVIEWED ONLY, NOT AUDITED IN ACCORDANCE WITH GENERALLY ACCEPTED AUDITING STANDARDS

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the three months ended March 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the three months ended March 31	
	2018	2017
Cash flows from operating activities:		
Profit before tax	$ 344,431	270,151
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	31,920	33,487
Amortization expense	1,821	2,056
Net loss on financial assets or liabilities at fair value through profit or loss	13	-
Interest expense	4,981	5,937
Interest income	(1,596)	(4,671)
Share of loss of associates and joint ventures accounted for using equity method	11,163	17,948
Loss on disposal of property, plan and equipment	31	34
Gain on disposal of investments	(58,845)	-
Unrealized profit (loss) from sales	6,516	6,265
Realized loss (profit) on from sales	(6,346)	(4,132)
Reversal of allowance for uncollectable accounts	-	(5,000)
Allocation of deferred income	(253)	(253)
Total adjustments to reconcile profit (loss)	(10,595)	51,671
Changes in operating assets and liabilities:		
Decrease in notes receivable	16,880	7,013
Decrease in accounts receivable	116,254	67,807
Increase in other receivable	(1,288)	(2,556)
Decrease (increase) in inventories	58,633	(29,540)
Decrease (increase) in other current assets	(12,669)	(34,025)
Increase contract liabilities	4,471	-
Decrease in notes payable	(24,094)	(13,199)
Decrease in notes payable to related parties	(22,445)	-
Increase (decrease) in accounts payable	2,957	(13,934)
Decrease in other payable	(35,037)	(109,317)
Decrease in other current liabilities	(158)	(5,883)
Increase (decrease) in net defined benefit liability	29	(34)
Total adjustments	92,938	(81,997)
Cash inflow generated from operations	437,369	188,154
Interest received	2,895	4,671
Dividends received	-	7,416
Interest paid	(5,248)	(5,875)
Income taxes paid	(153)	(18)
Net cash flows from operating activities	434,863	194,348
Cash flows from investing activities:		
Acquisition of financial assets designated at fair value through profit or loss	(2,530)	-
Proceeds from disposal of investments accounted for using equity method	96,308	-
Acquisition of property, plant and equipment	(12,109)	(14,633)
Proceeds from disposal of property, plant and equipment	20	-
Increase (decrease) in refundable deposits	43	(1,924)
Acquisition of intangible assets	(11,488)	(398)
Decrease in other financial assets	1,368,429	358,912
Increase in other non-current assets	(6,407)	(2,084)
Increase in prepayments for business facilities	(149,825)	(10,863)
Net cash flows from investing activities	1,282,441	329,010
Cash flows used in financing activities:		
Increase in short-term loans	1,507,500	1,270,000
Decrease in short-term loans	(2,107,500)	(1,370,010)
Increase in guarantee deposits received	(4,039)	464
Net cash flows used in financing activities	(604,039)	(99,546)
Effect of exchange rate changes on cash and cash equivalents	(2,882)	(75,675)
Net increase in cash and cash equivalents	1,110,383	348,137
Cash and cash equivalents at beginning of period	1,441,374	2,108,713
Cash and cash equivalents at end of period	$ 2,551,757	2,456,850

See accompanying notes to financial statements.

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

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

March 31, 2018 and 2017

(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 consolidated interim financial statements were authorized for issuance by the Board of Directors on May 14, 2018.

(3) New standards and interpretations not yet adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The following new standards, interpretations and amendments endorsed by the FSC and are effective from 2018 are as follows:

New, Revised or Amended Standards and Interpretations	Effective date by IASB
Amendment to IFRS 2 "Clarifications of Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendment to IAS 7 "Statement of Cash Flows -Disclosure Initiative"	January 1, 2017
Amendment to IAS 12 "Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to IAS 40 "Transfers of Investment Property"	January 1, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle:	
Amendments to IFRS 12	January 1, 2017
Amendments to IFRS 1 and Amendments to IAS 28	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

(Continued)

Except for the following items, the Group believes that the adoption of the above IFRSs would not have any material impact on its consolidated financial statements:

(i) IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 "Revenue" and IAS 11 "Construction Contracts". The Group applies this standard retrospectively with the cumulative effect, it doesn't need to restate those contracts, instead, continues to apply IAS 11, IAS 18 and the related Interpretations for comparative reporting period. The Group recognizes the cumulative effect upon the initially application of this standard as an adjustment to the opening balance of retained earnings on January 1, 2018.

The Group uses the practical approach for completed contracts, which means it doesn't need to restate those contracts that have been completed before January 1, 2018.

The following are the nature and impacts on changing of accounting policies:

1) Sales of goods

Before applying IFRS 15, revenue was recognized based on the individual terms of each sales agreement when (i) the goods are delivered to the customers' premises, which is taken to be the point in time at which the customer accepts the goods and the related risks and rewards of ownership were transferred, (ii) sales and costs can be measured reliably and are recoverable and (iii) there is no involvement with the goods. Under IFRS 15, revenue will be recognized when a customer obtains control of the goods.

2) The impacts of the consolidated financial statements

The adoption of the above IFRSs did not have any material impact on the Group' s consolidated financial statements.

(ii) IFRS 9 "Financial Instruments"

IFRS 9 replaces IAS 39 " Financial Instruments: Recognition and Measurement" which contains classification and measurement of financial instruments, impairment and hedge accounting.

As a result of the adoption of IFRS 9, the Group adopted the amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate item in the statement of comprehensive income. Additionally, the Group adopted the consequential amendments to IFRS 7 "Financial Instruments: Disclosures" to disclose the information in 2018 but generally not be applied to comparative information.

The following are the nature and impact on changing of accounting policies:

1) Classification of financial assets

There are three classification categories for financial assets under IFRS 9: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets is based on the business model and its contractual cash flow characteristics. The standard eliminates the categories of held to maturity, loans and receivables and available for sale under IAS 39. The accounting policies of the Group under IFRS 9, please refer to Note 4(c).

The adoption of IFRS 9 did not have any a significant impact on its accounting policies on financial assets.

2) Impairment of financial assets

Under IAS 39, impairment losses were recognized when they incurred. After the adoption of IFRS 9, impairment losses will be recognized by using expected credit loss (ECLs) model. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognized earlier than IAS 39 – please refer to Note 4(c).

3) Transition

The adoption of IFRS 9 has been applied retrospectively, except as described below,

- Differences between the carrying amounts of financial assets and those determined under IFRS 9 on January 1, 2018, should be included in opening retained earnings. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and is not comparable to the information presented for 2018 under IFRS 9.

- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.

  - The determination of the business model within which a financial asset is held.

  - The designation of certain investments in equity instruments measured at FVOCI, which are not held for trading.

- If an investment in a debt security had low credit risk at the date of initial application of IFRS 9, the Group assumed that the credit risk on its asset will not increase significantly since its initial recognition.

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

4) Classification of financial assets on the date of initial application of IFRS 9

The following table shows the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets as of January 1, 2018.

	IAS39		IFRS9	
Financial Assets	**Measurement categories**	**Carrying Amount**	**Measurement categories**	**Carrying Amount**
Cash and equivalents	Loans and receivables	1,441,374	Amortized cost	1,441,374
Investment in debts securities	Available-for-sale (Note 1)	395	Designated as fair value through profit or loss	395
Equity instruments	Available-for-sale (Note 2)	286,191	Measured by fair value through other comprehensive income	286,191
Account receivable	Loans and receivables (Note 3)	1,071,780	Amortized cost	1,071,780
Other financial assets (Guarantee deposits paid)	Loans and receivables	1,924,446	Amortized cost	1,924,446

Note1: The corporate debt securities categorized as available-for-sale under IAS 39. The Group assesses that these securities are held within a business model whose objective is achieved by collecting the contractual cash flows. These financial assets give rise on specified dates to cash flows but that are not solely payments of principal and interest on the principal amount outstanding. Consequently, the Group has designated these investments at the date of initial application as measured at FVTPL, resulting in an increase of $2 thousand in other equity and an decrease of $2 thousand in retained earnings on January 1, 2018.

Note2: These equity securities represent investments that the Group intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group has designated these investments as FVOCI at the date of initial application.

Note3: Notes and accounts receivable, leases receivable were classified as loans and receivables when applied IAS 39. But now is classified as financial assets measured at amortized cost.

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

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 upon transition to IFRS 9 on January 1, 2018.

	2017.12.31 IAS 39 Carrying Amount	Reclassifications	Remeasurements	2018.1.1 IFRS 9 Carrying Amount	2018.1.1 Retained earnings	2018.1.1 Other equity
Fair value through profit or loss						
Beginning balance of FVTPL (IAS 39)	$ -	-	-		-	-
Additions – debt instruments:						
From available for sale	-	395	-		(2)	2
Total	$ -	395	-	395	(2)	2
Fair value through other comprehensive income						
Beginning balance of available for sale (including measured at cost) (IAS 39)	$ 286,586	-	-		-	-
Subtractions – debt instruments:						
To FVTPL – required reclassification based on classification criteria	-	(395)	-		-	-
Total	$ 286,586	(395)	-	286,191	-	-

(b) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
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 16 "Leases"	January 1, 2019
IFRS 17 "Insurance Contracts"	January 1, 2021
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment features with negative compensation"	January 1, 2019
Amendments to IAS 28 "Long-term interests in associates and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019

(Continued)

Those which may be relevant to The Group are set out below:

Issuance / Release Dates	Standards or Interpretations	Content of amendment
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 consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Group completes its evaluation.

(4) Summary of significant accounting policies:

(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 financial statements, the Chinese version shall prevail.

These consolidated interim financial statements have been prepared in accordance with and guidelines of IAS 34 "Interim Financial Reporting" endorsed by FSC and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for full annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2017. For the related information, please refer to Note 4 of the consolidated financial statements for the year ended December 31, 2017.

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

(b) Basis of consolidation

(i) List of subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Nature of business	Shareholding ratio March 31, 2018	Shareholding ratio December 31, 2017	Shareholding ratio March 31, 2017	Notes
The Company	Xudong Haipu International Co., Ltd.	Investing activities	100.00 %	100.00 %	100.00 %	
The Company	American Taiwan Biopharma Phils Inc.	Selling medicine	87.00 %	87.00 %	87.00 %	(Note 1)
The Company	TSH Biopharm Co., Ltd.	Selling medicine	56.48 %	56.48 %	56.48 %	
The Company	Worldco International Co., Ltd.	Investing activities and selling medicine	100.00 %	100.00 %	100.00 %	(Note 1)
The Company	Enhanx Inc.	Developing medicine	29.41 %	29.41 %	- %	(Note 2)
Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd.	Marketing consulting regarding medicine	100.00 %	100.00 %	100.00 %	(Note 1)
Worldco International Co., Ltd.	Worldco Biotech (Chengdu) Pharmaceutical Ltd.	Selling medicine	100.00 %	100.00 %	100.00 %	(Note 1)

(Note 1) These companies are non-significant subsidiaries, which financial statements have not been reviewed by the independent auditors.

(Note 2) In August 2017, the Group and 2-BBB Medicines BV, registered in the Netherlands, established Enhanx Inc., the Group holds more than one half of its directors' position, so Enhanx Inc. became a subsidiary of the Group. According to the investment agreement, the unpaid share capital amounted to $70,000 as of March 31, 2018

(ii) List of subsidiaries which are not included in the consolidated financial statements: None.

(c) Financial instruments (applicable before January 1, 2018)

(i) Financial assets

Financial assets are classified into the following categories: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

The Group shall reclassify all affected financial assets only when the business model is changed for managing its financial assets.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at amortized cost using the effective interest method and deducted by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses, are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL：

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at FVOCI is initially recognized at fair value, plus any directly attributable transaction costs. These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment losses, derived from debt investments are recognized in profit or loss; whereas dividends derived from equity investments are recognized as income in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses of financial assets measured at FVOCI are recognized in OCI. On derecognition, gains and losses accumulated in OCI of debt investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of equity investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized when the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets and accounts receivable (except for those presented as accounts receivable but measured at FVTPL). On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(Continued)

Financial assets in this category are measured at fair value at initial recognition. Attributable transaction costs are recognized in profit or loss as incurred. Subsequent changes that are measured at fair value, which take into account any dividend and interest income, are recognized in profit or loss.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost (including cash and cash equivalents, amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets) and contract assets.

The maximum period to consider in measuring expected credit loss (ECL) is the maximum contractual period.

To determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is pass due. And the Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental effect on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data：

· significant financial difficulty of the borrower or issuer；

· a breach of contract such as a default or past due event；

· the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted a concession that the lender would not otherwise consider；

- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization；

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

If the Group has no reasonable expectation of recovering the financial asset (partly or entirely), a write-off is recognised and reduces the gross carrying amount. This is generally when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

Financial assets are derecognized when the contractual rights to the cash flows from the assets expire, or when the Group transfers substantially all the risks and rewards of ownership of the financial assets.

On derecognition of a debt instrument in its entirety, the Group recognized the difference between its carrying amount and the sum of the consideration received or receivable and any cumulative gain or loss that had been recognized in other comprehensive income and presented in "other equity-unrealized gains or losses on fair value through other comprehensive income", in profit or loss, and is included in non-operating income and expenses in the statement of comprehensive income.

On derecognition of a part of debt instrument in which the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the financial asset shall be allocated between the part that continues to be recognized and the part that is derecognized, on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part derecognized and the sum of the consideration received for the part derecognized, and any cumulative gain or loss allocated to it that had been recognized in other comprehensive income, shall be recognized in profit or loss, and presented it in the line item of non-operating income and expenses in the statement of comprehensive income.

(d) Revenue from contracts with customers (applicable from January 1, 2018)

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Sale of goods

The Group recognizes revenue when the customer obtains control of the products, which means the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer' s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

(ii) Intellectual property rights revenue

The Group grants the patent right to customer by signing contract with them. If the authorization could be distinguished, based on the nature of authorization, the grant revenue could be recognized over the grant period or the time of the control of the patent rights has been transferred to the customer.

In some of the patent right contract, the Group protocol with customer that the receivable of royalties depends on the basis of customer's sales amount or sales basis. The Group recognizes revenue after the performance obligation is fulfilled and the customer usage or sales actually happen.

(iii) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(e) Contract costs (applicable from January 1, 2018)

(i) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Group applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the Group otherwise would have recognized is one year or less.

(ii) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

1) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;

2) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

3) the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Group cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations(or partially satisfied performance obligations), the Group recognizes these costs as expenses when incurred.

(f) Employee benefits

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

(g) Income taxes

The income tax expenses have been measured and disclosed in accordance with paragraph B12 of IAS 34 "Interim Financial Reporting".

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

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

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated 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.

(Continued)

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

Except for the following, 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, 2017. For the related information, please refer to Note 5 of the consolidated financial statements for the year ended December 31, 2017.

(a) The loss allowance of trade receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. The relevant assumptions and input values, please refer to Note 6(e).

(6) Explanation of significant accounts:

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2017. Please refer to Note 6 of the consolidated financial statements for the year ended December 31, 2017.

(a) Cash and cash equivalents

	March 31, 2018	December 31, 2017	March 31, 2017
Cash on hand	$ 2,869	2,905	6,198
Cash in banks	2,355,633	1,241,649	1,678,878
Time deposits	193,255	196,820	771,774
	$ 2,551,757	1,441,374	2,456,850

(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(z) for the fair value sensitivity analysis and interest rate risk of the financial assets and liabilities of the Group.

(b) Financial assets at fair value through profit or loss

	March 31, 2018	December 31, 2017	March 31, 2017
Designated as financial assets at fair value through profit or loss			
Domestic preferred stock ETF	$ 382	-	-

(i) Refer to Note 6(x) for the amount of profit or loss recognized based on fair value.

(ii) The above financial assets were not pledged as collateral.

(Continued)

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

(c) Financial Asset measured at fair value through other comprehensive income

		March 31, 2018
Equity instrument measured at fair value through other comprehensive income:		
Domestic common stock—Lumosa Therapeutics Co., Ltd.	$	244,760
Domestic common stock—Pharmira Laboratories, Inc.		101,351
Domestic listed common stock—Fubon Financial Holding Co., Ltd.		2,510
Domestic listed preferred stock—Union Financial Holding Co., Ltd. Preferred Stocks A		20,360
Total	$	368,981

(i) The Group holds these equity instrument as long-term strategic instrument, and are accounted for under fair value through other comprehensive income.

(ii) The Group expects to hold preferred stock of a domestic listed company— Fubon Financial Holding Co., Ltd. Preferred Stock B, with a prepayment of $150,000 and accounted for under non-current asset.

(iii) Refer to Note 6(z) for credit and market risk information.

(iv) The above financial assets were not pledged as collateral.

(d) Available-for-sale-financial assets

		December 31, 2017	March 31, 2017
Investment:			
Domestic common stock—Lumosa Therapeutics Co., Ltd.	$	171,100	248,240
Domestic common stock—Pharmira Laboratories, Inc.		95,051	269,955
Domestic listed preferred stock—Fubon Financial Holding Co., Ltd. Preferred Stock A		20,040	-
Domestic preferred stock ETF		395	-
Total	$	286,586	518,195

(i) Except for the domestic preferred stock ETF reported on March 31, 2018 was accounted for as financial assets measured at fair value through profit or loss, the remaining investments were reported as financial assets measured at fair value through other comprehensive profit or loss. Please refer to Note 6(b) and 6(c).

(ii) Refer to Note 6(x) for the amount of other comprehensive profit or loss is recognized due to changes in fair value.

(iii) Refer to Note 6(z) for credit and market risk information.

(iv) The above financial assets were not pledged as collateral.

(Continued)

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

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

	March 31, 2018	December 31, 2017	March 31, 2017
Notes receivables—operating	$ 55,396	71,744	54,202
Notes receivables—non-operating	1,063	1,595	1,063
Accounts receivables	827,190	949,185	744,843
Accounts receivable—related parties	14,659	8,973	22,540
Less: Allowance for doubtful debts	(33,339)	(33,339)	(33,339)
	$ 864,969	998,158	789,309

As of March 31, 2018, the Group estimated the expected credit losses for all notes receivable and accounts receivable using a simplified approach. For these purposes, the customer's notes receivable and accounts receivable are grouped according to the ability to pay for the amount listed on each contract, as well as its forward-looking information. An analysis of expected credit loss on notes and accounts receivable as of March 31, 2018 are as follows:

	Face Value of Notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not yet overdue	$ 869,422	1%~2%	10,786
Past due less than 90 days	6,497	5%~7%	381
Past due 91-180 days	674	67%~71%	457
Past due more than 181 days	21,715	100%	21,715
	$ 898,308		33,339

As of December 31, 2017 and March 31, 2017, the allowance for doubtful debts of notes receivable and accounts receivable has been made using the credit losses occurred. The account aging analysis of overdue notes receivable and accounts receivable as of December 31, 2017 and March 31, 2017, are as follows:

	December 31, 2017	March 31, 2017
Past due less than 90 days	$ 4,691	2,335
Past due 91-180 days	30	32
Past due more than 181 days	-	2
	$ 4,721	2,369

The movement of allowance for doubtful debt of accounts and notes receivable are as follows:

	For the three months ended March 31, 2018	For the three months ended March 31, 2017 Individually assessed of loss reduction	Group assessment of loss reduction
Beginning balance (IAS39)	33,339	20,394	17,945
Adjustment for IFRS 9	-		
Beginning balance(IFRS 9)	33,339		
Reversal of impairment loss	-	-	(5,000)
Ending Balance	$ 33,339	20,394	12,945

As of March 31, 2018, December 31, 2017 and March 31, 2017, the accounts receivable and notes receivable were not pledged as collateral.

(f) Other receivables

	March 31, 2018	December 31, 2017	March 31, 2017
Other receivable	$ 33,189	65,316	32,553
Other receivable—related parties	10,926	8,306	17,554
	$ 44,115	73,622	50,107

(i) As of March 31, 2018, December 31, 2017 and March 31, 2017, other receivables are not overdue, and there are no expected credit loss.

(ii) Refer to Note 6(z) for other credit risk information.

(iii) As of March 31, 2018, December 31, 2017 and March 31, 2017, other receivables were not pledged as collateral.

(g) Inventories

	March 31, 2018	December 31, 2017	March 31, 2017
Merchandise	$ 213,202	223,674	148,313
Finished goods	104,000	101,497	117,448
Work in process	79,270	108,060	125,187
Raw materials	198,742	183,436	210,250
Materials	34,791	29,650	34,037
Subtotal	630,005	646,317	635,235
Goods in transit	58,115	97,919	18,732
Total	688,120	744,236	653,967
Less: Allowance for inventory market decline and obsolescence	(53,114)	(50,523)	(58,904)
Net amount	$ 635,006	693,713	595,063

(Continued)

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

The cost of inventories recognized as cost of goods sold and expense for the three months ended March 31, 2018 and 2017, amounted to $339,874 and $298,104, respectively. The main item was the costs from selling goods. For the three months March 31, 2018 and 2017, the inventory write-down to net realizable value was recognized as an increase in cost of goods sold of $2,591 and $77 respectively.

As of March 31, 2018 and 2017, the aforesaid inventories were not pledged as collateral.

(h) Investments accounted for using equity method

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

	March 31, 2018	December 31, 2017	March 31, 2017
Associates	$ 1,003,755	1,024,020	982,426

(i) As of March 31, 2018, December 31, 2017 and March 31, 2017, the carrying value of associates had a quoted market price amounted to $747,128, $771,239 and $764,484 respectively, while fair value amounted to $4,081,993, $4,386,636 and $5,084,484, respectively.

(ii) For the three months ended March 31, 2018 and 2017, PharmaEngine Inc. had a change in shareholding due to the amortization of the cost of employee' s share options, employee' s execution of stock options and buy the treasury stocks, which resulted in credit of $1,172 and $2,303 respectively to its capital reserve. In February 2018, the Group disposed the investment shares of PharmaEngine Inc. and credit to a capital surplus of $4,082, and recognized a gain on disposal of investments of $58,845. For the three months ended March 31, 2018 and 2017, the Group' s shareholding ration declined from 18.22% to 17.92% and 19.30% to 19.28% respectively.

1) Associates that had materiality were as follows:

			Equity ownership		
Associate	Nature of relationship	Country of registration	March 31, 2018	December 31, 2017	March 31, 2017
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	17.92 %	18.22 %	19.28 %

The following is a summary of financial information on the Company' 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.

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

- Summary financial information on PharmaEngine, Inc.

	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 3,996,551	4,071,199	3,794,190
Non-current assets	56,875	39,732	36,385
Current liabilities	(186,474)	(199,899)	(141,544)
Net assets	$ 3,866,952	3,911,032	3,689,031
Net assets attributable to non-controlling interests	$ 692,875	712,642	711,423
Net assets attributable to investee owners	$ 3,174,077	3,198,390	2,977,608

	For the three months ended March 31	
	2018	2017
Revenue	$ 33,807	10,950
Profit for the period	$ (49,145)	(125,515)
Other comprehensive income	33	(25)
Comprehensive income	$ (49,112)	(125,540)
Comprehensive income attributable to non-controlling interests	$ (8,802)	(24,209)
Comprehensive income attributable to investee owners	$ (40,310)	(101,331)

	For the three months ended March 31	
	2018	2017
Net assets attributable to the Group, January 1	$ 712,642	733,329
Retained earnings impacted by applying new standard for the period	(41)	-
Changes in capital surplus of affiliated companies for the period	1,172	2,303
Profit and loss attributable to the Group for the period	(8,802)	(24,209)
Disposal of associate investment	(12,096)	-
Net assets attributable to the Group, December 31	692,875	711,423
Carrying amount of interest in associates, December 31	$ 692,875	711,423

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, 2018	December 31, 2017	March 31, 2017
Carrying amount of interest in individually insignificant associates	$ 310,880	311,378	271,003

	For the three months ended March 31	
	2018	2017
Attributable to the Group:		
Profit for the period	$ (2,356)	6,257
Other comprehensive income	1,775	(387)
Comprehensive income	$ (581)	5,870

3) Collateral

As of March 31, 2018, December 31, 2017 and March 31, 2017, the investments in the aforesaid equity-accounted investees were not pledged as collateral.

4) The unreviewed financial statements of investments accounted for using equity method

Except for PharmEngine's financial statements have been reviewed by other auditors, the rest investments were accounted for by the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(i) Subsidiary with significant non-controlling interest

Subsidiary with significant non-controlling interest were as follows:

		Ownership and voting rights ratio		
Subsidiary	Country of registration	March 31, 2018	December 31, 2017	March 31, 2017
TSH Biopharm Co., Ltd.	Taiwan	56.48 %	56.48 %	56.48 %

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

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

Summary financial information on TSH Biopharm Co., Ltd.

	March 31, 2018	December 31, 2017	March 31, 2017
Current assets	$ 1,020,758	997,419	1,050,773
Non-current assets	321,351	284,284	493,935
Current liabilities	(102,439)	(135,082)	(100,395)
Net assets	$ 1,239,670	1,146,621	1,444,313
Non-controlling interest	$ 539,374	498,822	628,557

	For the three months ended March 31	
	2018	2017
Revenue	$ 149,074	113,915
Profit for the period	$ 33,109	12,641
Other comprehensive (loss) income	59,940	(18,690)
Comprehensive (loss) income	$ 93,049	(6,049)
Profit attribute to non-controlling interest	$ 14,466	5,501
Comprehensive (loss) income attribute to non-controlling interest	$ 40,552	(2,633)

	For the three months ended March 31	
	2018	2017
Cash flows from operating activities	$ 39,424	10,668
Cash flows from investing activities	(155,409)	103,533
Net increase in cash	$ (115,985)	114,201

(j) Property, plant and equipment

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Carrying amounts:								
Balance at January 1, 2018	$ 816,169	1,030,985	383,543	4,043	153,144	3,688	156,434	2,548,006
Balance at March 31, 2018	$ 816,169	1,021,777	374,451	3,820	149,334	3,511	164,128	2,533,190
Balance at January 1, 2017	$ 816,169	1,068,263	424,452	1,937	143,523	4,274	126,957	2,585,575
Balance at March 31, 2017	$ 816,169	1,055,154	414,156	1,885	137,383	4,103	137,306	2,566,156

(i) There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the three months ended March 31, 2018 and 2017.

Please refer to Note 12 for details for the three months ended March 31, 2018 and 2017, and to Note 6(f) of the consolidated financial statements for the year ended December 31, 2017, for other related information.

(ii) Collateral

As of March 31, 2018, December 31, 2017 and March 31, 2017, 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 $164,128, including capitalized loan cost.

(k) Investment property

	Land	Building and construction	Total
Carrying amount:			
Balance at January 1, 2018	$ 69,152	19,871	89,023
Balance at March 31, 2018	$ 69,152	19,912	89,064
Balance at January 1, 2017	$ 69,152	8,847	77,999
Balance at March 31, 2017	$ 69,152	8,759	77,911

(i) There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the three months ended March 31, 2018 and 2017. Please refer to Note 12 for details on amortization for the three months ended March 31, 2018 and 2017 and to Note 6(g) of the consolidated financial statements for the year ended December 31, 2017, for other related information.

(ii) As of March 31, 2018, December 31, 2017 and March 31, 2017, the Group's investment properties were not pledged as collateral.

(l) Intangible assets

The components of the costs of intangible assets, amortization, and impairment loss thereon for the three months ended March 31, 2018 and 2017, were as follows:

	Computer software	Patent and franchise	Total
Cost:			
Balance at January 1, 2018	$ 32,574	162,386	194,960
Additions	592	10,896	11,488
Disposals	(806)	-	(806)
Reclassifications	-	16,956	16,956
Balance at March 31, 2018	$ 32,360	190,238	222,598

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

	Computer software	Patent and franchise	Total
Balance at January 1, 2017	$ 36,489	42,386	78,875
Additions	398	-	398
Disposals	(352)	-	(352)
Effect of changes in foreign exchange rate	(2)	-	(2)
Balance at March 31, 2017	$ 36,533	42,386	78,919
Amortization and impairment loss:			
Balance at January 1, 2018	$ 23,456	29,301	52,757
Amortization for the period	1,187	634	1,821
Disposals	(806)	-	(806)
Balance at March 31, 2018	$ 23,837	29,935	53,772
Balance at January 1, 2017	$ 22,344	26,883	49,227
Amortization for the period	1,452	604	2,056
Disposals	(352)	-	(352)
Effect of changes in foreign exchange rate	(1)	-	(1)
Balance at March 31, 2017	$ 23,443	27,487	50,930
Carrying amount:			
Balance at January 1, 2018	$ 9,118	133,085	142,203
Balance at March 31, 2018	$ 8,523	160,303	168,826
Balance at January 1, 2017	$ 14,145	15,503	29,648
Balance at March 31, 2017	$ 13,090	14,899	27,989

As of March 31, 2018, December 31, 2017 and March 31, 2017, the aforementioned intangible asset were not pledged as collateral.

(m) Other financial asset and other asset

Details of other financial asset and other asset are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Other current financial asset	$ 379,578	1,771,755	674,792
Prepaid investment	150,000	-	-
Other non-current financial asset	124,680	124,326	125,698
Long term prepayment	43,366	60,322	23,296
Others	7,351	2,735	5,622
	$ 704,975	1,959,138	829,408

(Continued)

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

(n) Short-term loans

	March 31, 2018	December 31, 2017	March 31, 2017
Secured bank loans	$ 1,050,000	1,650,000	1,149,000
Unused credit line	$ 1,720,000	1,170,000	1,651,000
Range of interests rates	0.89%~1.013%	0.91%~1.02%	1.00%~1.03%

For the three months ended March 31, 2018 and 2017, the Group increased its short-term borrowings by $1,507,500 with an interest rate of 0.89%~1.013%, and $1,270,000 with an interest rate of 1.00%~1.20%, respectively. The repayments of short-term borrowings amounted to $2,107,500 and $1,370,000, respectively. Please refer to Note 6(x) for interest expense and to Note 6(k) of consolidated financial statement for the year ended December 31, 2017, for the other information.

(o) Long-term loans

Term and condition for the details of long-term borrowings are follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Unsecured bank loans	$ 550,000	550,000	830,000
Less: Current portion	(300,000)	(300,000)	(200,000)
Total	$ 250,000	250,000	630,000
Unused credit line	$ 430,000	430,000	-
Interest range	1.152%~1.298%	1.115%~1.298%	1.15%~1.298%

There were no significant issues, repurchases and repayments of long-term borrowings for the three months ended March 31, 2018, December 31, 2017, and March 31, 2017. Information on interest expense for the period please refer to Note 6(x). Please refer to Note 6(l) of consolidated financial statements for the year ended December 31, 2017 for other related information.

(p) Operating leases

(i) Leases as lessee

Non-cancellable rentals payable of operating lease were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Less than one year	$ 2,459	2,608	3,148
Between one and five years	5,414	6,017	7,792
	$ 7,873	8,625	10,940

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

(ii) Leases as lessor

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

	March 31, 2018	December 31, 2017	March 31, 2017
Less than one year	$ 6,041	7,629	11,183
Between one and five years	5,928	6,607	20,701
	$ 11,969	14,236	31,884

(q) Employee benefits

(i) Defined benefit plans

The management believes that there was no material market volatility, no 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, 2017 and 2016.

The Group's pension expenses recognized in profit or loss for the three months ended March 31, 2018 and 2017, were as follows:

	For the three months ended March 31	
	2018	2017
Operating cost	$ 157	164
Selling expenses	143	118
Administration expenses	73	66
Research and development expenses	97	80
Total	$ 470	428

(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	
	2018	2017
Operating cost	$ 2,001	1,991
Selling expenses	2,025	1,923
Administration expenses	1,225	1,127
Research and development expenses	1,317	1,230
Total	$ 6,568	6,271

(r) Income Tax

According to the amendments to the "Income Tax Act" enacted by the office of the President of the Republic of China (Taiwan) on February 7, 2018, the corporate income tax rate increases from 17% to 20%, and it is applicable upon filing the corporate income tax return commencing in 2018. The effect of change in the tax rate on the deferred income tax by $48,000 of the Group, which is adjusted to the estimated annual effective income tax rate.

(i) Income tax expense

The components of income tax expense for the three months ended March 31, 2018 and 2017 were as follows:

	For the three months ended March 31 2018	2017
Current tax expense		
Current period	$ 76,767	43,801

(ii) Status of approval on income tax

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

(s) Capital and other equity

There were no significant changes in capital and reserves for the three months ended March 31, 2018 and 2017. Please refer to Note 6(p) of the consolidated financial statements for the year ended December 31, 2017, for other related information.

(i) Capital surplus

The ending balance of capital suplus are as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Share capital	$ 484	484	484
Long term investment	392,719	395,629	407,187
	$ 393,203	396,113	407,671

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.

(Continued)

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

(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 dividends policy in which earnings distribution cannot be less than 50% of distributable earnings, and cash dividends payment has to be 70% of the distribution

1) Legal reserve

In accordance with the Company Act amended in 2012, 10% 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, 2018 and 2017, 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.

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

3) Earnings distribution

On March 29, 2018, the Company's board of directors resolved to appropriate the 2017 earnings. On June 16, 2017, the general meeting of shareholders resolved to appropriate to the 2016 earning. These earnings were distributed as dividends as follows:

	2017		2016	
	Amount per share (dollars)	Amount	Amount per share (dollars)	Amount
Dividends distributed to ordinary shareholders:				
Cash	$ 4.50	1,118,925	3.80	944,870

(iii) Other equity accounts (net value after tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Available for-sale investments	Total
Balance at January 1, 2018	$ (99,734)	-	122,165	22,431
Effects of retrospective application	-	122,167	(122,165)	2
Balance at January 1, 2018 after adjustments	(99,734)	122,167	-	22,433
Exchange differences on foreign operations	(21,533)	-	-	(21,533)
Share of exchange differences of subsidiaries and associates accounted for using equity method	30	-	-	30
Disposal of affiliated companies using the equity method reclassified to profit or loss	3	-	-	3
Unrealized gains and losses on financial assets measured at fair value through other comprehensive income	-	54,174	-	54,174
The share of unrealized profit or loss of financial assets measured at fair value through other comprehensive	-	(2,637)	-	(2,637)
Balance at March 31, 2018	$ (121,234)	173,704	-	52,470
Balance at January 1, 2017	$ (2,362)	-	287,450	285,088
Exchange differences on translation of foreign financial statements	(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 subsidiaries accounted for using equity method	-	-	5,416	5,416
Balance, at March 31, 2017	$ (108,399)	-	279,990	171,591

(Continued)

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

(iv) Non-controlling interests

	For the three months ended March 31	
	2018	2017
Balance, January 1	$ 614,861	631,784
Attributable to non-controlling interests:		
Profit for the period	11,720	5,144
Foreign currency translation differences-foreign operations	18	(20)
Unrealized (loss) gain on available-for-sale financial assets	26,086	(8,133)
Balance, March 31	$ 652,685	628,775

(t) Earnings per share

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

	For the three months ended March 31	
	2018	2017
Basic earnings per share		
Profit attributable to ordinary shareholders	$ 255,944	221,206
Weighted-average number of ordinary shares	248,650	248,650
	$ 1.03	0.89
Diluted earnings per share		
Profit attributable to ordinary shareholders (diluted)	$ 255,944	221,206
Weighted-average number of ordinary shares	248,650	248,650
Employee stock bonus	297	179
Weighted-average number of ordinary shares (diluted)	248,947	248,829
	$ 1.03	0.89

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

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended March 31					
	2018					
	Oncology Business Unit	Health Care Unit	Anti-Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary markets						
Taiwan	$ 487,740	45,557	185,336	149,074	-	867,707
Europe	134,222	-	-	-	-	134,222
Others	29,719	5,891	-	-	2,916	38,526
	$ 651,681	51,448	185,336	149,074	2,916	1,040,455
Major products/services						
Medicine and health food	$ 642,837	51,448	185,336	119,348	2,916	1,001,885
Services	5,500	-	-	29,726	-	35,226
Royalty	3,344	-	-	-	-	3,344
	$ 651,681	51,448	185,336	149,074	2,916	1,040,455

For details on revenue for the three months ended March 31, 2017, please refer to Note 6(v).

(ii) Contract balances

	March 31, 2018	January 1, 2018
Accounts receivable and Notes receivable	$ 897,245	1,029,902
Less: allowance for doubtful debts	(33,339)	(33,339)
	$ 863,906	996,563
Contract liabilities	$ 26,023	21,552

For details on accounts receivable and allowance for doubtful debts, please refer to Note 6(e).

The Group recognized the revenue for the three month ended March 31, 2018 which was included in the contract liability beginning balance was $5,665.

(v) Revenue

For the three month ended March 31, 2017, the revenue of the Group are as follows:

	For the three months ended March 31	
	2017	
Sale of goods	$	935,059
Rendering of service		11,347
	$	**946,406**

Refer to Note 6(u) for revenue of for the three month ended March 31, 2018.

(w) Remuneration of employees and of directors and supervisors

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

For the three months ended March 31, 2018 and 2017, remuneration of employees of $4,965 and $3,730, respectively, and of directors' and supervisors' of $3,310 and $2,487, 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, 2018 and 2017. These benefits were charged to profit or loss under operating expenses for the three months ended March 31, 2018 and 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 years ended 2017 and 2016, the remunerations of employees amounted to $24,040 and $22,048 respectively, while and of directors and supervisors amounted to $14,950 and $15,786 respectively. The proposed amounts did not differ from those accrued in the financial statements for the year ended December 31, 2017 and 2016. Related information on remuneration of employees and of directors and supervisors can be accessed from the Market Observation Post System web site.

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

(x) Non-operating income and expenses

(i) Other income

The details of other income for the three months ended March 31, 2018 and 2017 were as follows:

	For the three months ended March 31	
	2018	2017
Interest revenue	$ 1,596	4,671
Rental revenue	2,784	3,122
	$ 4,380	7,793

(ii) Other gains and losses

The details of other gains and losses for the three months ended March 31, 2018 and 2017 were as follows:

	For the three months ended March 31	
	2018	2017
Foreign exchange losses	$ (16,421)	(32,282)
Gain on disposal of investment property	58,845	-
Gain on disposal of property, plant and equipment	(31)	(34)
Losses on fair value through profit or loss	(13)	-
Reversal on impairment loss	-	5,000
Others	3,202	11,437
	$ 45,582	(15,879)

(iii) Finance costs

The details of finance costs for the three months ended March 31, 2018 and 2017 were as follows:

	For the three months ended March 31	
	2018	2017
Interest expenses	$ 4,981	5,937

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(y) Reclassification adjustments of components of other comprehensive income

		For the three months ended March 31	
		2018	2017
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method:			
Profit (loss) for the year	$	(2,607)	5,365
Disposal of share of profit of associate accounting for using equity method		3	-
Net profit (loss) recognized in other comprehensive income	$	(2,604)	5,365

(z) 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, 2017.

(i) Credit risk

Refer to Note 6(e) and (f) for the information about the credit risk exposure of accounts and notes receivables.

Financial assets measured at amortized cost include other receivables and deposit orders. For further information, refer to Note 6(m). All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to Note 4(c).

(ii) 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, 2018					
Non-derivative financial liabilities					
Unsecured bank loans	$ 1,600,000	1,612,608	1,360,782	251,826	-
Non-interest-bearing liabilities (including related parties)	572,513	572,513	572,513	-	-
	$ 2,172,513	2,185,121	1,933,295	251,826	-

	Carrying amount	Contractual cash flows	Within 1 year	2-3 years	4-5 years
December 31, 2017					
Non-derivative financial liabilities					
Unsecured bank loans	$ 2,200,000	2,211,658	1,959,046	252,612	-
Non-interest-bearing liabilities (including related parties)	651,545	651,545	651,545	-	-
	$ 2,851,545	2,863,203	2,610,591	252,612	-
March 31, 2017					
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	-

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	March 31, 2018			December 31, 2017			March 31, 2017		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets									
Monetary items									
USD	$ 19,145	29.11	557,207	35,651	29.76	1,060,961	29,065	30.33	881,537
CNY	4,401	4.65	20,452	4,441	4.57	20,271	4,741	4.41	20,893
JPY	46,627	0.27	12,771	59,592	0.26	15,744	18,807	0.27	5,102
EUR	2,362	35.87	84,711	2,621	35.57	93,223	3,543	32.43	114,905
Nonmonetary items									
USD	47,166	29.11	1,373,010	47,304	29.76	1,407,763	47,038	30.33	1,426,649
CNY	50,035	4.65	232,665	51,156	4.57	233,526	53,366	4.41	235,183
THB	239,069	0.94	224,725	240,536	0.92	221,293	228,476	0.89	202,407

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.

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

A 1% of appreciation of each major foreign currency against the Group' s functional currency as of March 31, 2018 and 2017, would have increased or decreased the after-tax net income by $5,401 and $8,486, respectively. The analysis is performed on the same basis for both periods.

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, 2018 and 2017, the foreign exchange loss, including both realized and unrealized, amounted to $16,421 and $32,282, respectively.

2) Interest rate analysis

The exposure to interest rate risk on financial assets and liabilities is disclosed in the note on liquidity risk management.

The Group mainly borrows capital at floating interest rates, so the cash flow risk arises from changes in interest rates. The Group' s main source of borrowed capital is bank loans.

The following sensitivity analysis is based on the exposure to interest rate risk on derivative and non-derivative financial instruments on the reporting date.

For variable-rate instruments, the sensitivity analysis assumes the variable-rate liabilities are outstanding for the whole year on the reporting date. The Group' s internal management reported that increases/decreases in interest rates of 0.25% are considered by management to be a reasonably possible change in interest rate.

If the interest rate had increased/decreased by 0.25%, the Group' s after-tax net income would have decreased/increased by $1,599 and $2,909 for the three months ended March 31, 2018 and 2017, respectively, assuming all other variable factors remained constant.

3) Other market value risk

For the three months ended March 31, 2018 and 2017, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	For the three months ended March 31			
	2018		2017	
Securities Price	Other Comprehensive income after tax	Profit or loss after tax	Other Comprehensive income after tax	Profit or loss after tax
Increase by 10%	$ 36,898	-	51,820	-
Decrease by 10%	$ (36,898)	-	(51,820)	-

(Continued)

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

(iv) Fair value of financial instruments

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

1) Categories of financial instruments

	March 31, 2018				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Non-current financial assets at fair value through profit or loss	$ 382	382	-	-	382
Equity instrument measured at fair value through other comprehensive income					
Domestic stock-listed company at Stock Exchange	22,870	22,870	-	-	22,870
Domestic stock-listed company at Taipei Exchange	244,760	244,760	-	-	244,760
Domestic stock-listed company at emerging stock market	101,351	101,351	-	-	101,351
subtotal	368,981	368,981	-	-	368,981
Financial assets measured at amortized cost					
Cash and cash equivalents	2,551,757	-	-	-	-
Notes receivable and accounts receivable (including related party)	864,969	-	-	-	-
Other receivables (including related party)	44,115	-	-	-	-
Cash surrender value of life insurance	7,275	-	-	-	-
Guarantee deposit paid	28,321	-	-	-	-
	3,496,437	-	-	-	-
Total	$ 3,865,800	369,363	-	-	369,363
Financial liabilities measured at amortized cost					
Bank loans	$ 1,600,000	-	-	-	-
Notes payable and accounts payable (including related party)	111,075	-	-	-	-
Other payables (including related party)	461,438	-	-	-	-
Guarantee deposit received	6,047	-	-	-	-
Total	$ 2,178,560	-	-	-	-

(Continued)

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

	December 31, 2017				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	$ 286,586	286,586	-	-	286,586
Loans and receivables					
Cash and cash equivalents	1,441,374	-	-	-	-
Notes receivable and accounts receivable (including related party)	998,158	-	-	-	-
Other receivables (including related party)	73,622	-	-	-	-
Other financial assets	1,896,081	-	-	-	-
Cash surrender value of life insurance	7,275	-	-	-	-
Guarantee deposit paid	28,365	-	-	-	-
Total	$ 4,731,461	286,586	-	-	286,586
Financial liabilities measured at amortized cost					
Bank loans	$ 2,200,000	-	-	-	-
Notes payable and accounts payable (including related party)	154,922	-	-	-	-
Other payables (including related party)	496,623	-	-	-	-
Guarantee deposit received	10,086	-	-	-	-
Total	$ 2,861,631	-	-	-	-

	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	-	-	-	-
Guarantee deposit paid	25,922	-	-	-	-
Total	$ 4,646,071	518,195	-	-	518,195

(Continued)

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to the Consolidated 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	-	-	-	-

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 Taipei Exchange equity instruments and debt instruments which have a quoted market price in an active market.

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

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

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, 2018 and 2017, so there was no transfer between levels.

(aa) 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, 2017.

(ab) 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, 2017. 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, 2017. Please refer to Note 6(x) to the consolidated financial statements for the year ended December 31, 2017, for other related information.

(7) Related-party transactions:

(a) List of subsidiaries

The followings are entities that have had transactions with related party during the periods covered 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
PharmaEngine, Inc.	An associate
TOT Biopharm Co., Ltd.	The entity's director is the president of the Company (Note A)
Lumosa Therapeutics Co., Ltd.	The entity's director is the president of the Company (Note A)

(Continued)

Name of related party	Relationship with the Group
TPG Biologics, Inc.	The entity's director is the president of the Company (Note A)
TOT Biopharm International Co., Ltd.	The entity's director is the president of the Company (Note A)

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

(b) 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	
	2018	2017
Associates	$ 16,461	22,472

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.

(ii) Rent revenue

		For the three months ended March 31	
Recognized item	Category	2018	2017
Rental revenue	Subsidiaries—Chuang Yi Biotech Co., Ltd.	$ 783	783

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

(iii) Other income

		For the three months ended March 31	
Recognized item	Category	2018	2017
Other income	Associates-American Taiwan Biopharm (Thailand)	$ 2,949	2,498
	Associates-Chuang Yi Biotech Co., Ltd.	260	252
		$ 3,209	2,750

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

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

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

(c) Assets and liabilities with related parties

Recognized item	Category	March 31, 2018	December 31, 2017	March 31, 2017
Notes receivable	Associates	$ 252	26	-
Accounts receivable	Associates	$ 14,659	8,973	22,540
Other receivables	Associates-American Taiwan Biopharm (Thailand)	$ 10,615	7,929	23
	Associates	311	377	425
	Other related parties-TOT Biopharm Co., Ltd.	-	-	14,411
	Other related parties	-	-	2,695
		$ 10,926	8,306	17,554
Guarantee deposit paid	Other related parties	$ -	-	582
Note payable	Associates-Chung Yi Biotech Co., Ltd.	$ 18	22,464	-
Other payables	Associates	$ 31	48	-
	Other related parties	-	-	6,150
		$ 31	48	6,150

The information about the expected credit losses for note receivable and account receivable, please refer Note 6(e).

(d) Key management personnel compensation

	For the three months ended March 31	
	2018	2017
Salaries and other short-term employee benefits	$ 32,274	21,218
Post-employment benefits	302	239
	$ 32,576	21,457

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

(8) Pledged assets:

As of March 31, 2018 and 2017, pledged assets were as follows:

Asset	Purpose of pledge	March 31, 2018	December 31, 2017	March 31, 2017
Other financial asset—non-current	Provisional guarantee	$ 120,010	120,010	120,010

(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 $11,630 and $10,227 for the three months ended March 31, 2018 and 2017, respectively.

(b) Due to the purchase of equipment, construction engineering, and entrusted research, the total price of unfinished contracts amounted to $619,145, $617,623 and $691,695, and the unpaid amount was $250,442, $261,250 and $335,460 as of March 31, 2018, December 31, 2017, and March 31, 2017, respectively.

(c) As of March 31, 2018, December 31, 2017, and March 31, 2017, the financial institutions provide guarantee for the sale of medicine amounted to $72,057, $57,189 and $16,693, respectively.

(d) With regard to the offense of aggravated breach of trust under the Securities and Exchange Act, etc. committed by the ex-chairman of the Company, Rong-Jin Lin, the Taipei District Prosecutors Office filed a lawsuit against the ex-chairman for the offense of breach of trust under the Securities and Exchange Act in June 2015. On September 1, 2017, Taipei District Court held that the ex-chairman, violated the Securities and Exchange Act. This case was appealed and is currently under the trial of Taiwan High Court. The ancillary civil action thereto was handed over to the civil court for further trial on a different case on September 6, 2017. On April 23, 2018, with regard to the violation of the Securities and Exchange Act by the ex-chairman for " Mandate Development Agreement for Risperidone" between the Company and Center Laboratories, Inc. ("Center Lab"), Taipei District Prosecutors Office requested Taiwan High Court to consolidated this case with the foregoing criminal case.

(e) 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.

(f) On May 30, 2016, Janssen Pharmaceutical 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.

(g) With regards to "Mandate Development Agreement for Risperidone" between the Company and Center Lab, Center Lab initiated an action for a declaratory judgment confirming the contractual relation against the Company in Taipei District Court on July 1, 2016. Taipei District Court rendered the judgment on March 31, 2018 confirming the contractual relation. The Company is not satisfied with the judgment which did not consider the facts and evidence comprehensively in time and the

(Continued)

Company already appealed to fight for its rights.

(10) Losses Due to Major Disasters: None

(11) Subsequent Events: None

(12) Other:

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

	For the three months ended March 31					
	2018			2017		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	$ 54,343	147,237	201,580	47,847	132,826	180,673
Health and labor insurance	4,215	8,890	13,105	4,232	8,533	12,765
Pension	2,158	4,880	7,038	2,155	4,544	6,699
Others	806	17,290	18,096	2,268	12,650	14,918
Depreciation	24,876	7,044	31,920	25,733	7,754	33,487
Amortization	87	1,734	1,821	87	1,969	2,056

(b) Seasonality of operations:

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

(c) Others

(i) The Group donated $5,827 and $15,604 to related medical foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage for the three months ended March 31, 2018 and 2017, 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. Grant funds of $22,498 had been received, and the actual expenditure amounted to $22,498, as of March 31, 2017.

(English Translation of Financial Report Originally Issued in Chinese)
TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated 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	49,479 USD 1,700	49,479 USD 1,700	49,479 USD 1,700	0.5%	2	-	Operating capital	-	-	-	233,527 CNY 51,156	233,527 CNY51,156
1	Worldco International Co., Ltd.	The Company	Receivables from related parties	Yes	72,763 USD 2,500	72,763 USD 2,500	-	0.9%	2	-	Operating capital	-	-	-	93,409 CNY 20,462	93,409 CNY 20,462
2	Xudong Haipu International Co., Ltd.	The Company	Receivables from related parties	Yes	494,785 USD 17,000	494,785 USD 17,000	-	0.9%	2	-	Operating capital	-		-	550,352 USD 18,493	550,352 USD 18,493

The exchange rate of USD to NTD as of the reporting date is 1:29.105, and the average exchange rate of USD to NTD as of the reporting date is 1:29.253.

(Continued)

The exchange rate of CNY to NTD as of the reporting date is 1:4.647, and the average exchange rate of CNY to NTD as of the reporting date is 1:4.619.

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, 2018.

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

(Continued)

(English Translation of Financial Report Originally Issued in Chinese)
TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(iii) Securities held as of March 31, 2018 (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.	-	Financial assets measured at fair value through other comprehensive income–noncurrent	1,600	67,520	1.68 %	67,520	
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income– current	4,200	177,240	4.40 %	177,240	
〃	Pharmira Laboratories Inc.	-	Financial assets measured at fair value through other comprehensive income–noncurrent	2,625	101,351	2.51 %	101,351	
〃	Fubon Financial Holding Co., Ltd.	-	〃	50	2,510	- %	2,510	
〃	Union Bank of Taiwan Preferred Stock A	-	〃	400	20,360	0.02 %	20,360	
〃	Fubon S&P US Preferred Stock ETF	-	Financial assets measured at fair value through profit and loss-non-current	20	382	- %	382	
〃	Fubon Financial Holding Co., Ltd. Preferred Stock B	-	Other non-current asset	-	150,000	- %	-	

(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

(Continued)

(English Translation of Financial Report Originally Issued in Chinese)
TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated Financial Statements

(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$100 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	Commission revenue	23,971	By contract	2.30%
0	〃	〃	1	Accounts receivable	25,169	〃	0.27%
0	〃	TSH Biopharm Co., Ltd.	1	Sale revenue	19,959	〃	1.92%
0	〃	〃	1	Other receivables	1,814	〃	0.02%
0	〃	〃	1	Rental revenue	1,040	〃	0.10%
0	〃	〃	1	Other income	1,210	〃	0.12%
0	〃	〃	1	Accounts receivable	5,042	〃	0.05%
0	〃	American Taiwan Biopharma Phils Inc.	1	Accounts receivable	6,277	〃	0.07%
0	〃	〃	1	Other receivables	9,525	〃	0.10%
0	〃	〃	1	Sale revenue	1,730	〃	0.17%
0	〃	Enhanx Inc.	1	Other liabilities - current	1,053	〃	0.01%
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd. (Beijing)	1	Other receivables	49,479	〃	0.54%
1	〃	〃	1	Other payables	9,415	〃	0.10%
1	〃	〃	1	Other receivables	58,963	〃	0.64%

(Continued)

(English Translation of Financial Report Originally Issued in Chinese)
TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated 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 more than NT$1,000 were not disclosed.

(b) Information on investees:

The following is the information on investees for the three months ended March 31, 2018 (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, 2018			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2018	December 31, 2017	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 %	1,340,827	(4,779)	(4,779)	Subsidiary
〃	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	158,254	158,254	39,600	100.00 %	232,665	(5,026)	(5,026)	Subsidiary
〃	American Taiwan Biopharma Phils Inc.	Philippines	Selling chemical medicine	32,904	32,904	481	87.00 %	(4,778)	(1,760)	(1,531)	Subsidiary
〃	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48 %	698,061	33,109	18,774	Subsidiary
〃	Enhanx Inc.	Taiwan	Developing chemical medicine	50,000	50,000	5,000	29.41 %	47,448	(3,565)	(1,049)	Subsidiary
〃	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	344,878	350,659	26,367	17.92 %	692,875	(49,145)	(8,807)	Investments accounted for using equity method
〃	American Taiwan Biopharm	Thailand	Selling chemical medicine	2,966	2,966	380	40.00 %	224,725	3,576	1,430	Investments accounted for using equity method
〃	Gligio International Limited	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00 %	32,183	2,550	1,020	Investments accounted for using equity method
〃	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling functional food	82,059	82,059	6,326	27.54 %	54,253	(17,450)	(4,806)	Investments accounted for using equity method

(Continued)

(English Translation of Financial Report Originally Issued in Chinese)
TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES
Notes to Consolidated 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, 2018	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2018	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	296,871 USD 10,200	(2)	323,433	-	-	323,433	1,751 CNY 379	100 %	1,751 CNY 379	(67,052) CNY (14,429)	-
Worldco Biotech (Chengdu) Pharmaceutical Ltd.	Selling chemical medicine	55,299 CNY 11,900	(2)	93,544 CNY 20,130	-	-	93,544 CNY 20,130	148 CNY 32	100 %	148 CNY 32	51,238 CNY 11,026	-

The exchange rate of USD to NTD as of the reporting date is 1:29.105, and the average exchange rate of USD to NTD as of the reporting date is 1:29.253.

The exchange rate of CNY to NTD as of the reporting date is 1:4.647, and the average exchange rate of CNY to NTD as of the reporting date is 1:4.619.

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 following basis of a financial report not reviewed by a CPA.

(Continued)

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, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
423,982	1,360,018 (USD 46,728)	3,467,884

(iii) Significant transactions:

Please refer to Note 7.

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

(14) Segment information:

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

For the three months ended March 31, 2018		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	$	651,681	51,448	185,336	149,074	-	2,916	-	1,040,455
Intersegment revenues		45,660	-	-	-	-	-	(45,660)	-
Total revenue	$	697,341	51,448	185,336	149,074	-	2,916	(45,660)	1,040,455
Reportable segment profit or loss	$	241,631	9,870	72,939	41,380	(35,636)	(5,326)	19,573	344,431
For the three months ended March 31, 2017									
Revenue:									
Revenue from external customers	$	619,427	50,582	159,180	113,915	-	3,302	-	946,406
Intersegment revenues		33,965	-	-	-	-	-	(33,965)	-
Total revenue	$	653,392	50,582	159,180	113,915	-	3,302	(33,965)	946,406
Reportable segment profit or loss	$	184,847	15,310	62,267	15,224	(12,683)	(2,748)	7,934	270,151
Reportable segment assets									
Balance at March 31, 2018	$	7,982,065	236,090	250,532	1,342,109	1,608,967	173,559	(2,367,558)	9,225,764
Balance at December 31, 2017	$	8,269,994	235,597	256,752	1,281,703	1,648,403	177,621	(2,363,003)	9,507,067
Balance at March 31, 2017	$	7,870,688	387,294	218,425	1,544,708	1,671,752	13,178	(2,508,996)	9,197,049