Stock Code:4105

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

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Review Report
For the Six Months Ended June 30, 2018 and 2017

Address: 3F., No. 3-1, Park St., Nangang Dist., Taipei City 115, Taiwan
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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.

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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 (the "Company") and its subsidiaries (together referred to as the "Group") as of June 30, 2018 and 2017, the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2018 and 2017, as well as the changes in equity and cash flows for the six months ended June 30, 2018 and 2017, and notes to the consolidated financial statements, including a summary of significant accounting policies. The 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 Standard ("IAS") 34, "Interim Financial Reporting" endorsed and issued into effect 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 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. A review is substantially less in scope than an audit conducted 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 that might be identified in an audit. 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 the total assets amounting to $274,525 thousand, constituting 2.94% of the consolidated total assets and the total liabilities amounting to $7,931 thousand, constituting 0.20% of the consolidated total liabilities as of June 30, 2017; as well as the total comprehensive income amounting to $1,331 thousand and $15,839 thousand, constituting 0.83% and 5.97% of the consolidated total comprehensive income for the three months and six months ended June 30, 2017, respectively.

Furthermore, as stated in Note 6(h), the other equity accounted investments of the Group in its investee companies of $309,510 thousand and $279,050 thousand as of June 30, 2018 and 2017, respectively, and its equity in net earnings on these investee companies of $10,815 thousand, $9,029 thousand, $8,459 thousand and $15,286 thousand for the three months and six months ended June 30, 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 equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above 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 Group as of June 30, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, "Interim Financial Reporting" endorsed and issued into effect 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 amounting to $597,782 thousand and $646,892 thousand, constituting 6.33% and 6.93% of the consolidated total assets at June 30, 2018 and 2017, respectively, and the related share of profit (loss) of associates and joint ventures accounted for using the equity method amounting to $12,470 thousand, $(6,843) thousand, $3,663 thousand and $(31,048) thousand, constituting 2.20%, (2.20)%, 0.40% and (5.34)% of total profit before tax for the three months and six months ended June 30, 2018 and 2017, respectively.

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

KPMG

Taipei, Taiwan (Republic of China)
August 13, 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 Financial Statements and Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with the generally accepted auditing standards as of June 30, 2018 and 2017

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2018, December 31, 2017, and June 30, 2017

(Expressed in Thousands of New Taiwan Dollars)

	Assets	June 30, 2018 Amount	%	December 31, 2017 Amount	%	June 30, 2017 Amount	%
	Current assets:						
1100	Cash and cash equivalents (note 6(a) and (z))	$ 1,243,079	13	1,441,374	15	2,696,574	30
1120	Current financial assets at fair value through other comprehensive income (note 6(c) and (z))	171,319	2	-	-	-	-
1150	Notes receivable, net (note 6(e) and (z))	50,097	1	73,339	1	41,045	-
1170	Accounts receivable, net (note 6(e) and (z))	860,530	9	915,846	10	772,697	8
1180	Accounts receivable due from related parties, net (note 6(e), (z) and 7)	22,275	-	8,973	-	26,285	-
1200	Other receivables, net (note 6(f), (z) and 7)	141,616	1	73,622	1	107,980	1
130X	Inventories (note 6 (g))	715,627	8	693,713	7	619,517	7
1410	Prepayments	24,148	-	15,511	-	25,980	-
1476	Other current financial assets (note 6(a), (m), (z) and 8)	1,750,955	19	1,771,755	19	640,548	8
1470	Other current assets (note 6(m))	13,085	-	2,457	-	4,444	-
		4,992,731	53	4,996,590	53	4,935,070	54
	Non-current assets:						
1510	Non-current financial assets at fair value through profit or loss (note 6(b) and (z))	402	-	-	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c) and (z))	317,616	3	-	-	-	-
1523	Non-current available-for-sale financial assets, net (note 6(d) and (z))	-	-	286,586	3	421,130	5
1550	Investments accounted for using equity method, net (note 6(h))	907,292	10	1,024,020	11	925,942	10
1600	Property, plant and equipment (note (j))	2,508,883	27	2,548,006	27	2,565,390	27
1760	Investment property, net (note 6(k))	88,768	1	89,023	1	77,822	1
1780	Intangible assets (note 6(l))	162,762	2	142,203	1	26,031	-
1840	Deferred tax assets	30,812	-	30,912	-	30,332	-
1915	Prepayments for business facilities	187,948	2	169,161	2	165,814	2
1920	Guarantee deposits paid (note 6(z))	25,618	-	28,365	-	29,801	-
1981	Cash surrender value of life insurance (note 6(z))	7,275	-	7,275	-	5,198	-
1984	Other non-current financial assets (note 6(a), (m), (z) and 8)	124,270	1	124,326	1	125,030	1
1990	Other non-current assets (note 6(m))	87,192	1	60,600	1	23,454	-
		4,448,838	47	4,510,477	47	4,395,944	46
	Total assets	$ 9,441,569	100	9,507,067	100	9,331,014	100

	Liabilities and Equity	June 30, 2018 Amount	%	December 31, 2017 Amount	%	June 30, 2017 Amount	%
	Current liabilities:						
2100	Short-term borrowings (note 6(n) and (z))	$ 765,230	8	1,650,000	18	1,150,000	12
2130	Contract liabilities-current(note 6 (u))	10,724	-	-	-	-	-
2150	Notes payable (note 6(u))	8,922	-	37,403	-	19,923	-
2160	Notes payable to related parties (note 6(z) and 7)	7,468	-	22,464	-	-	-
2170	Accounts payable (note 6(z))	150,499	2	95,055	1	102,779	1
2216	Dividends payable (note 6(z))	1,154,018	12	-	-	996,674	11
2230	Current tax liabilities	162,688	2	131,881	1	121,911	1
2250	Current provisions	-	-	-	-	5,327	-
2200	Other payables (note 6(z) and 7)	468,105	5	496,623	5	400,954	5
2300	Other current liabilities	35,563	-	49,472	1	51,394	1
2320	Long-term borrowings, current portion (note 6(o) and (z))	-	-	300,000	3	200,000	2
		2,763,217	29	2,782,898	29	3,048,962	33
	Non-Current liabilities:						
2540	Long-term borrowings (note 6(o) and (z))	550,000	6	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	54,343	1	54,310	1	44,591	-
2645	Guarantee deposits received (note 6(z))	6,046	-	10,086	-	10,085	-
		908,525	10	612,532	7	999,405	10
	Total liabilities	3,671,742	39	3,395,430	36	4,048,367	43
	Equity attributable to owners of parent (note 6(s)):						
	Share capital:						
3100	Capital stock	2,486,500	27	2,486,500	27	2,486,500	27
	Capital surplus:						
3200	Capital surplus	373,049	4	396,113	4	409,045	4
	Retained earnings:						
3310	Legal reserve	857,419	9	722,945	8	722,945	8
3320	Special reserve	110,154	1	110,154	1	110,154	1
3350	Unappropriated retained earnings	1,256,272	13	1,758,633	18	888,490	10
3400	Other equity interest	88,704	1	22,431	-	121,316	1
	Equity attributable to the parent company:	5,172,098	55	5,496,776	58	4,738,450	51
36XX	Non-controlling interests (note 6(s))	597,729	6	614,861	6	544,197	7
	Total equity	5,769,827	61	6,111,637	64	5,282,647	58
	Total liabilities and equity	$ 9,441,569	100	9,507,067	100	9,331,014	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 and six months ended June 30, 2018 and 2017

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

		For the three months ended June 30				For the six months ended June 30			
		2018		2017		2018		2017	
		Amount	%	Amount	%	Amount	%	Amount	%
4000	**Operating revenue (note 6(u), (v) and 7)**	$ 997,362	100	930,162	100	2,037,817	100	1,876,568	100
5000	**Operating costs (note 6(g) and (q))**	350,391	36	310,123	33	692,856	34	608,304	32
	Gross profit	646,971	64	620,039	67	1,344,961	66	1,268,264	68
5910	Less:Unrealized profit (loss) from sales	2,045	-	(1,155)	-	8,561	-	5,110	-
5920	Add:Realized profit (loss) from sales	-	-	-	-	6,346	-	4,132	-
	Gross profit, net	644,926	64	621,194	67	1,342,746	66	1,267,286	68
6000	**Operating expenses (note 6(q), 7 and 12):**								
6100	Selling expenses	216,688	22	195,847	21	442,272	22	394,489	21
6200	Administrative expenses	99,858	10	66,282	7	185,118	9	133,660	7
6300	Research and development expenses	109,039	11	71,669	8	185,402	9	149,619	8
6450	Reversal of provision for bad debt expense	(5,445)	(1)	-	-	(5,445)	-	-	-
		420,140	42	333,798	36	807,347	40	677,768	36
	Net operating income	224,786	22	287,396	31	535,399	26	589,518	32
	Non-operating income and expenses (note 6(x) and 7):								
7010	Other income	14,556	1	8,681	1	18,936	1	16,474	1
7020	Other gains and losses, net	309,010	31	18,028	2	354,592	17	2,149	-
7050	Finance costs, net	(4,128)	-	(5,456)	(1)	(9,109)	-	(11,393)	(1)
7070	Share of profit (loss) of associates accounted for using equity method, net (note 6(h))	23,285	2	2,186	-	12,122	1	(15,762)	(1)
		342,723	34	23,439	2	376,541	19	(8,532)	(1)
	Profit before tax	567,509	56	310,835	33	911,940	45	580,986	31
7950	Less: Income tax expense (note 6(r))	78,391	8	58,911	6	155,158	8	102,712	5
	Profit for the period	489,118	48	251,924	27	756,782	37	478,274	26
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	(34,084)	(3)	-	-	46,176	2	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	-	-	-	-
		(34,084)	(3)	-	-	46,176	2	-	-
8360	**Components of other comprehensive income that may be reclassified to profit or loss**								
8361	Exchange differences on translation	57,629	6	11,572	1	36,114	2	(94,433)	(5)
8362	Unrealized gains (losses) on valuation of available-for-sale financial assets	-	-	(97,065)	(10)	-	-	(118,075)	(6)
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	(1,155)	-	(5,799)	(1)	(3,759)	-	(434)	-
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	56,474	6	(91,292)	(10)	32,355	2	(212,942)	(11)
8300	**Other comprehensive income, net**	22,390	3	(91,292)	(10)	78,531	4	(212,942)	(11)
	Total comprehensive income for the period	$ 511,508	51	160,632	17	835,313	41	265,332	15
	Profit attributable to:								
	Owners of parent	$ 495,117	49	243,681	26	751,061	37	464,887	25
	Non-controlling interests	(5,999)	(1)	8,243	1	5,721	-	13,387	1
		$ 489,118	48	251,924	27	756,782	37	478,274	26
	Comprehensive income attributable to:								
	Owners of parent	$ 531,371	53	193,406	21	817,352	40	301,115	16
	Non-controlling interests	(19,863)	(2)	(32,774)	(4)	17,961	1	(35,783)	(1)
		$ 511,508	51	160,632	17	835,313	41	265,332	15
	Earnings per share, net of tax (note 6(t))								
	Basic earnings per share	$	1.99		0.98		3.02		1.87
	Diluted earnings per share	$	1.99		0.98		3.02		1.87

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 six months ended June 30, 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	-	-	-	-	464,887	-	-	-	-	464,887	13,387	478,274
Other comprehensive income	-	-	-	-	-	(94,395)	-	(69,377)	(163,772)	(163,772)	(49,170)	(212,942)
Total comprehensive income	-	-	-	-	464,887	(94,395)	-	(69,377)	(163,772)	301,115	(35,783)	265,332
Legal reserve appropriated	-	-	119,332	-	(119,332)	-	-	-	-	-	-	-
Cash dividends of ordinary share distributed	-	-	-	-	(944,870)	-	-	-	-	(944,870)	(51,804)	(996,674)
Other changes in capital surplus:												
Changes in equity of associates and joint ventures accounted for using equity method	-	3,677	-	-	-	-	-	-	-	3,677	-	3,677
Balance at June 30, 2017	$ 2,486,500	409,045	722,945	110,154	888,490	(96,757)	-	218,073	121,316	4,738,450	544,197	5,282,647
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)
Equity at beginning of period 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	-	-	-	-	751,061	-	-	-	-	751,061	5,721	756,782
Other comprehensive income	-	-	-	-	-	36,101	30,190	-	66,291	66,291	12,240	78,531
Total comprehensive income	-	-	-	-	751,061	36,101	30,190	-	66,291	817,352	17,961	835,313
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	134,474	-	(134,474)	-	-	-	-	-	-	-
Cash dividends of ordinary share distributed	-	-	-	-	(1,118,925)	-	-	-	-	(1,118,925)	(35,093)	(1,154,018)
Other changes in capital surplus:												
Changes in equity of associates and joint ventures accounted for using equity method	-	1,842	-	-	-	-	-	-	-	1,842	-	1,842
Disposal of subsidiaries or investments accounted for using equity method	-	(24,906)	-	-	-	-	-	-	-	(24,906)	-	(24,906)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	20	-	(20)	-	(20)	-	-	-
Balance at June 30, 2018	$ 2,486,500	373,049	857,419	110,154	1,256,272	(63,633)	152,337	-	88,704	5,172,098	597,729	5,769,827

See accompanying notes to financial statements.

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

TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the six months ended June 30, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the six months ended June 30 2018	2017
Cash flows from operating activities:		
Profit before tax	$ 911,940	580,986
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	63,813	67,270
Amortization expense	8,429	4,154
Rversal of provision for bad debt expense	(5,445)	-
Net gain on financial assets or liabilities at fair value through profit or loss	(7)	-
Interest expense	9,109	11,393
Interest income	(13,668)	(10,237)
Share of (profit) loss of associates and joint ventures accounted for using equity method	(12,122)	15,762
Loss on disposal of property, plant and equipment	806	2,004
Gain on disposal of investments accounted for using equity method	(346,039)	-
Unrealized profit (loss) from sales	8,561	5,110
Realized loss (profit) from sales	(6,346)	(4,132)
Allocation of deferred income	(505)	(505)
Total adjustments to reconcile profit (loss)	(293,414)	90,819
Changes in operating assets and liabilities:		
Decrease in notes receivable	23,242	21,233
Decrease (increase) in accounts receivable	47,142	(2,122)
Increase in other receivable	(1,972)	(2,653)
Increase in inventories	(21,910)	(21,214)
Increase in other current assets	(19,228)	(32,432)
Decrease in contract liabilities	(10,828)	-
(Decrease) increase in notes payable	(28,481)	3,351
Decrease in notes payable to related parties	(14,996)	-
Increase in accounts payable	55,528	18,908
Decrease in other payable	(28,101)	(81,547)
Increase in other current liabilities	7,610	2,865
Increase (decrease) in net defined benefit liability	33	(30)
Total adjustments	(285,375)	(2,822)
Cash inflow generated from operations	626,565	578,164
Interest received	13,875	10,237
Dividends received	7,165	7,416
Interest paid	(9,378)	(11,507)
Income taxes paid	(124,351)	(172,617)
Net cash flows from operating activities	513,876	411,693
Cash flows from investing activities:		
Acquisition of financial assets designated at fair value through profit or loss	(156,617)	-
Proceeds from disposal of financial assets designated at fair value through profit or loss	50	-
Proceeds from disposal of investments accounted for using equity method	375,282	-
Acquisition of property, plant and equipment	(22,116)	(27,702)
Proceeds from disposal of property, plant and equipment	115	2
Decrease (increase) in refundable deposits	2,750	(5,802)
Acquisition of intangible assets	(12,032)	(538)
Decrease in other financial assets	52,088	391,044
Increase in prepayments for business facilities	(21,863)	(6,332)
Increase in other non-current assets	(42,205)	(10,873)
Net cash flows from investing activities	175,452	339,799
Cash flows used in financing activities:		
Increase in short-term loans	2,272,660	3,069,000
Decrease in short-term loans	(3,157,500)	(3,168,010)
Proceeds from long-term debt	300,000	-
Repayments of long-term debt	(300,000)	-
Increase in guarantee deposits received	(4,040)	100
Net cash flows used in financing activities	(888,880)	(98,910)
Effect of exchange rate changes on cash and cash equivalents	1,257	(64,721)
Net (decrease) increase in cash and cash equivalents	(198,295)	587,861
Cash and cash equivalents at beginning of period	1,441,374	2,108,713
Cash and cash equivalents at end of period	$ 1,243,079	2,696,574

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

June 30, 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 financial statements were authorized for issuance by the Board of Directors on August 13, 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 have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2018.

New, Revised or Amended Standards and Interpretations	Effective date per 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. The extent and impact of signification changes are as follows:

(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, but 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 expedients for completed contracts, which means it doesn't need to restate those contracts that have been completed on January 1, 2018.

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

1) Sales of goods

For the sales of products, 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 their recoverability is probable and (iii) there is no continuing management 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 IFRS 15 did not have any significant 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 consequential amendments to IAS 1 "Presentation of Financial Statements" which requires impairment of financial assets to be presented in a separate line item in the statement of comprehensive income. Additionally, the Group adopted the consequential amendments to IFRS 7 "Financial Instruments: Disclosures" that are applied to disclose the information from 2018 but generally have not been applied to comparative information.

(Continued)

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

1) Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous categories of held to maturity, loans and receivables and available for sale under IAS 39. For an explanation of how the Group classifies and measures financial assets and recognizes related gains and losses under IFRS 9, please see Note 4(c).

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

2) Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with the ‘expected credit loss’ (ECL) 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 they are under IAS 39 – please see Note 4(c).

3) Transition

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

·Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognized in retained earnings and reserves as on January 1, 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9 and therefore 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 not held for trading as at FVOCI.

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

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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 a 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 at the date of initial application as measured at FVOCI.

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

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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 adjustments	2018.1.1 Other equity adjustments
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	(286,586)	-		-	-
Subtractions – debt instruments:						
To FVTPL – required reclassification based on classification criteria	-	286,191	-		-	-
Total	$ 286,586	(395)	-	286,191	-	-

(b) The impact of IFRS endorsed by FSC but not yet effective

The following new standards, interpretations and amendments have been endorsed by the FSC and are effective for annual periods beginning on or after January 1, 2019 in accordance with Ruling No. 1070324857 issued by the FSC on July 17, 2018:

New, Revised or Amended Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
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 19 "Plan Amendment, Curtailment or Settlement"	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

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. The extent and impact of signification changes are as follows:

- IFRIC 23 "Uncertainty over Income Tax Treatments"

  In assessing whether and how an uncertain tax treatment affects the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates, an entity shall assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have a full knowledge on all related information when doing so.

If an entity concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall determine the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its income tax filings. Otherwise, an entity shall reflect the effect of uncertainty for each uncertain tax treatment by using either the most likely amount or the expected value, depending on which method the entity expects to better predict the resolution of the uncertainty.

So far, the most significant impact identified is that the Group will have to recognize the new income tax liabilities and income tax expense for its uncertainty over income tax treatments.

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

As of the date, the following IFRSs have been issued by the IASB, but have yet to be 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 17 "Insurance Contracts"	January 1, 2021

The Group assessed that the above IFRSs may not be relevant to the Group.

(4) Summary of significant accounting policies:

(a) Statement of compliance

The 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 consolidated financial statements, the Chinese version shall prevail.

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 "Interim Financial Reporting" which are endorsed and issued into effect by FSC and do not include all of the information required by the Regulations and IFRSs, IASs, 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.

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(b) Basis of consolidation

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

Investor	Subsidiary	Nature of business	Shareholding ratio June 30, 2018	Shareholding ratio December 31, 2017	Shareholding ratio June 30, 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 Biopharm, 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, their financial statements have not been reviewed as of June 30, 2017.

(Note 2) In August 2017, the Group and 2-BBB Medicines BV, registered in the Netherlands, established EnhanX Biopharm, Inc., the Group holds more than one half of its directors' position, so EnhanX Biopharm Inc. became a subsidiary of the Group. According to the investment agreement, the unpaid share capital amounted to $70,000 as of June 30, 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 it changes its business model 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. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment loss, 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, deriving from debt investments are recognized in profit or loss; whereas dividends deriving 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 equity investments are reclassified to profit or loss. However, gains and losses accumulated in OCI of debt investments are reclassified to retain earnings instead of profit or loss.

Dividend income derived from equity investments is recognized on the date that 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, financial assets measured at amortized costs, notes and accounts receivable, leases receivable, guarantee deposit paid and other financial assets) and contract assets.

The maximum period considered when estimating expected credit loss (ECL) is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is overdue for more then payment terms. 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 are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact 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 being more than payment terms;

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

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

·the disappearance of an active market for a security due to financial difficulties.

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 OCI instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case 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 subject to the write-off. 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 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.

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 control of the products has transferred, being when 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.

(Continued)

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 grant the patent right to customer by signing contract with them. If the authorization could be distinguished, base on the nature of authorization, the grant revenue could be recognized over the grant period or the time of the patent right's control has transferred to customer.

The Group recognizes revenue after that 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 entity 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.

(Continued)

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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.

(g) Income taxes

The income tax expenses have been prepared 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.

(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

	June 30, 2018	December 31, 2017	June 30, 2017
Cash on hand	$ 2,100	2,905	4,960
Cash in banks	1,162,570	1,241,649	1,983,039
Time deposits	78,409	196,820	708,575
	$ 1,243,079	1,441,374	2,696,574

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(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, please see Note 6(m).

(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

	June 30, 2018	December 31, 2017	June 30, 2017
Designated as financial assets at fair value through profit or loss			
Domestic preferred stock ETFS	$ 402	-	-

(i) Please 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.

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

	June 30, 2018
Equity instrument measured at fair value through other comprehensive income:	
Domestic common stock—Lumosa Therapeutics Co., Ltd.	$ 236,599
Domestic common stock—Handa Pharmaceuticals, Inc.	73,553
Domestic listed common stock—Fubon Financial Holding Co., Ltd.	6,643
Domestic listed preferred stock—Fubon Financial Holding Co., Ltd. Preferred Shares A	151,500
Domestic listed preferred stock—Union Bank of Taiwan Preferred Shares A	20,640
Total	$ 488,935

(i) The Group holds these equity instrument as long-term strategic investments, which are measured at fair value through other comprehensive income. Other than Fubon Financial Holding Co., Ltd, the remaining investments listed above were recognized as available-for-sale financial assets as of December 31, 2017 and June 30, 2017, please refer to Note 6(d).

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

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

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(d) Available-for-sale financial assets

	December 31, 2017	June 30, 2017
Investment:		
Domestic common stock－Lumosa Therapeutics Co., Ltd.	$ 171,100	237,800
Domestic common stock－Handa Pharmaceuticals, Inc.	95,051	183,330
Domestic listed preferred stock－Fubon Financial Holding Co., Ltd. Preferred Shares A	20,040	-
Domestic preferred stock ETFS	395	-
Total	$ 286,586	421,130

(i) Please refer to Note 6(b) and 6(c) for domestic preferred stock ETFS reported on June 30, 2018 is accounted for as financial assets measured at fair value through profit or loss. The remaining investment targets are reported as financial assets measured at fair value through other comprehensive income or loss.

(ii) Please refer to Note 6(s) for situations where the amount of other comprehensive income or loss is recognized due to changes in fair value.

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

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

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

	June 30, 2018	December 31, 2017	June 30, 2017
Notes receivables －operating	$ 49,565	71,744	39,643
Notes receivables －non-operating	532	1,595	1,402
Accounts receivables	888,424	949,185	806,036
Accounts receivables-related parties	22,275	8,973	26,285
Less: Allowance for impairment	(27,894)	(33,339)	(33,339)
	$ 932,902	998,158	840,027

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As of June 30, 2018, the Group estimated the expected credit losses for all notes receivable and accounts receivable using a simple approach. For these purposes, the notes receivable and accounts receivable customers 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 June 30, 2018 are as follows:

	Face value of notes receivable and accounts receivable	Weighted average loss rate	Allowance for expected credit losses
Not yet overdue	$ 935,519	0%~1%	8,416
Past due less than 90 days	6,126	5%~7%	368
Past due 91-180 days	132	67%~71%	91
Past due more than 181 days	19,019	100%	19,019
	$ 960,796		27,894

As of December 31, 2017 and June 30, 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 June 30, 2017, are as follows:

	December 31, 2017	June 30, 2017
Past due less than 90 days	$ 4,691	739
Past due 91-180 days	30	-
Past due more than 181 days	-	34
	$ 4,721	773

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

	For the six months ended June 30, 2018	For the six months ended June 30, 2017	
		Individually assessed of loss reduction	Group assessment of loss reduction
Beginning balance (IAS39)	33,339	20,394	17,945
IFRS 9 adjustment	-		
Beginning balance(IFRS 9)	33,339		
Reversal of impairment loss	(5,445)	-	(5,000)
Ending Balance	$ 27,894	20,394	12,945

As of June 30, 2018, December 31, 2017 and June 30, 2017, the accounts receivable and notes receivable were not pledged as collateral.

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(f) Other receivables

	June 30, 2018	December 31, 2017	June 30, 2017
Other receivable	$ 83,501	65,316	29,278
Other receivable—related parties	58,115	8,306	78,702
	$ **141,616**	**73,622**	**107,980**

(i) As of June 30, 2018, December 31, 2017 and June 30, 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 June 30, 2018, December 31, 2017 and June 30, 2017, other receivables were not pledged as collateral.

(g) Inventories

	June 30, 2018	December 31, 2017	June 30, 2017
Merchandise	$ 254,855	223,674	184,455
Finished goods	105,397	101,497	115,577
Work in process	89,789	108,060	110,936
Raw materials	190,545	183,436	182,344
Materials	34,946	29,650	37,325
Subtotal	675,532	646,317	630,637
Goods in transit	92,826	97,919	55,159
Total	768,358	744,236	685,796
Less: Allowance for inventory market decline and obsolescence	(52,731)	(50,523)	(66,279)
Net amount	$ **715,627**	**693,713**	**619,517**

The cost of inventories recognized as cost of goods sold and expense for the three months and six months ended June 30, 2018 and 2017 amounted to $350,774, $302,748, $690,648 and $600,852, respectively. The main item was the costs from selling goods. For the three months and six months ended June 30, 2018 and 2017, the inventory write-down to net realizable value of $(383), $7,375, $2,208 and $7,452 were recognized as increase in cost of goods sold.

As of June 30, 2018, December 31, 2017 and June 30, 2017, the aforesaid inventories were not pledged as collateral.

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(h) Investments accounted for using equity method

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

	June 30, 2018	December 31, 2017	June 30, 2017
Associates	$ 907,292	1,024,020	925,942

(i) As of June 30, 2018, December 31, 2017 and June 30, 2017, the carrying value of associates had a quoted market price amounted to $650,394, $771,239 and $696,606 respectively, while fair value amounted to $3,734,230, $4,386,636 and $5,083,103, respectively.

(ii) For the six months ended June 30, 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 $1,842 and 3,677, respectively, to its capital reserve. In February 2018, the Group disposed its investment shares of PharmaEngine, Inc. and recognized an investment interest of $346,039. For the six months ended June 30, 2018 and 2017, the Group's shareholding ration declined from 18.22% to 16.39% and 19.30% to 19.28%, respectively.

1) Associates that had materiality were as follows:

			Equity ownership		
Associate	**Nature of relationship**	**Country of registration**	**June 30, 2018**	**December 31, 2017**	**June 30, 2017**
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	16.39 %	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:

- Summary financial information on PharmaEngine, Inc.

	June 30, 2018	December 31, 2017	June 30, 2017
Current assets	$ 3,962,532	4,071,199	3,693,175
Non-current assets	35,675	39,732	42,678
Current liabilities	(351,621)	(199,899)	(380,648)
Net assets	$ 3,646,586	3,911,032	3,355,205
Net assets attributable to non-controlling interests	$ 597,782	712,642	646,892
Net assets attributable to investee owners	$ 3,048,804	3,198,390	2,708,313

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

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	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Revenue	$ 42,243	29,144	76,050	40,094
Profit for the period	$ 70,150	(35,495)	21,005	(161,010)
Other comprehensive income	(57)	131	(24)	106
Comprehensive income	$ 70,093	(35,364)	20,981	(160,904)
Comprehensive income attributable to non-controlling interests	$ 12,461	(6,819)	3,659	(31,028)
Comprehensive income attributable to investee owners	$ 57,632	(28,545)	17,322	(129,876)

	For the six months ended June 30,	
	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	1,842	3,677
Profit and loss attributable to the Group for the period	3,659	(31,028)
Cash dividends received from associates	(48,246)	(59,086)
Disposal of investments toward affiliated company for the period	(72,074)	-
Net assets attributable to the Group, June 30	597,782	646,892
Carrying amount of interest in associates, June 30	$ 597,782	646,892

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:

	June 30, 2018	December 31, 2017	June 30, 2017
Carrying amount of interest in individually insignificant associates	$ 309,510	311,378	279,050

		For the three months ended June 30,		For the six months ended June 30,	
		2018	2017	2018	2017
Attributable to the Group:					
Profit for the period	$	10,815	9,029	8,459	15,286
Other comprehensive income		(3,227)	(2,389)	(1,452)	(2,776)
Comprehensive income	$	7,588	6,640	7,007	12,510

3) Collateral

As of June 30, 2018, December 31, 2017 and June 30, 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 PharmaEngine's financial statements have been reviewed by other accountant, 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**	**June 30, 2018**	**December 31, 2017**	**June 30, 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:

- Summary financial information on TSH Biopharm Co., Ltd.

		June 30, 2018	**December 31, 2017**	**June 30, 2017**
Current assets	$	1,056,733	997,419	1,070,124
Non-current assets		297,674	284,284	398,205
Current liabilities		(221,010)	(135,082)	(218,254)
Net assets	$	1,133,397	1,146,621	1,250,075
Non-controlling interest	$	493,192	498,822	544,024

(Continued)

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	For the three months ended June 30, 2018	For the three months ended June 30, 2017	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Revenue	$ 141,441	127,245	290,515	241,160
Profit for the period	$ 6,206	18,981	39,315	31,622
Other comprehensive (loss) income	(31,843)	(94,185)	28,097	(112,875)
Comprehensive (loss) income	$ (25,637)	(75,204)	67,412	(81,253)
Profit attribute to non-controlling interest	$ 2,644	8,261	17,110	13,762
Comprehensive (loss) income attribute to non-controlling interest	$ (11,214)	(32,729)	29,338	(35,361)

	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Cash flows from operating activities	$ 45,899	48,418
Cash flows from investing activities	(139,767)	138,546
Net increase in cash	$ (93,868)	186,964

(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 on January 1, 2018	$ 816,169	1,030,985	383,543	4,043	153,144	3,688	156,434	2,548,006
Balance on June 30, 2018	$ 816,169	1,014,569	368,002	3,596	143,836	3,334	159,377	2,508,883
Balance on January 1, 2017	$ 816,169	1,068,263	424,452	1,937	143,523	4,274	126,957	2,585,575
Balance on June 30, 2017	$ 816,169	1,059,587	403,690	1,785	151,519	4,044	128,596	2,565,390

(i) There were no significant additions, disposal, or recognition and reversal of impairment losses of investment property for the six months ended June 30, 2018 and 2017.

Information on depreciation for the periods, please refer to Note 12. Please refer to Note 6(h) of the consolidated financial statements for the year ended December 31, 2017, for other related information.

(ii) Collateral

As of June 30, 2018, December 31, 2017 and June 30, 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 $159,377, including capitalized loan cost.

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(k) Investment property

		Land	Building and construction	Total
Carrying amount:				
Balance on January 1, 2018	$	69,152	19,871	89,023
Balance on June 30, 2018	$	69,152	19,616	88,768
Balance on January 1, 2017	$	69,152	8,847	77,999
Balance on June 30, 2017	$	69,152	8,670	77,822

(i) There were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets for the six months ended June 30, 2018 and 2017. Information on amortization for the period for the year ended December 31, 2017, please refer to Note 12. Please refer to Note 6(g) of the consolidated financial statements for other related information.

(ii) As of June 30, 2018, December 31, 2017 and June 30, 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 six months ended June 30, 2018 and 2017, were as follows:

		Computer software	Patent and franchise	Total
Cost:				
Balance on January 1, 2018	$	32,574	162,386	194,960
Additions		1,136	10,896	12,032
Disposals		(2,514)	-	(2,514)
Reclassifications		-	16,956	16,956
Effect of changes in foreign exchange rate		(1)	-	(1)
Balance on June 30, 2018	$	31,195	190,238	221,433
Balance on January 1, 2017	$	36,489	42,386	78,875
Additions		538	-	538
Disposals		(352)	-	(352)
Effect of changes in foreign exchange rate		(2)	-	(2)
Balance on June 30, 2017	$	36,673	42,386	79,059

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		Computer software	Patent and franchise	Total
Amortization and impairment loss:				
Balance on January 1, 2018	$	23,456	29,301	52,757
Amortization for the period		2,289	6,140	8,429
Disposals		(2,514)	-	(2,514)
Effect of changes in foreign exchange rate		(1)	-	(1)
Balance on June 30, 2018	$	23,230	35,441	58,671
Balance on January 1, 2017	$	22,344	26,883	49,227
Amortization for the period		2,946	1,208	4,154
Disposals		(352)	-	(352)
Effect of changes in foreign exchange rate		(1)	-	(1)
Balance on June 30, 2017	$	24,937	28,091	53,028
Carrying amount:				
Balance on January 1, 2018	$	9,118	133,085	142,203
Balance on June 30, 2018	$	7,965	154,797	162,762
Balance on January 1, 2017	$	14,145	15,503	29,648
Balance on June 30, 2017	$	11,736	14,295	26,031

As of June 30, 2018, December 31, 2017 and June 30, 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:

		June 30, 2018	December 31, 2017	June 30, 2017
Other current financial assets	$	1,750,955	1,771,755	640,548
Other non-current financial assets		124,270	124,326	125,030
Long-term prepayments		43,366	60,322	23,296
Prepayments for long-term investment		43,741	-	-
Others		13,170	2,735	4,602
	$	1,975,502	1,959,138	793,476

(i) Both current and non-current other financial assets were bank deposits that did not qualify as cash and cash equivalents.

(ii) Long-term prepayments were the amount paid for intangible assets before the ownership and control of those intangible assets were being transferred.

(iii) Prepayments for long-term investment were made by the Group to fund its subsidiaries.

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(n) Short-term loans

	June 30, 2018	December 31, 2017	June 30, 2017
Secured bank loans	$ 765,230	1,650,000	1,150,000
Unused credit line	$ 2,070,000	1,170,000	1,670,000
Range of interests rates	0.88%~3.7%	0.91%~1.02%	0.91%~1.01%

For the six months ended June 30, 2018 and 2017, the Group increased its capital by $2,272,660, with an interest of 0.88%~3.7% and $3,069,000 with an interest of 0.91%~1.01%, respectively. The amount paid back were $3,157,500 and $3,168,010, respectively. Refer to Note 6(x) for interest expense and Note 6(k) of the consolidated financial statements for the year ended December 31, 2017, for other related information.

(o) Long-term loans

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

	June 30, 2018	December 31, 2017	June 30, 2017
Unsecured bank loans	$ 550,000	550,000	830,000
Less: Current portion	-	(300,000)	(200,000)
Total	$ 550,000	250,000	630,000
Unused credit line	$ 430,000	430,000	-
Range of interest rate	1.136%~1.298%	1.115%~1.298%	1.15%~1.298%

There were no significant issues, repurchases and repayments of long-term borrowings for the six months ended June 30, 2018 and 2017. Information on interest expense for the periods, please refer to Note 6(x). Please refer to Note 6(l) of the 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:

	June 30, 2018	December 31, 2017	June 30, 2017
Less than one year	$ 3,006	2,608	2,975
Between one and five years	5,309	6,017	7,155
	$ 8,315	8,625	10,130

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(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:

		June 30, 2018	December 31, 2017	June 30, 2017
Less than one year	$	7,568	7,629	11,182
Between one and five years		11,487	6,607	17,906
	$	**19,055**	**14,236**	**29,088**

(q) Employee benefits

(i) Defined benefit plans

The managements believes that there was no material market volatility, material reimbursement and settlement, or other material one-time events. As a result, the pension cost in the accompanying consolidated financial statements was measured and disclosed according to the actuarial report as of December 2017 and 2016.

The Group's pension expenses recognized in profit or loss for the three months and six months ended June 30, 2018 and 2017, were as follows:

		For the three months ended June 30,		For the six months ended June 30,	
		2018	2017	2018	2017
Operating cost	$	156	164	313	328
Selling expenses		143	118	286	236
Administration expenses		73	66	146	132
Research and development expenses		98	80	195	160
Total	$	**470**	**428**	**940**	**856**

(ii) Defined contributions 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 June 30,		For the six months ended June 30,	
		2018	2017	2018	2017
Operating cost	$	1,973	2,005	3,974	3,996
Selling expenses		2,014	1,959	4,039	3,882
Administration expenses		1,242	1,093	2,467	2,220
Research and development expenses		1,365	1,271	2,682	2,501
Total	$	**6,594**	**6,328**	**13,162**	**12,599**

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(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%. is applicable upon filing the corporate income tax return commencing in 2018. The group spreads the effect of the change in the tax rate on the deferred income tax by $48,000, which is an adjustment to the estimated annual effective income tax rate.

(i) Income tax expense

The components of income tax expense for the three months and six months ended June 30, 2018 and 2017, were as follows:

		For the three months ended June 30,		For the six months ended June 30,	
		2018	2017	2018	2017
Current tax expense					
Current period incurred	$	76,858	59,411	153,625	103,212
Adjustment for prior periods		(7,600)	(1,305)	(7,600)	(1,305)
Additional 10% Surtax on Undistributed Retained Earnings		9,133	805	9,133	805
Income tax expense	$	78,391	58,911	155,158	102,712

(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 six 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 additional-paid in capital are as follows:

		June 30, 2018	December 31, 2017	June 30, 2017
Share capital	$	484	484	484
Long term investment		372,565	395,629	408,561
	$	373,049	396,113	409,045

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

(ii) Retained earnings

Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. The appropriation for legal reserve is discontinued when the balance of legal reserve equals the total authorized capital. Special reserve may be appropriated for operations or to meet regulations. The remaining earnings, if any, may be appropriated according to the proposal presented in the annual shareholders' meeting by the board of directors.

To enhance the Company's financial structure and maintain investors' equity, the Company adopts a stable 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 June 30, 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.

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3) Earnings distribution

The Company's appropriations of earnings for 2017 and 2016 had been resolved during the shareholder's meeting held on June 20, 2018 and June 16, 2017, respectively. The appropriation and dividends per share were 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 on January 1, 2018	$ (99,734)	-	122,165	22,431
Effects of retrospective application	-	122,167	(122,165)	2
Balance on January 1, 2018 after adjustments	(99,734)	122,167	-	22,433
Exchange differences on foreign operations	36,102	-	-	36,102
Share of exchange differences of subsidiaries and associates accounted for using equity method	(6)	-	-	(6)
Disposal of affiliated companies using the equity method reclassified to profit or loss	5	-	-	5
Unrealized gains and losses on financial assets measured at fair value through other comprehensive income	-	33,948	-	33,948
Disposal of equity instrument measured at fair value through consolidated profit or loss to retained earnings	-	(20)	-	(20)
The share of unrealized profit or loss of financial assets measured at fair value through other comprehensive	-	(3,758)	-	(3,758)
Balance on June 30, 2018	$ (63,633)	152,337	-	88,704

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	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 on January 1, 2017	$ (2,362)	-	287,450	285,088
Exchange differences on translation of foreign financial statements	(94,386)	-	-	(94,386)
Share of exchange differences of subsidiaries and associates accounted for using equity method	(9)	-	-	(9)
Unrealized gains (losses) on available- for-sale financial assets	-	-	(68,952)	(68,952)
Unrealized gains (losses) on available- for-sale financial assets of subsidiaries accounted for using equity method	-	-	(425)	(425)
Balance on June 30, 2017	$ (96,757)	-	218,073	121,316

(iv) Non-controlling interests

	For the six months ended June 30, 2018	2017
Balance on January 1	$ 614,861	631,784
Attributable to non-controlling interests:		
Profit for the period	5,721	13,387
Foreign currency translation differences-foreign operations	12	(47)
Unrealized gain (loss) on financial assets	12,228	(49,123)
Cash dividends received	(35,093)	(51,804)
Balance on June 30	$ 597,729	544,197

(t) Earnings per share

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

	For the three months ended June 30, 2018	2017	For the six months ended June 30, 2018	2017
Basic earnings per share				
Profit attributable to ordinary shareholders	$ 495,117	243,681	751,061	464,887
Weighted-average number of ordinary shares	248,650	248,650	248,650	248,650
	$ 1.99	0.98	3.02	1.87

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	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Diluted earnings per share				
Profit attributable to ordinary shareholders (diluted)	$ 495,117	243,681	751,061	464,887
Weighted-average number of ordinary shares	248,650	248,650	248,650	248,650
Employee stock bonus	91	86	265	293
Weighted-average number of ordinary shares (diluted)	248,741	248,736	248,915	248,943
	$ 1.99	0.98	3.02	1.87

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

	For the three months ended June 30, 2018					
	Oncology Business Unit	Health Care Unit	Anti-Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary geographical markets:						
Taiwan	$ 483,372	52,841	173,520	141,441	-	851,174
European countries	82,937	-	-	-	-	82,937
Other countries	44,242	12,105	-	-	6,904	63,251
	$ 610,551	64,946	173,520	141,441	6,904	997,362
Major products/services lines						
Medicine and health food	$ 592,322	64,946	173,520	136,299	6,904	973,991
Services	8,725	-	-	5,142	-	13,867
Roylaty	9,504	-	-	-	-	9,504
	$ 610,551	64,946	173,520	141,441	6,904	997,362

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	For the six months ended June 30, 2018					
	Oncology Business Unit	Health Care Unit	Anti-Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	Other Segment	Total
Primary geographical markets:						
Taiwan	$ 971,112	98,398	358,856	290,515	-	1,718,881
European countries	217,159	-	-	-	-	217,159
Other countries	73,961	17,996	-	-	9,820	101,777
	$ 1,262,232	116,394	358,856	290,515	9,820	2,037,817
Major products/services lines						
Medicine and health food	$ 1,235,159	116,394	358,856	255,647	9,820	1,975,876
Services	14,225	-	-	34,868	-	49,093
Royalty	12,848	-	-	-	-	12,848
	$ 1,262,232	116,394	358,856	290,515	9,820	2,037,817

For details on revenue for the six month ended June 30, 2017, please refer to Note 6(v).

(ii) Contract balances

	June 30, 2018	January 1, 2018
Accounts receivable and notes receivable	$ 960,264	1,029,902
Less: allowance for impairment	(27,894)	(33,339)
	$ 932,370	996,563
Contract liabilities	$ 10,724	21,552

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

The amount of revenue recognized for the six month ended June 30, 2018 that was included in the contact liability balance at the beginning of the period was $20,292.

(v) Revenue

For the three months and six months ended June 30, 2017, the revenue of the Group are as follows:

	For the three months ended June 30, 2018	For the six months ended June 30, 2017
Sale of goods	$ 920,813	1,855,872
Rendering of service	9,349	20,696
	$ 930,162	1,876,568

Refer to Note 6(u) for revenue for the three months and six months ended June 30, 2018.

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(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 six months ended June 30, 2018 and 2017, remuneration of employees of $13,857 and $8,695, respectively, and of directors' and supervisors' of $9,238 and $5,797, 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 six months ended June 30, 2018 and 2017. These benefits were charged to profit or loss under operating expenses for the six months ended June 30, 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.

(x) Non-operating income and expenses

(i) Other income

The details of other income for the three months and the six months ended June 30, 2018 and 2017 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Interest revenue	$ 12,072	5,566	13,668	10,237
Rental revenue	2,484	3,115	5,268	6,237
	$ **14,556**	**8,681**	**18,936**	**16,474**

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(ii) Other gains and losses

The details of other gains and losses for the three months and the six months ended June 30, 2018 and 2017 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Foreign exchange gains (losses)	$ 21,456	7,266	5,035	(25,016)
Gain on disposal of investment	287,194	-	346,039	-
Losses on disposal of property, plant and equipment	(775)	(1,970)	(806)	(2,004)
Losses on fair value through profit or loss	20	-	7	-
Reversal on impairment loss	-	-	-	5,000
Others	1,115	12,732	4,317	24,169
	$ 309,010	18,028	354,592	2,149

(iii) Finance costs

The details of finance costs for the three months and the six months ended June 30, 2018 and 2017 were as follows:

	For the three months ended June 30,		For the six months ended June 30,	
	2018	**2017**	**2018**	**2017**
Interest expenses	$ 4,128	5,456	9,109	11,393

(y) Reclassification adjustments of components of other comprehensive income

	For the six months ended June 30,	
	2018	**2017**
Equity method used to recognize the shares of other comprehensive profit or loss of related companies- Items that may be reclassified to profit or loss:		
Loss for period	$ (3,764)	(434)
Disposal of shares of profit for associates accounted for using equity method	5	-
Recognition of profit or loss for other comprehensive income	$ (3,759)	(434)

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(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
June 30, 2018					
Non-derivative financial liabilities					
Secured bonk loans	$ 15,230	15,256	15,256	-	-
Unsecured bank loans	1,300,000	1,312,368	758,087	554,281	-
Non-interest-bearing liabilities (including related parties)	1,789,012	1,789,012	1,789,012	-	-
Guarantee deposits received	6,046	6,046	6,046	-	-
	$ 3,110,288	3,122,682	2,568,401	554,281	-
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	-	-
Guarantee deposits received	10,086	10,086	10,086	-	-
	$ 2,861,631	2,873,289	2,620,677	252,612	-

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	Carrying amount	Contractual cash flows	Within 1 year	2-3 years	4-5 years
June 30, 2017					
Non-derivative financial liabilities					
Unsecured bank loans	$ 1,980,000	1,996,350	1,362,742	633,608	-
Non-interest-bearing liabilities (including related parties)	1,520,330	1,520,330	1,520,330	-	-
Guarantee deposits received	10,085	10,085	10,085	-	-
	$ 3,510,415	3,526,765	2,893,157	633,608	-

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:

	June 30, 2018			December 31, 2017			June 30, 2017		
	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD	Foreign Currency	Exchange Rate	NTD
Financial assets									
Monetary items									
USD	$ 15,619	30.46	475,755	35,651	29.76	1,060,961	31,351	30.42	953,697
CNY	4,211	4.59	19,341	4,441	4.57	20,271	4,596	4.49	20,618
JPY	47,362	0.27	12,949	59,592	0.26	15,744	86,777	0.27	23,569
EUR	2,271	35.40	80,393	2,621	35.57	93,223	3,558	34.72	123,534
Nonmonetary items									
USD	47,275	30.46	1,440,004	47,304	29.76	1,407,763	47,214	30.42	1,436,260
CNY	51,652	4.59	237,084	51,156	4.57	233,526	52,760	4.49	236,891
THB	242,391	0.92	223,000	240,536	0.92	221,293	223,678	0.90	201,310

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

A 1% of appreciation of each major foreign currency against the Group's functional currency as of June 30, 2018 and 2017, would have increased or decreased the after-tax net income by $4,708 and $9,308, 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 six months ended June 30, 2018 and 2017, the foreign exchange gains (loss), including both realized and unrealized, amounted to $5,035 and $(25,016), respectively.

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(iv) 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 $2,181 and $2,304 for the six months ended June 30, 2018 and 2017, respectively, assuming all other variable factors remained constant.

(v) Other market value risk

For the six months ended June 30, 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 six months ended June 30,			
	2018		2017	
Security Price	**Other Comprehensive income after tax**	**Profit or loss after tax**	**Other Comprehensive income after tax**	**Profit or loss after tax**
Increase by 10%	$ 48,894	40	42,113	-
Decrease by 10%	$ (48,894)	(40)	(42,113)	-

(vi) 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

	June 30, 2018				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-current financial assets at fair value through profit or loss	$ 402	402	-	-	402

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	June 30, 2018				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Equity instrument measured at fair value through other comprehensive income					
Domestic stock- listed company at Stock Exchange	$ 178,783	178,783	-	-	178,783
Domestic stock- listed company at Taipei Exchange	236,599	236,599	-	-	236,599
Domestic stock- listed company at emerging stock market	73,553	73,553	-	-	73,553
subtotal	488,935	488,935	-	-	488,935
Loans and receivables					
Cash and cash equivalents	$ 1,243,079	-	-	-	-
Notes receivable and accounts receivable (including related party)	932,902	-	-	-	-
Other receivables (including related party)	141,616	-	-	-	-
Cash surrender value of life insurance	7,275	-	-	-	-
Refundable deposits	25,618	-	-	-	-
	2,350,490	-	-	-	-
Total	$ 2,839,827	489,337	-	-	489,337
Financial liabilities measured at amortized cost					
Bank loans	$ 1,315,230	-	-	-	-
Notes payable and accounts payable (including related party)	166,889	-	-	-	-
Other payables (including related party)	468,105	-	-	-	-
Interest payable	1,154,018	-	-	-	-
Guarantee deposit received	6,046	-	-	-	-
Total	$ 3,110,288	-	-	-	-

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	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	-	-	-	-
Refundable deposits	28,365	-	-	-	-
Subtotal	4,444,875	-	-	-	-
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	-	-	-	-

	June 30, 2017				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	$ 421,130	421,130	-	-	421,130
Loans and receivables					
Cash and cash equivalents	$ 2,696,574	-	-	-	-
Notes receivable and accounts receivable (including related party)	840,027	-	-	-	-
Other receivables (including related party)	107,980	-	-	-	-
Other financial assets	765,578	-	-	-	-
Cash surrender value of life insurance	5,198	-	-	-	-
Refundable deposits	29,801	-	-	-	-
Subtotal	4,445,158	-	-	-	-
Total	$ 4,866,288	421,130	-	-	421,130

(Continued)

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	June 30, 2017				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bank loans	$ 1,980,000	-	-	-	-
Notes payable and accounts payable (including related party)	122,702	-	-	-	-
Other payables (including related party)	400,954	-	-	-	-
Interest payable	996,674	-	-	-	-
Guarantee deposit received	10,085	-	-	-	-
Total	$ 3,510,415	-	-	-	-

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.

(Continued)

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 six months ended in June 30, 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)
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.

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(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 June 30, 2018	For the three months ended June 30, 2017	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Associates	$ 21,814	14,298	38,275	36,770

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) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	For the three months ended June 30, 2018	For the three months ended June 30, 2017	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Associates	$ 7,110	-	7,110	-

The payment terms for purchases from related parties were Open Accounts 30 days . The pricing and payment terms with related parties were not materially different from those with third parties.

(iii) Rent revenue

Recognized item	Category	For the three months ended June 30, 2018	For the three months ended June 30, 2017	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Rental revenue	Associate－Chuang Yi Biotech Co., Ltd.	$ 783	783	1,566	1,566

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

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(iv) Other income

Recognized item	Category	For the three months ended June 30, 2018	For the three months ended June 30, 2017	For the six months ended June 30, 2018	For the six months ended June 30, 2017
Other income	Associate-American Taiwan Biopharm (Thailand)	$ -	4,945	5,899	7,443
	Associate-Chuang Yi Biotech Co., Ltd.	262	-	522	-
		$ 262	4,945	6,421	7,443

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

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

(c) Assets and liabilities with related parties

Recognized item	Category	June 30, 2018	December 31, 2017	June 30, 2017
Notes receivable	Associates	$ -	26	-
Accounts receivable	Associates	$ 22,275	8,973	26,285
Other receivables	Associate-American Taiwan Biopharm (Thailand)	$ 9,351	7,929	2,199
	Associate-Chuang Yi Biotech Co., Ltd.	518	377	311
	Other related parties-TOT Biopharm Co., Ltd.	-	-	14,411
	Other related parties	-	-	2,695
		$ 9,869	8,306	19,616
Note payable	Associate-Chuang Yi Biotech Co., Ltd.	$ 7,468	22,464	-
Other payables	Associates	$ -	48	-
	Other related parties	-	-	6,150
		$ -	48	6,150

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

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(d) Key management personnel compensation

	For the three months ended June 30,		For the six months ended June 30,	
	2018	2017	2018	2017
Salaries and other short-term employee benefits	$ 15,329	14,545	47,603	35,763
Post-employment benefits	302	323	604	562
	$ 15,631	14,868	48,207	36,325

(8) Pledged assets:

As of June 30, 2018, December 31, 2017 and June 30, 2017, pledged assets were as follows:

Asset	Purpose of pledge	June 30, 2018	December 31, 2017	June 30, 2017
Other financial asset—current	Bank loan	$ 1,370,700	-	-
Other financial asset—non-current	Provisional guarantee	120,010	120,010	120,010
		$ 1,490,710	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 $21,080 and $19,493 for the six months ended June 30, 2018 and 2017, respectively.

(b) Due to the purchase of equipment, construction engineering, and entrusted research, the total price of unfinished contracts amounted to $637,283, $617,623 and $663,828, and the unpaid amount was $243,344, $261,250 and $334,570 as of June 30, 2018, December 31 and June 30, 2017, respectively.

(c) As of June 30, 2018, December 31 and June 30, 2017, the financial institutions provide guarantee for the sale of medicine amounted to $49,679, $57,189 and $31,503, respectively.

(d) In June 2015, the Taipei District Prosecutors Office filed a charge against the ex-chairman of the Company, Rong Jin Lin, for the offense of aggravated breach of trust under the Securities and Exchange Act. According to the verdict decided by the Taipei District Court on September 1, 2017, the ex-chairman was found guilty for violating the Securities and Exchange Act. Currently, the case has been appealed and moved to the second instance at the Taiwan High Court. The relevant incidental civil action was later transferred to the civil court for further trial as a different case in September 6, 2017. On April 23, 2018, the Taipei District Prosecutors Office requested the Taiwan High Court to hear the case of ex-chairman Rong-Jin Lin's offense of the Securities and Exchange Act because of the dispute of Risperidone Contract entered into by and between the Company and Center Laboratories, INC. together with the aforementioned case in a consolidated procedure. As of June 29, 2018, the Group supplemented and raised the amount of its damage claim against the ex-chairman in the incidental civil action at the Taiwan High Court.

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(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 regard to the dispute of Risperidone Contract it entered into with the Company, Center Laboratories, Inc. 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 1, 2018, confirming the contractual relation valid. The Company is not satisfied with the judgment which did not consider the facts and evidence comprehensively and the Company has appealed the case to the second instance to fight for its rights and the case has been moved to the Taiwan High Court.

(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 June 30,					
	2018			2017		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	53,780	147,374	201,154	57,819	128,576	186,395
Health and labor insurance	4,205	8,800	13,005	4,509	8,112	12,621
Pension	2,129	4,935	7,064	2,169	4,587	6,756
Others	818	23,449	24,267	1,420	17,916	19,336
Depreciation expense	25,090	6,803	31,893	26,067	7,716	33,783
Amortization expense	49	6,559	6,608	87	2,011	2,098

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By item	For the six months ended June 30, 2018 Operating Cost	2018 Operating expense	2018 Total	2017 Operating Cost	2017 Operating expense	2017 Total
Employee benefit						
Salary	$ 108,123	294,611	402,734	105,666	261,401	367,067
Health and labor insurance	8,420	17,690	26,110	8,741	16,645	25,386
Pension	4,287	9,815	14,102	4,324	9,131	13,455
Others	1,624	40,739	42,363	3,688	30,566	34,254
Depreciation expense	49,966	13,847	63,813	51,800	15,470	67,270
Amortization expense	136	8,293	8,429	174	3,980	4,154

(b) Seasonality of operations:

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

(c) Others

(i) The Group donated $20,242 and $28,312 to related medical foundations and associations to support non-profit organizations developing drugs and promoting disease prevention and correct dosage for the six months ended June 30, 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 June 30, 2017.

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(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 Item	Collateral Value	Individual funding loan limits (Note 2)	Maximum limit of fund financing (Note 3)
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd.	Receivables from related parties	Yes	51,782 USD 1,700	51,782 USD 1,700	51,782 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	76,150 USD 2,500	76,150 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	517,820 USD 17,000	517,820 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 1:30.460, and the average exchange rate of USD to NTD as of the reporting date is 1:29.516.

(Continued)

The exchange rate of CNY to NTD as of the reporting date is 1:4.593, and the average exchange rate of CNY to NTD as of the reporting date is 1:4.640.

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 June 30, 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

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(iii) Securities held as of June 30, 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–non-current	1,600	65,280	1.68 %	65,280	
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income– current	4,199	171,319	4.40 %	171,319	
〃	Handa Pharmaceuticals Inc.	-	Financial assets measured at fair value through other comprehensive income–non-current	2,625	73,553	2.51 %	73,553	
〃	Fubon Financial Holding Co., Ltd.	-	Gains and losses on financial assets measured at fair value through other comprehensive income–non-current	130	6,643	- %	6,643	
〃	Fubon Financial Holding Co., Ltd. Preferred Shares B	-	〃	2,500	151,500	0.38 %	151,500	
〃	Union Bank of Taiwan Preferred Shares A	-	〃	400	20,640	0.20 %	20,640	
〃	Fubon S&P US Preferred Stock ETF	-	Financial assets measured at fair value through profit and loss- non-current	20	402	- %	402	

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(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
The Company	PharmaEngine, Inc.	Investments at equity	-	-	26,809	712,642	-	-	2,686	393,212	72,074	346,039	24,123	597,782

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

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

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$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	46,088	By contract	2.26%
0	〃	〃	1	Accounts receivable	19,420	〃	0.21%
0	〃	TSH Biopharm Co., Ltd.	1	Sale revenue	50,527	〃	2.48%
0	〃	〃	1	Other receivables	2,514	〃	0.03%
0	〃	〃	1	Rental revenue	2,080	〃	0.10%

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Notes to Consolidated Financial Statements

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	TSH Biopharm Co., Ltd.	1	Other income	2,385	By contract	0.12%
0	〃	〃	1	Accounts receivable	12,921	〃	0.14%
0	〃	American Taiwan Biopharma Phils Inc.	1	Accounts receivable	4,275	〃	0.05%
0	〃	〃	1	Other receivables	9,564	〃	0.10%
0	〃	〃	1	Sale revenue	4,275	〃	0.21%
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd. (Beijing)	1	Other receivables	51,782	〃	0.55%
1	〃	〃	1	Other payables	9,306	〃	0.10%
1	〃	〃	1	Other receivables	58,341	〃	0.62%

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.

(Continued)

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TTY BIOPHARM COMPANY LIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the six months ended June 30, 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 June 30, 2018			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 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 %	1,405,982	(2,176)	(2,176)	Subsidiary
〃	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	158,254	158,254	39,600	100.00 %	237,084	2,148	2,148	Subsidiary
〃	American Taiwan Biopharma Phils Inc.	Philippines	Selling chemical medicine	32,904	32,904	481	87.00 %	(4,318)	(199)	(173)	Subsidiary
〃	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48 %	638,599	39,315	22,368	Subsidiary
〃	EnhanX Biopharm Inc.	Taiwan	Developing chemical medicine	50,000	50,000	5,000	29.41 %	43,709	(16,276)	(4,787)	Subsidiary
〃	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	315,526	350,659	24,123	16.39 %	597,782	21,005	3,663	Investments accounted for using equity method
〃	American Taiwan Biopharm	Thailand	Selling chemical medicine	2,966	2,966	380	40.00 %	223,000	15,815	6,326	Investments accounted for using equity method
〃	Gligio International Limited	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00 %	34,022	21,112	8,445	Investments accounted for using equity method
〃	Chuang Yi Biotech Co., Ltd.	Taiwan	Selling chemical medicine	82,059	82,059	6,326	27.54 %	52,612	(22,918)	(6,312)	Investments accounted for using equity method

(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 June 30, 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	310,692 USD 10,200	(2)	323,433	-	-	323,433	(1,151) CNY (248)	100 %	(1,151) CNY (248)	(69,148) CNY (15,055)	-
Worldco Biotech (Chengdu) Pharmaceutical Ltd.	Selling chemical medicine	54,657 CNY 11,900	(2)	92,457 CNY 20,130	-	-	92,457 CNY 20,130	(195) CNY (42)	100 %	(195) CNY (42)	50,303 CNY 10,952	-

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The exchange rate of USD to NTD as of the reporting date is 1:30.460, and the average exchange rate of USD to NTD as of the reporting date is 1:29.516.

The exchange rate of CNY to NTD as of the reporting date is 1:4.593, and the average exchange rate of CNY to NTD as of the reporting date is 1:4.640.

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.

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 June 30, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
423,982	1,423,335 (USD 46,728)	3,461,896

(iii) Significant transactions:

Please refer to Note 7.

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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:

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

For the three months ended June 30, 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	$	610,551	64,946	173,520	141,441	-	6,904	-	997,362
Intersegment revenues		55,265	-	-	-	-	-	(55,265)	-
Total revenue	$	665,816	64,946	173,520	141,441	-	6,904	(55,265)	997,362
Reportable segment profit or loss	$	492,633	17,339	111,630	7,614	(13,894)	(11,149)	(36,664)	567,509
For the three months ended June 30, 2017									
Revenue:									
Revenue from external customers	$	585,808	56,129	157,506	127,245	-	3,474	-	930,162
Intersegment revenues		35,270	-	-	-	-	-	(35,270)	-
Total revenue	$	621,078	56,129	157,506	127,245	-	3,474	(35,270)	930,162
Reportable segment profit or loss	$	236,405	13,760	62,333	23,387	(4,033)	(139)	(20,878)	310,835
For the six months ended June 30, 2018									
Revenue:									
Revenue from external customers	$	1,262,232	116,394	358,856	290,515	-	9,820	-	2,037,817
Intersegment revenues		100,925	-	-	-	-	-	(100,925)	-
Total revenue	$	1,363,157	116,394	358,856	290,515	-	9,820	(100,925)	2,037,817
Reportable segment profit or loss	$	734,264	27,209	184,569	48,994	(49,530)	(16,475)	(17,091)	911,940
For the six months ended June 30, 2017									
Revenue:									
Revenue from external customers	$	1,205,235	106,711	316,686	241,160	-	6,776	-	1,876,568
Intersegment revenues		69,235	-	-	-	-	-	(69,235)	-
Total revenue	$	1,274,470	106,711	316,686	241,160	-	6,776	(69,235)	1,876,568
Reportable segment profit or loss	$	421,252	29,070	124,600	38,611	(16,716)	(2,887)	(12,944)	580,986
Reportable segment assets									
Balance on June 30, 2018	$	8,162,097	216,087	274,459	1,354,407	1,687,550	168,512	(2,421,543)	9,441,569
Balance on 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 on June 30, 2017	$	8,131,604	328,227	188,732	1,468,329	1,679,965	13,655	(2,479,498)	9,331,014