(English Translation of Financial Report Originally Issued in Chinese)

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

(With Independent Accountants' Review Report Thereon)

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TABLE OF CONTENTS

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(English Translation of Financial Report Originally Issued in Chinese)

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
TTY Biopharm Company Limited

We have reviewed the accompanying consolidated interim balance sheets of TTY Biopharm Company Limited and its subsidiaries (the "Group") as of June 30, 2016 and 2015, and the related consolidated statements of comprehensive income for the three month and the six month periods then ended, and changes in equity and cash flows for the six months ended June 30, 2016 and 2015. These consolidated interim financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated interim financial statements based on our reviews. We did not review the investments in other companies accounted for using the equity method of NT$607,051 thousand and NT$624,405 thousand, representing 6.75% and 8.30% of the related consolidated total assets as of June 30, 2016 and 2015, respectively, and the related share of profit (loss) of associates and joint ventures accounted for using the equity method of NT$40,075 thousand, NT$81,834 thousand, NT$31,774 thousand and NT$75,761 thousand, representing 10.69%, 47.70%, 5.73% and 27.28% of consolidated net income for the three months and the six months ended June 30, 2016 and 2015, respectively. The financial statements of these investees accounted for using the equity method were reviewed by other accountants, whose reports have been furnished to us, and our review, insofar as it relates to the amounts included for those companies, are based solely on the reports of the other accountants.

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

Included in the accompanying consolidated financial statements of certain consolidated subsidiaries, which were not reviewed by independent accountants. The total assets of these subsidiaries amounted to NT$205,314 thousand and NT$1,213,476 thousand, representing 2.28% and 16.13%, respectively, of the related consolidated total assets; and the total liabilities amounted to NT$42,650 thousand and NT$35,503 thousand, representing 1.17% and 1.09% of

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the related consolidated liabilities as of June 30, 2016 and 2015, respectively. The comprehensive income of these subsidiaries amounted to NT$(3,690) thousand, NT$(37,527) thousand, NT$(6,286) thousand and NT$(61,334) thousand, representing (0.98)%, (21.87)%, (1.13)% and (22.08)% of the related consolidated comprehensive income for the three months and the six months ended June 30, 2016 and 2015, respectively.

Furthermore, long-term investments in these investee companies amounted to NT$242,913 thousand and NT$187,251 thousand as of June 30, 2016 and 2015, respectively, and the related investment gains (losses) amounted to NT$7,964 thousand, NT$(1,030) thousand, NT$14,702 thousand and NT$2,455 thousand for the three months and the six months ended June 30, 2016 and 2015, respectively, were recognized based upon unreviewed financial statements of investee companies by independent accountants.

Based on our reviews and the reports of other accountants, except for the effects of such adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity-accounted investees been reviewed by independent accountants as described in paragraphs 3 and 4, we are not aware of any material modifications that should be made to the consolidated interim financial statements referred to the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standards No. 34 "Interim Financial Reporting" which are endorsed by the Financial Supervisory Commission in the Republic of China (R.O.C.).

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Taipei, Taiwan (the Republic of China)

August 12, 2016

Notes to Readers

The accompanying consolidated interim financial statements are intended only to present the financial position, results of operations and cash flows in accordance with the "Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants" and IAS 34 as endorsed by the Financial Supervisory Commissions and not those of any other jurisdictions. The standards, procedures and practices to review such consolidated interim financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent accountants' review report and the accompanying consolidated interim financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the independent accountants' review report and financial statements in Chinese-language shall prevail.

(English Translation of Financial Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2016 and 2015

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

JUNE 30, 2016, DECEMBER 31, 2015, AND JUNE 30, 2015

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	June 30, 2016		December 31, 2015		June 30, 2015	
	Amount	%	Amount	%	Amount	%
ASSETS						
Current Assets:						
Cash and cash equivalents (Note 6(1))	$ 2,517,097	29	1,710,524	19	932,025	12
Notes receivable, net (Note 6(3))	48,479	1	48,669	1	43,036	1
Notes receivable—related parties (Notes 6(3) and 7)	558	-	461	-	-	-
Accounts receivable, net (Note 6(3))	772,697	9	932,627	11	649,687	9
Accounts receivable, net—related parties (Notes 6(3) and 7)	9,108	-	22,839	-	30,932	-
Other receivables (Notes 6(3) and 7)	76,114	1	488,470	6	84,963	1
Inventories (Note 6(4))	511,146	6	532,137	6	455,391	6
Prepayments	56,547	1	44,828	1	76,866	2
Non-current assets classified as held for sale, net (Note 6(5))	-	-	27,791	-	527,876	7
Other financial assets—current (Notes 6(1) and 8)	641,066	7	492,075	6	490,551	7
Other current assets	2,054	-	605	-	15,154	-
	4,634,866	54	4,301,026	50	3,306,481	45
Non-current assets:						
Available-for-sale financial assets—noncurrent (Notes 6(2) and 6(20))	420,500	5	562,733	6	-	-
Financial assets carried at cost—noncurrent (Note 6(2))	26,250	-	-	-	100,048	1
Investments accounted for using equity method (Note 6(6))	849,964	9	873,484	10	1,204,732	16
Property, plant and equipment, net (Note 6(8))	2,287,481	25	2,295,527	26	2,281,760	30
Investment property, net (Notes 6(9) and 8)	78,177	1	78,354	1	78,532	1
Intangible assets (Note 6(10))	41,586	-	50,780	1	59,240	1
Deferred tax assets	6,568	-	6,615	-	6,754	-
Prepayments for equipment (Note 9)	484,136	5	471,291	5	444,776	6
Refundable deposits (Note 7)	28,422	-	23,985	-	21,335	-
Cash surrender value of life insurance	3,121	-	8,505	-	8,484	-
Other financial assets—other—noncurrent (Note 8)	125,121	1	125,737	1	10,052	-
Other noncurrent assets—other	6,505	-	6,677	-	-	-
	4,357,831	46	4,503,688	50	4,215,713	55
TOTAL ASSETS	$ 8,992,697	100	8,804,714	100	7,522,194	100

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

(English Translation of Financial Report Originally Issued in Chinese)

Reviewed only, not audited in accordance with generally accepted auditing standards as of June 30, 2016 and 2015

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONT'D)

JUNE 30, 2016, DECEMBER 31, 2015, AND JUNE 30, 2015

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	June 30, 2016		December 31, 2015		June 30, 2015	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
Current Liabilities:						
Short-term loans (Note 6(11))	$ 1,299,010	15	1,200,000	14	1,599,990	22
Notes payable	7,562	-	20,768	-	9,301	-
Accounts payable	79,163	1	148,498	2	107,627	1
Accounts payable—related parties (Note 7)	7,260	-	4,814	-	7,230	-
Dividends payable (Note 6(15))	905,368	10	-	-	658,990	9
Current income tax liabilities (Note 6(14))	123,367	1	198,378	2	111,177	2
Provisions—current	5,327	-	5,327	-	5,327	-
Other payables (Note 7)	446,544	6	459,919	5	488,429	7
Other current liabilities (Note 7)	30,208	-	31,230	-	24,369	-
	2,903,809	33	2,068,934	23	3,012,440	41
Non-current liabilities:						
Long-term loans (Note 6(12))	400,000	5	700,000	8	-	-
Deferred tax liabilities	296,259	3	296,259	3	209,062	3
Net defined benefit liability—noncurrent (Note 6(13))	42,269	-	42,475	1	36,793	-
Guarantee deposit received	1,936	-	2,096	-	2,095	-
	740,464	8	1,040,830	12	247,950	3
Total Liabilities	3,644,273	41	3,109,764	35	3,260,390	44
Equity Attributable to Owners of the Parent (Note 6(15))						
Share capital	2,486,500	28	2,486,500	28	2,486,500	33
Capital surplus	378,320	4	373,985	4	388,636	5
Legal reserve	603,613	7	482,511	6	482,511	6
Special reserve	110,154	1	110,154	1	110,154	1
Unappropriated retained earnings	932,447	10	1,288,140	15	364,056	5
Other equity interest	269,865	3	360,011	4	13,507	-
Total equity attributable to owners of parent	4,780,899	53	5,101,301	58	3,845,364	50
Non-controlling interests (Notes 6(7) and 6(15))	567,525	6	593,649	7	416,440	6
Total Equity	5,348,424	59	5,694,950	65	4,261,804	56
TOTAL LIABILITIES AND EQUITY	$ 8,992,697	100	8,804,714	100	7,522,194	100

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

(English Translation of Financial Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Share Data)

	For the Three Months ended June 30				For the Six Months ended June 30			
	2016		2015		2016		2015	
	Amount	%	Amount	%	Amount	%	Amount	%
Operating revenues (Notes 6(17) and 7)	$ 959,981	100	736,521	100	1,872,585	100	1,455,654	100
Cost of sales (Notes 6(4) and 7)	303,141	32	243,761	33	576,769	31	486,279	33
Gross profit	656,840	68	492,760	67	1,295,816	69	969,375	67
Unrealized profit on intercompany transactions	-	-	4,921	1	7,512	-	9,595	1
Realized profit on intercompany transactions	3,064	-	1	-	9,472	-	1,203	-
Gross profit, net	659,904	68	487,840	66	1,297,776	69	960,983	66
Operating expenses (Note 7)								
Selling expenses	173,158	18	209,838	28	344,333	18	383,630	26
General and administrative expenses	73,739	8	49,810	6	143,065	8	121,889	8
Research and development expenses	90,806	9	70,216	10	170,721	9	173,725	12
	337,703	35	329,864	44	658,119	35	679,244	46
Results from operating activities	322,201	33	157,976	22	639,657	34	281,739	20
Non-operating income and expenses (Notes 6(19) and 7)								
Other income	8,019	1	5,737	1	12,493	1	10,383	1
Other gains and losses	70,434	7	1,810	-	120,223	6	33,208	2
Finance costs	(5,201)	(1)	(4,708)	(1)	(10,755)	(1)	(10,188)	(1)
Share of profit of associates and joint ventures accounted for using equity method (Note 6(6))	48,039	5	60,206	8	46,496	3	32,608	2
	121,291	12	63,045	8	168,457	9	66,011	4
Profit before tax	443,492	45	221,021	30	808,114	43	347,750	24
Income tax expense (Note 6(14))	55,994	6	27,331	4	115,425	6	50,365	3
Profit for the period	387,498	39	193,690	26	692,689	37	297,385	21
Other comprehensive income								
Items that will not be reclassified to profit and loss								
Remeasurement effects on defined benefit plans	-	-	-	-	-	-	1,627	-
Less: Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	1,627	-
Items which may be reclassified to profit and loss in subsequent periods								
Foreign currency translation differences—foreign operations	(5,606)	(1)	(4,008)	(1)	(6,501)	-	(4,466)	-
Unrealized loss on available-for-sale financial assets (Note 6(20))	(4,118)	-	-	-	(128,733)	(7)	-	-
Share of other comprehensive income of associates and joint ventures accounted for using equity method	(2,948)	-	(18,105)	(2)	(2,948)	-	(16,821)	(1)
Less: Income tax relating to components of other comprehensive income	-	-	-	-	-	-	-	-
	(12,672)	(1)	(22,113)	(3)	(138,182)	(7)	(21,287)	(1)
Other comprehensive income for the period, net of tax	(12,672)	(1)	(22,113)	(3)	(138,182)	(7)	(19,660)	(1)
Total comprehensive income for the period	$ 374,826	38	171,577	23	554,507	30	277,725	20
Profit attributable to								
Owners of the parent	$ 355,040	36	182,753	25	635,684	34	281,251	20
Non-controlling interests	32,458	3	10,937	1	57,005	3	16,134	1
	$ 387,498	39	193,690	26	692,689	37	297,385	21
Comprehensive income attributable to								
Owners of the parent	$ 343,677	35	160,531	22	545,538	29	261,482	19
Non-controlling interests	31,149	3	11,046	1	8,969	1	16,243	1
	$ 374,826	38	171,577	23	554,507	30	277,725	20
Earnings per share, net of tax (Note 6(16))								
Basic earnings per share	$	1.43		0.73		2.56		1.13
Diluted earnings per share	$	1.43		0.74		2.55		1.13

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

(English Translations of Financial Statements Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars)

	Attributable to Owners of the Parent										
			Retained earnings			Other adjustments to equity					
	Share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated	Foreign currency translation differences	Unrealized gains (losses) on available-for-sale financial assets	Total	Owners of the parent company	Non-controlling interests	Total equity
Balance, January 1, 2015	$ 2,486,500	378,007	404,547	110,154	780,767	45,724	(10,821)	34,903	4,194,878	437,562	4,632,440
Profit for the period	-	-	-	-	281,251	-	-	-	281,251	16,134	297,385
Other comprehensive income for the period	-	-	-	-	1,627	(21,396)	-	(21,396)	(19,769)	109	(19,660)
Total comprehensive income for the period	-	-	-	-	282,878	(21,396)	-	(21,396)	261,482	16,243	277,725
Appropriation and distribution of retained earnings											
Legal reserve	-	-	77,964	-	(77,964)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(621,625)	-	-	-	(621,625)	(37,365)	(658,990)
Changes in equity of associates and joint ventures accounted for using equity method	-	10,629	-	-	-	-	-	-	10,629	-	10,629
Balance, June 30, 2015	$ 2,486,500	388,636	482,511	110,154	364,056	24,328	(10,821)	13,507	3,845,364	416,440	4,261,804
Balance, January 1, 2016	$ 2,486,500	373,985	482,511	110,154	1,288,140	16,160	343,851	360,011	5,101,301	593,649	5,694,950
Profit for the period	-	-	-	-	635,684	-	-	-	635,684	57,005	692,689
Other comprehensive income for the period	-	-	-	-	-	(6,543)	(83,603)	(90,146)	(90,146)	(48,036)	(138,182)
Total comprehensive income for the period	-	-	-	-	635,684	(6,543)	(83,603)	(90,146)	545,538	8,969	554,507
Appropriation and distribution of retained earnings											
Legal reserve	-	-	121,102	-	(121,102)	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(870,275)	-	-	-	(870,275)	(35,093)	(905,368)
Changes in equity of associates and joint ventures accounted for using equity method	-	4,335	-	-	-	-	-	-	4,335	-	4,335
Balance, June 30, 2016	$ 2,486,500	378,320	603,613	110,154	932,447	9,617	260,248	269,865	4,780,899	567,525	5,348,424

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

(English Translation of Financial Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2016	**2015**
Cash flows from operating activities:		
Profit before tax	$ 808,114	347,750
Adjustments to reconcile net income to net cash provided by (used in) operating activities		
Depreciation	45,137	45,208
Amortization	9,406	11,218
Interest expense	10,755	10,188
Interest income	(6,447)	(3,584)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(46,496)	(32,608)
Loss on disposal of property, plant and equipment	3	10
Allocation of deferred income	(505)	(505)
Gain on disposal of investments	(104,924)	-
Unrealized profits on intercompany transactions	7,512	9,595
Realized profits on intercompany transactions	(9,472)	(1,202)
	(95,031)	38,320
Changes in operating assets and liabilities		
Notes receivable	93	7,366
Accounts receivable	173,137	2,241
Other receivables	(7,160)	(15,575)
Inventories	20,937	21,327
Other current assets	(13,222)	(45,551)
Other financial assets	4,803	-
Notes payable	(13,206)	(5,817)
Accounts payable	(66,726)	(27,784)
Other payables	(11,660)	43,979
Other current liabilities	(1,001)	(12,293)
Net defined benefit liability	(206)	(331)
Net changes in operating assets and liabilities	85,789	(32,438)
Total changes in operating assets and liabilities	(9,242)	5,882
Cash provided by operating activities	798,872	353,632
Interest received	6,447	4,281
Dividend received	7,893	5,839
Interest paid	(10,777)	(9,513)
Income taxes paid	(190,462)	(46,297)
Net cash provided by operating activities	611,973	307,942

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

(English Translation of Financial Report Originally Issued in Chinese)
Reviewed only, not audited in accordance with generally accepted auditing standards
TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars)

	For the Six Months Ended June 30	
	2016	2015
Cash flows from investing activities		
Proceeds from disposal of available-for-sale financial assets	64,028	-
Proceeds from disposal of financial assets carried at cost	83,748	-
Proceeds from disposal of investments accounted for using equity method	455,398	-
Acquisition of property, plant and equipment	(33,374)	(19,005)
Proceeds from disposal of property, plant and equipment	289	137
Decrease (increase) in refundable deposits	(4,437)	7,473
Acquisition of intangible assets	(416)	(6,372)
Increase in other financial assets	(153,178)	(4,410)
Increase in prepayments for equipment	(17,542)	(66,026)
Decrease in other noncurrent assets	5,552	-
Net cash provided by (used in) investing activities	400,068	(88,203)
Cash flows from financing activities		
Increase in short-term loans	2,599,010	-
Decrease in short-term loans	(2,500,000)	(140,010)
Repayments of long-term loans	(300,000)	-
Increase in guarantee deposit received	-	635
Decrease in guarantee deposit received	(160)	-
Net cash used in financing activities	(201,150)	(139,375)
Effect of exchange rate fluctuations on cash held	(4,318)	(2,567)
Net increase in cash and cash equivalents	806,573	77,797
Cash and cash equivalents, beginning of the period	1,710,524	854,228
Cash and cash equivalents, end of the period	$ 2,517,097	932,025

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

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

TTY BIOPHARM COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2016 AND 2015

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

1. COMPANY HISTORY

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

2. APPROVAL DATE AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated interim financial statements were authorized for issuance by the Board of Directors on August 12, 2016.

3. APPLICATION OF NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Statement of compliance

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

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

International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed by the FSC (hereinafter referred to as "IFRS as endorsed by the FSC").

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

(2) Basis of consolidation

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

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

Investor	Subsidiary	Nature of business	Shareholding ratio		
			2016.06.30	2015.12.31	2015.06.30
The Company	Xudong Haipu International Co., Ltd.	Investing activities	100.00%	100.00%	100.00%
The Company	American Taiwan Biopharma Phils Inc.	Selling Western medicine	87.00%	87.00%	87.00%
The Company	TSH Biopharm Co., Ltd.	Selling Western medicine	56.48%	56.48%	56.48%
The Company	Worldco International Co., Ltd.	Investing activities and selling Western medicine	100.00%	100.00%	100.00%
Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd.	Marketing consulting regarding Western medicine	100.00%	100.00%	100.00%
Worldco International Co., Ltd.	Chengdu Shuyu Pharmaceutical Co., Ltd.	Selling Western medicine	100.00%	100.00%	100.00%

(3) Non-current assets held for sale

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

Any impairment loss on a disposal group is first allocated to goodwill, and then the remaining balance of impairment loss is apportioned to assets and liabilities on a pro rata basis, except that no loss is allocated to assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification of noncurrent assets held for sale or distribution and subsequent gains or losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

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

(4) Income taxes

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

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

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

(5) Employee benefits

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

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

The consolidated interim financial statements are prepared in conformity with IFRSs (in accordance with IAS 34 "Interim financial reporting" endorsed by the FSC) which 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.

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

6. EXPLANATIONS OF SIGNIFICANT ACCOUNTS

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

(1) Cash and cash equivalents

	June 30, 2016	December 31, 2015	June 30, 2015
Cash on hand	$ 10,241	6,695	4,771
Cash in banks	1,551,263	1,658,241	887,254
Time deposits	955,593	45,588	40,000
	$ 2,517,097	**1,710,524**	**932,025**

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

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

(2) Investment in financial assets

	June 30, 2016	December 31, 2015	June 30, 2015
Available-for-sale financial assets			
Stock of emerging-listed domestic company: Lumosa Therapeutics Co., Ltd	$ 420,500	562,733	-
Financial assets carried at cost (current and noncurrent)			
Shares of stock of unlisted domestic company: Pharmira Laboratories, Inc.	26,250	-	-
Shares of stock of unlisted domestic company: Lumosa Therapeutics Co., Ltd	-	-	100,048
	$ 446,750	**562,733**	**100,048**

A. The above equity investments in Lumosa Therapeutics Co., Ltd. were classified as available-for-sale financial assets according to the investment intention. Such equity investments that did not have a quoted market price in an active market and whose fair value could not be reliably measured were measured at cost on June 30, 2015. Lumosa Therapeutics Co., Ltd. obtained emerging stock market registration on July 16, 2015, so these equity investments were measured at fair value as of June 30, 2016 and December 31, 2015.

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

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

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

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

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

	For the Six Months Ended June 30			
	2016		2015	
Stock Price	**Other comprehensive income, net of tax**	**Profit, net of tax**	**Other comprehensive income, net of tax**	**Profit, net of tax**
Increase by 10%	$ 42,050	-	-	-
Decrease by 10%	$ (42,050)	-	-	-

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

		June 30, 2016	December 31, 2015	June 30, 2015
Notes receivable	$	49,037	49,130	43,036
Accounts receivable		828,589	1,007,273	719,108
Other receivables		76,114	488,470	84,963
Less: Allowance for impairment		(46,784)	(51,807)	(38,489)
	$	**906,956**	**1,493,066**	**808,618**

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

		June 30, 2016	December 31, 2015	June 30, 2015
Past due less than 90 days	$	1,614	4,591	5,938
Past due 90-180 days		331	234	172
Past due 181-365 days		98	170	-
Past due more than 365 days		368	170	19,023
Total	$	**2,411**	**5,165**	**25,133**

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

		Individually assessed impairment	Collectively assessed impairment	Total
Balance as of January 1, 2016	$	20,539	31,268	51,807
Written-off unrecoverable amount		-	(23)	(23)
Reversal of impairment loss		-	(5,000)	(5,000)
Balance as of June 30, 2016	$	**20,539**	**26,245**	**46,784**
Balance as of January 1, 2015	$	17,558	22,635	40,193
Written-off unrecoverable amount		-	(1,704)	(1,704)
Balance as of June 30, 2015	$	**17,558**	**20,391**	**38,489**

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

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

C. As of June 30, 2016, December 31, 2015, and June 30, 2015, notes receivable and accounts receivable were not pledged as collateral.

(4) Inventories

		June 30, 2016	December 31, 2015	June 30, 2015
Merchandise	$	121,325	93,789	106,942
Finished goods		120,481	99,423	78,468
Work in process		73,723	112,586	102,171
Raw materials		184,880	202,377	146,699
Materials		35,623	33,776	39,723
Subtotal		536,032	541,951	474,003
Goods in transit		-	10,822	1,938
Total		536,032	552,773	475,941
Less: Allowance for inventory market decline and obsolescence		(24,886)	(20,636)	(20,550)
Net amount	$	511,146	532,137	455,391

For the three and the six months ended June 30, 2016 and 2015, reversal of gain from valuation of inventories at net realizable value or the inventory write-down to net realizable value was recognized as an increase (decrease) in cost of goods sold of $0, $(8,312), $4,250 and $(7,633), respectively.

As of June 30, 2016, December 31, 2015, and June 30, 2015, the aforesaid inventories were not pledged as collateral.

(5) Non-current assets classified as held for sale

TSH Biopharm Co., Ltd. sold half of its ownership in Pharmira Laboratories, Inc. totaling 2,625 thousand shares on October 20, 2015, and signed a share sale agreement on December 7, 2015. The aforesaid investment was sold in June 2016. Please refer to Notes 6(2) and 6(6) for detail.

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

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

(6) Investments accounted for using equity method

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

	June 30, 2016	December 31, 2015	June 30, 2015
Associates	$ 849,964	873,484	1,204,732

A. As of June 30, 2016, December 31, 2015, and June 30, 2015, the carrying value of associates which had a quoted market price amounted to $607,051, $610,352 and $624,405, respectively, while fair value amounted to $4,344,131, $4,737,763 and $4,629,800, respectively.

B. Associates that had materiality were as follows:

Associate	Nature of relationship	Country of registration	Proportion of shareholding and voting rights		
			June 30, 2016	December 31, 2015	June 30, 2015
PharmaEngine, Inc.	Research for new drugs and drug development especially for Asian diseases	Taiwan	19.29%	19.32%	19.33%
American Taiwan Biopharm Co., Ltd.	Sale of western medicine	Thailand	40.00%	40.00%	40.00%

- Summary financial information on significant associates

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

(i) Summary financial information on PharmaEngine, Inc.

		June 30, 2016	December 31, 2015	June 30, 2015
Current assets	$	3,376,321	3,163,588	3,348,881
Non-current assets		38,646	74,994	24,900
Current liabilities		(257,849)	(66,340)	(140,991)
Non-current liabilities		(9,839)	(13,071)	(2,551)
Net assets	$	**3,147,279**	**3,159,171**	**3,230,239**
Net assets attributable to non-controlling interests	$	-	-	-
Net assets attributable to investee owners	$	**3,147,279**	**3,159,171**	**3,230,239**

		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2016	2015	2016	2015
Operating revenue	$	**324,479**	**496,665**	**326,065**	**503,057**
Net income for the period	$	207,680	423,354	164,685	390,947
Other comprehensive loss		(91)	-	(119)	-
Comprehensive income	$	**207,589**	**423,354**	**164,566**	**390,947**
Comprehensive income attributable to non-controlling interests	$	-	-	-	-
Comprehensive income attributable to investee owners	$	**207,589**	**423,354**	**164,566**	**390,947**

		For the Six Months Ended June 30	
		2016	2015
Net assets attributable to the Group, January 1	$	610,352	566,282
Comprehensive income attributable to the Group		31,751	75,562
Dividends received from associates		(39,387)	(19,716)
Investments not recognized by shareholding ratio		4,335	2,277
Net assets attributable to the Group, June 30	$	**607,051**	**624,405**
Carrying amount of interest in associates, June 30	$	**607,051**	**624,405**

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

		June 30, 2016	December 31, 2015	June 30, 2015
Current assets	$	374,053	360,946	343,529
Non-current assets		176,035	181,114	91,377
Current liabilities		(59,683)	(81,568)	(78,485)
Non-current liabilities		(3,669)	(3,637)	(3,357)
Net assets	$	**486,736**	**456,855**	**353,064**
Net assets attributable to non-controlling interests	$	-	-	-
Net assets attributable to investee owners	$	**486,736**	**456,855**	**353,064**

		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2016	2015	2016	2015
Operating revenue	$	**100,343**	**87,735**	**197,483**	**177,554**
Net income for the period	$	17,166	9,430	33,244	25,393
Other comprehensive loss		(8,956)	-	(7,235)	-
Comprehensive income	$	**8,210**	**9,430**	**26,009**	**25,393**
Comprehensive income attributable to non-controlling interests	$	-	-	-	-
Comprehensive income attributable to investee owners	$	**8,210**	**9,430**	**26,009**	**25,393**

		For the Six Months Ended June 30	
		2016	2015
Net assets attributable to the Group, January 1	$	182,742	136,841
Comprehensive income attributable to the Group		11,953	4,385
Net assets attributable to the Group, June 30		194,695	141,226
Less: Write-off of unrealized gain on intercompany downstream transactions		(4,448)	(9,595)
Carrying amount of interest in associates, June 30	$	**190,247**	**131,631**

- Summary financial information on individually insignificant associates

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

		June 30, 2016	December 31, 2015	June 30, 2015
Carrying amount of interest in individually insignificant associates	$	**52,666**	**86,798**	**448,696**

		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2016	2015	2016	2015
Attributable to the Group:					
Profit (loss) for the period	$	1,098	(25,400)	1,404	(53,110)
Other comprehensive income (loss)		84	(12,323)	(356)	(11,048)
Comprehensive income (loss)	$	**1,182**	**(37,723)**	**1,048**	**(64,158)**

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

	June 30, 2016			December 31, 2015		June 30, 2015	
	Shareholding ratio		Amount	Shareholding ratio	Amount	Shareholding ratio	Amount
TOT Biopharm International Company Limited	- %	$	-	- %	-	40.91%	**331,016**

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

		For the Six Months Ended June 30	
		2016	2015
Profit or loss	$	-	**(61,583)**
Other comprehensive loss	$	-	**(10,230)**

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

C. Collateral

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

(7) Subsidiary with significant non-controlling interest

Subsidiary	Country of registration	Proportion of shareholding and voting rights		
		2016.06.30	2015.12.31	2015.06.30
TSH Biopharm Co., Ltd.	Taiwan	56.48%	56.48%	56.48%

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

Summary financial information on TSH Biopharm Co., Ltd.

	June 30, 2016	December 31, 2015	June 30, 2015
Current assets	$ 1,125,541	955,275	945,681
Non-current assets	378,350	505,955	205,077
Current liabilities	(201,439)	(98,741)	(185,652)
Net assets	$ **1,302,452**	**1,362,489**	**965,106**
Non-controlling interests	$ **566,819**	**592,948**	**416,063**

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Operating revenue	$ **137,614**	**138,766**	**259,112**	**267,686**
Net income for the period	$ 74,701	25,187	130,948	37,356
Other comprehensive loss	(2,982)	-	(110,349)	-
Comprehensive income	$ **71,719**	**25,187**	**20,599**	**37,356**
Profit attributable to non-controlling interests	$ **32,510**	**10,961**	**56,989**	**16,257**
Comprehensive income attributable to non-controlling interests	$ **31,213**	**10,961**	**8,965**	**16,257**

		For the Six Months Ended June 30	
		2016	2015
Cash flows from operating activities	$	51,385	59,562
Cash flows from investing activities		(7,477)	(708)
Net increase in cash and cash equivalents	$	43,908	58,854

(8) Property, plant and equipment

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

	Land	Building and construction	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress	Total
Cost:								
Balance on January 1, 2016	$ 816,169	783,796	403,143	4,371	358,038	6,298	546,098	2,917,913
Additions	-	26,315	1,275	-	5,098	686	-	33,374
Disposals	-	(1,086)	(778)	-	(3,151)	-	-	(5,015)
Reclassifications	-	232,252	2,155	-	1,042	-	(231,603)	3,846
Effect of movements in exchange rates	-	-	-	-	(62)	(2)	-	(64)
Balance on June 30, 2016	$ 816,169	1,041,277	405,795	4,371	360,965	6,982	314,495	2,950,054
Balance on January 1, 2015	$ 816,169	780,691	398,911	4,408	342,194	6,298	486,231	2,834,902
Additions	-	315	2,458	-	3,888	-	12,344	19,005
Disposals	-	-	(2,594)	(38)	(811)	-	-	(3,443)
Reclassifications	-	975	1,051	-	6,181	-	-	8,207
Effect of movements in exchange rates	-	-	-	-	(63)	(3)	-	(66)
Balance on June 30, 2015	$ 816,169	781,981	399,826	4,370	351,389	6,295	498,575	2,858,605
Depreciation:								
Balance on January 1, 2016	$ -	173,723	207,709	1,836	237,057	2,061	-	622,386
Depreciation for the period	-	13,804	15,853	198	14,800	305	-	44,960
Disposals	-	(1,083)	(628)	-	(3,012)	-	-	(4,723)
Effect of movements in exchange rates	-	-	-	2	(50)	(2)	-	(50)
Balance on June 30, 2016	$ -	186,444	222,934	2,036	248,795	2,364	-	662,573
Balance on January 1, 2015	$ -	142,897	177,800	1,477	208,956	1,487	-	532,617
Depreciation for the period	-	13,560	16,129	198	14,858	286	-	45,031
Disposals	-	-	(2,575)	(39)	(681)	-	-	(3,295)
Reclassifications	-	2,601	(66)	-	-	-	-	2,535
Effect of movements in exchange rates	-	-	-	2	(42)	(3)	-	(43)
Balance on June 30, 2015	$ -	159,058	191,288	1,638	223,091	1,770	-	576,845
Carrying amounts:								
Balance on January 1, 2016	$ 816,169	610,073	195,434	2,535	120,981	4,237	546,098	2,295,527
Balance on June 30, 2016	$ 816,169	854,833	182,861	2,335	112,170	4,618	314,495	2,287,481
Balance on January 1, 2015	$ 816,169	637,794	221,111	2,931	133,238	4,811	486,231	2,302,285
Balance on June 30, 2015	$ 816,169	622,923	208,538	2,732	128,298	4,525	498,575	2,281,760

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

B. Property, plant and equipment under construction
New plant is already under construction. As of the reporting date, expenditures incurred amounted to $314,495, including capitalized loan cost. The capitalized loan cost amounted to $0 and $0 for the six months ended June 30, 2016 and 2015, respectively.

(9) Investment property

		Land	Building and construction	Total
Carrying amount:				
Balance on January 1, 2016	$	69,152	9,202	78,354
Balance on June 30, 2016	$	69,152	9,025	78,177
Balance on January 1, 2015	$	69,152	9,557	78,709
Balance on June 30, 2015	$	69,152	9,380	78,532

A. For the six months ended June 30, 2016 and 2015, there were no significant additions, disposal, or recognition and reversal of impairment losses of investment property. Please refer to Note 12(1) for details on depreciation on investment property; and Note 6(10) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

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

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

(10) Intangible assets

		Computer software	Patent and franchise	Total
Carrying amount:				
Balance on January 1, 2016	$	18,636	32,144	50,780
Balance on June 30, 2016	$	16,028	25,558	41,586
Balance on January 1, 2015	$	16,579	47,971	64,550
Balance on June 30, 2015	$	19,604	39,636	59,240

For the six months ended June 30, 2016 and 2015, there were no significant additions, disposal, or recognition and reversal of impairment losses of intangible assets. Please refer to Note 12(1) for details on impairment; and Note 6(11) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

As of June 30, 2016, December 31, 2015, and June 30, 2015, the aforementioned intangible assets were not pledged as collateral.

(11) Short-term loans

		June 30, 2016	December 31, 2015	June 30, 2015
Bank fiduciary loans	$	1,299,010	1,200,000	1,599,990
Unused credit line	$	1,335,990	1,635,000	1,335,010
Range of interest rates		1.00%~1.10%	0.98%~1.15%	1.10%~1.25%

A. For the six months ended June 30, 2016 and 2015, there were no significant issues, repurchases, and repayments of short-term loans. Please refer to Note 6(19) for details on interest expenses; and Note 6(12) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

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

(12) Long-term loans

		June 30, 2016	December 31, 2015	June 30, 2015
Unsecured bank loans	$	400,000	700,000	-
Less: Current portion		-	-	-
	$	400,000	700,000	-
Unused credit line	$	300,000	-	-
Range of interest rates		1.164%~1.33%	1.21%~1.44%	-

The Group repaid the long-term loans of $300,000 and $0 for the six months ended June 30, 2016 and 2015, respectively. Please refer to Note 6(19) for details on interest expenses; and Note 6(13) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

(13) Employee benefits

A. Defined benefit plans

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

The Group's pension expenses recognized in profit or loss for the three and the six months ended June 30, 2016 and 2015 were as follows:

		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2016	2015	2016	2015
Operating costs	$	190	176	381	352
Selling expenses		99	112	197	222
Administrative expenses		45	64	90	127
Research and development expenses		78	72	157	144
	$	412	424	825	845

B. Defined contribution plans

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

		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2016	2015	2016	2015
Operating costs	$	1,877	1,589	3,728	3,143
Selling expenses		1,492	1,582	2,975	3,161
Administrative expenses		1,255	1,177	2,293	2,110
Research and development expenses		1,138	1,220	2,321	2,507
	$	5,762	5,568	11,317	10,921

(14) Taxes

A. Income tax expense

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

		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2016	2015	2016	2015
Current income tax	$	55,994	27,331	115,425	50,365

B. Status of approval of income tax

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

C. Stockholders' imputation tax credit account and tax rate

		June 30, 2016	December 31, 2015	June 30, 2015
Undistributed earnings since 1998	$	932,447	1,288,140	364,056
Stockholders' imputation tax credit account	$	158,994	54,959	91,204

	2015 (expected)	2014 (actual)
Tax deduction ratio for earnings distributable to R.O.C. residents	12.93%	11.76%

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

(15) Share capital and other interests

There were no significant changes in capital and reserves for the six months ended June 30, 2016 and 2015. Please refer to Note 6(16) of the consolidated financial statements for the year ended December 31, 2015 for other related information.

A. Capital surplus

The components of capital surplus were as follows:

		June 30, 2016	December 31, 2015	June 30, 2015
From issuance of share capital	$	484	484	484
From long-term investment		377,836	373,501	388,152
	$	378,320	373,985	388,636

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

B. Retained earnings

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

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

(a) Special reserve

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

In accordance with Ruling No. 1010012865 issued by the Financial Supervisory Commission on April 6, 2012, a special reserve was appropriated from the undistributed earnings equivalent to the credit balance of cumulative translation differences of $82,429 and unrealized revaluation increments of $27,725. The special reserve appropriated can be reversed to the extent that the net credit balance reverses. As of June 30, 2016, December 31, 2015, and June 30, 2015, the special reserve appropriated from the undistributed earnings amounted to $110,154 and $110,154, respectively.

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

(b) Earnings distribution

On June 24, 2016, and June 16, 2015, the Group's shareholders' meeting resolved to appropriate the 2015 and 2014 earnings. These earnings were distributed as dividends as follows:

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

C. Other equity accounts (net of tax)

		Exchange differences on translation of foreign financial statements	Available-for-sale investments	Total
Balance, January 1, 2016	$	16,160	343,851	360,011
Exchange differences on translation of foreign operations		(6,489)	-	(6,489)
Shares of exchange differences of associates accounted for using equity method		(54)	-	(54)
Unrealized losses on available-for-sale financial assets		-	(80,709)	(80,709)
Unrealized losses on available-for-sale financial assets of associates accounted for using equity method		-	(2,894)	(2,894)
Balance, June 30, 2016	$	**9,617**	**260,248**	**269,865**
Balance, January 1, 2015	$	45,724	(10,821)	34,903
Exchange differences on translation of foreign operations		(4,575)	-	(4,575)
Shares of exchange differences of associates accounted for using equity method		(16,821)	-	(16,821)
Balance, June 30, 2015	$	**24,328**	**(10,821)**	**13,507**

D. Non-controlling interests

		For the Six Months Ended June 30	
		2016	**2015**
Balance, January 1	$	593,649	437,562
Attributable to non-controlling interests			
Profit for the period		57,005	16,134
Foreign currency translation differences—foreign operations		(12)	109
Unrealized loss on available-for-sale financial assets		(48,024)	-
Cash dividends received		(35,093)	(37,365)
Balance, June 30	$	**567,525**	**416,440**

(16) Earnings per share

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
Basic earnings per share				
Profit attributable to ordinary shareholders	$ **355,040**	**182,753**	**635,684**	**281,251**
Weighted-average number of ordinary shares	248,650	248,650	248,650	248,650
	$ **1.43**	**0.73**	**2.56**	**1.13**
Diluted earnings per share				
Profit attributable to ordinary shareholders (diluted)	$ **355,040**	**182,753**	**635,684**	**281,251**
Weighted-average number of ordinary shares	248,650	248,650	248,650	248,650
Effect of potentially dilutive ordinary shares				
Employee bonus	55	(132)	302	125
Weighted-average number of ordinary shares (diluted)	**248,705**	**248,518**	**248,952**	**248,775**
	$ **1.43**	**0.74**	**2.55**	**1.13**

(17) Revenue

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	**2015**	**2016**	**2015**
Sale of goods	$ 942,666	664,583	1,837,782	1,375,461
Service	17,315	71,938	34,803	80,193
	$ **959,981**	**736,521**	**1,872,585**	**1,455,654**

(18) Remuneration to employees, and directors and supervisors

Based on the Company's articles of incorporation, remuneration to employees, 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, 2016, remuneration to employees, directors and supervisors of \$11,306 and \$11,306, respectively, was estimated and recognized as current expense. These amounts were calculated using the Company's profit before tax before remuneration to employees, directors and supervisors for the six months ended June 30, 2016. These benefits were charged to profit or loss under operating expenses for the six months ended June 30, 2016. Management expects that the differences, if any, between the amounts which are yet to be approved in the shareholders' meeting and those recognized in the financial statements will be treated as changes in accounting estimates and charged to profit or loss.

For the year ended December 31, 2015, the remuneration to employees, directors and supervisors amounted to \$22,373 and \$21,468, respectively. The proposed amounts do not differ with those accrued in the financial statements for the year ended December 31, 2015. Related information on remuneration to employees, directors and supervisors can be accessed from the Market Observation Post System web site.

(19) Non-operating income and expenses

A. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Interest income	$ 4,901	1,604	6,447	3,584
Rental income	3,118	4,133	6,046	6,799
	$ 8,019	**5,737**	**12,493**	**10,383**

B. Other gains and losses

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Foreign exchange gains (losses)	$ 6,679	(4,443)	(26,899)	(6,749)
Gains on disposal of investment (Notes 6(2) and 6(6))	57,551	-	104,924	-
Gains (losses) on disposal of property, plant and equipment	-	14	(3)	(10)
Gains (losses) on reversal of uncollectable account	-	-	5,000	-
Others	6,204	6,239	37,201	39,967
	$ 70,434	**1,810**	**120,223**	**33,208**

C. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Interest expenses	$ 5,201	4,708	10,755	10,188

(20) Reclassification of other comprehensive income

	For the Six Months Ended June 30	
	2016	2015
Net fair value change in available-for-sale financial assets recognized in:		
Other comprehensive income	$ (78,205)	-
Profit or loss	(50,528)	-
Net fair value change recognized in other comprehensive income	$ (128,733)	-

(21) Financial instruments

For the six months ended June 30, 2016 and 2015, there were no significant changes in fair value of financial instrument and exposures to credit risk and market risk, except for the following (Please refer to Note 6(22) of the consolidated financial statements for the year ended December 31, 2015 for other related information):

A. Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-3 years
June 30, 2016					
Non-derivative financial liabilities					
Unsecured bank loans	$ 1,699,010	1,709,527	1,307,890	401,637	-
Non-interest bearing liabilities (including related parties)	1,445,897	1,445,897	1,445,897	-	-
	$ 3,144,907	3,155,424	2,753,787	401,637	-
December 31, 2015					
Non-derivative financial liabilities					
Unsecured bank loans	$ 1,900,000	1,925,437	1,218,061	707,376	-
Non-interest bearing liabilities (including related parties)	633,999	633,999	633,999	-	-
	$ 2,533,999	2,559,436	1,852,060	707,376	-

		Carrying amount	Contractual cash flows	Within 1 year	1-2 years	2-3 years
June 30, 2015						
Non-derivative financial liabilities						
Unsecured bank loans	$	1,599,990	1,604,193	1,604,193	-	-
Non-interest bearing liabilities (including related parties)		1,271,577	1,271,577	1,271,577	-	-
	$	**2,871,567**	**2,875,770**	**2,875,770**	-	-

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

B. Fair value of financial instruments

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

(a) Categories of financial instruments

		June 30, 2016				
			Fair Value			
		Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	$	420,500	420,500	-	-	420,500
Financial assets carried at cost—noncurrent		26,250	-	-	-	-
Subtotal		446,750	420,500	-	-	420,500
Loans and receivables						
Cash and cash equivalents		2,517,097	-	-	-	-
Notes receivable and accounts receivable (including related party)		830,842	-	-	-	-
Other receivables (including related party)		76,114	-	-	-	-
Other financial assets		766,187	-	-	-	-
Cash surrender value of life insurance		3,121	-	-	-	-
Refundable deposits		28,422	-	-	-	-
Subtotal		4,221,783	-	-	-	-
Total	$	**4,668,533**	**420,500**	-	-	**420,500**

	June 30, 2016				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial liabilities measured at amortized cost					
Bank loans	$ 1,699,010	-	-	-	-
Notes payable and accounts payable (including related party)	93,985	-	-	-	-
Other payables (including related party)	446,544	-	-	-	-
Dividends payable	905,368	-	-	-	-
Guarantee deposit received	1,936	-	-	-	-
Total	$ 3,146,843	-	-	-	-

	December 31, 2015				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	$ 562,733	562,733	-	-	562,733
Loans and receivables					
Cash and cash equivalents	1,710,524	-	-	-	-
Notes receivable and accounts receivable (including related party)	1,004,596	-	-	-	-
Other receivables (including related party)	488,470	-	-	-	-
Other financial assets	617,812	-	-	-	-
Cash surrender value of life insurance	8,505	-	-	-	-
Refundable deposits	23,985	-	-	-	-
Subtotal	3,853,892	-	-	-	-
Total	$ 4,416,625	562,733	-	-	562,733
Financial liabilities measured at amortized cost					
Bank loans	$ 1,900,000	-	-	-	-
Notes payable and accounts payable (including related party)	174,080	-	-	-	-
Other payables (including related party)	459,919	-	-	-	-
Guarantee deposit received	2,096	-	-	-	-
Total	$ 2,536,095	-	-	-	-

	June 30, 2015				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets carried at cost	$ 100,048	-	-	-	-
Loans and receivables					
Cash and cash equivalents	932,025	-	-	-	-
Notes receivable and accounts receivable (including related party)	723,655	-	-	-	-
Other receivables (including related party)	84,963	-	-	-	-
Other financial assets	500,603	-	-	-	-
Cash surrender value of life insurance	8,484	-	-	-	-
Refundable deposits	21,335	-	-	-	-
Subtotal	2,271,065	-	-	-	-
Total	$ 2,371,113	-	-	-	-
Financial liabilities measured at amortized cost					
Bank loans	$ 1,599,990	-	-	-	-
Notes payable and accounts payable (including related party)	124,158	-	-	-	-
Other payables (including related party)	488,429	-	-	-	-
Dividends payable	658,990	-	-	-	-
Guarantee deposit received	2,095	-	-	-	-
Total	$ 2,873,662	-	-	-	-

(b) Fair value hierarchy

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

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

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

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

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

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

Non-derivative financial instruments

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

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

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

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

(e) Transfer between levels

There was no change in valuation techniques for financial instruments measured at fair value for the six months ended June 30, 2016 and 2015, so there was no transfer between levels.

(22) Financial risk management

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

(23) Capital management

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

7. RELATED-PARTY TRANSACTIONS

(1) Ultimate parent company

The Company is the ultimate parent company.

(2) Significant transactions with related parties

A. Operating revenue

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

			For the Three Months Ended June 30		For the Six Months Ended June 30	
Recognized item	**Category**		**2016**	**2015**	**2016**	**2015**
Operating revenue	Associates	$	4,199	13,042	16,822	38,803
	Other related parties		2,441	3,006	4,548	5,523
		$	**6,640**	**16,048**	**21,370**	**44,326**

(a) 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.

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

(c) The Group sold products to other related parties and pledged $5,000 of the certificates of deposit from those companies as collateral as of June 30, 2016, December 31, 2015 and June 30, 2015.

B. Service revenue

			For the Three Months Ended June 30		For the Six Months Ended June 30	
Recognized item	**Category**		**2016**	**2015**	**2016**	**2015**
Service revenue	Other related parties	$	**408**	**446**	**2,815**	**1,988**

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

C. Purchase of goods from related parties

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

			For the Three Months Ended June 30		For the Six Months Ended June 30	
Recognized item	**Category**		**2016**	**2015**	**2016**	**2015**
Purchases	Other related parties	$	**9,193**	**8,062**	**20,743**	**16,439**

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

D. Rental revenue

			For the Three Months Ended June 30		For the Six Months Ended June 30	
Recognized item	**Category**		**2016**	**2015**	**2016**	**2015**
Rental revenue	Associates	$	792	448	1,240	1,024
	Other related parties		-	487	172	996
		$	**792**	**935**	**1,412**	**2,020**

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

E. Rent expense

			For the Three Months Ended June 30		For the Six Months Ended June 30	
Recognized item	**Category**		**2016**	**2015**	**2016**	**2015**
Rental expenses	Other related parties	$	**661**	**1,196**	**1,323**	**2,093**

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

F. Other income

Recognized item	Category		For the Three Months Ended June 30 2016	For the Three Months Ended June 30 2015	For the Six Months Ended June 30 2016	For the Six Months Ended June 30 2015
Other income	Associates	$	253	4,113	2,373	4,494
	Other related parties		(2,812)	193	22,538	193
		$	**(2,559)**	**4,306**	**24,911**	**4,687**

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

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

G. Research expense

Recognized item	Category		For the Three Months Ended June 30 2016	For the Three Months Ended June 30 2015	For the Six Months Ended June 30 2016	For the Six Months Ended June 30 2015
Research expense	Associates	$	-	-	-	381
	Other related parties		14,923	-	18,004	-
		$	**14,923**	**-**	**18,004**	**381**

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

H. Other transactions

The Group provided related parties with human resource and research and development services for the six months ended June 30, 2015, and charged each subsidiary and associate. It was recognized as contra-operating expense of $4,166.

(3) Receivables and payables with related parties

Recognized item	Category		June 30, 2016	December 31, 2015	June 30, 2015
Notes receivable	Other related parties	$	**558**	**461**	**-**
Accounts receivable	Associates	$	8,608	22,529	28,657
	Other related parties		500	310	2,275
		$	**9,108**	**22,839**	**30,932**
Other receivables	Associates	$	57,235	18,101	4,686
	Other related parties		326	60,089	15,623
		$	**57,561**	**78,190**	**20,309**

Recognized item	Category		June 30, 2016	December 31, 2015	June 30, 2015
Refundable deposits	Other related parties	$	4,708	4,708	5,942
Accounts payable	Other related parties	$	7,260	4,814	7,230
Other payables	Associates	$	2,935	3,240	104
	Other related parties		7,875	1,577	-
		$	10,810	4,817	104
Advance receipt	Other related parties	$	279	1,094	1,630

(4) Key management personnel compensation

		For the Three Months Ended June 30		For the Six Months Ended June 30	
		2016	2015	2016	2015
Salaries and other short-term employee benefits	$	12,090	5,052	23,846	19,131
Post-employment benefits		251	222	500	489
	$	12,341	5,274	24,346	19,620

8. PLEDGED ASSETS

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

Asset	Purpose of pledge		June 30, 2016	December 31, 2015	June 30, 2015
Investment property	Bank loans, letters of credit	$	60,508	60,881	61,323
Other financial asset— current	Grants for research and development project		5,466	1,525	532
Other financial asset— other— noncurrent	Provisional guarantee		120,010	120,010	-
		$	185,984	182,416	61,855

9. SIGNIFICANT COMMITMENTS AND CONTINGENCIES

(1) The Company signed an agreement with Taiwan Liposome Company, Ltd. for Liposome research in October 1997. The Company obtained an exclusive license to produce and sell in 2001, and paid the royalty by a certain proportion of pre-tax net sales. The payment based on such agreement was $18,352 and $16,504 for the six months ended June 30, 2016 and 2015, respectively.

(2) Due to the purchase of equipment, construction engineering, and entrusted research, the total price of unfinished contracts amounted to $696,871, $906,331 and $977,671, and the unpaid amount was $174,214, $188,084 and $199,542 as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively.

(3) As of June 30, 2016, December 31, 2015 and June 30, 2015, performance bonds from financial institutions for the sale of medicine were $18,355, $31,106 and $16,222, respectively.

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

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

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

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

10. LOSSES DUE TO MAJOR DISASTERS: None.

11. SUBSEQUENT EVENTS

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

12. OTHERS

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

	For the Three Months Ended June 30, 2016			For the Three Months Ended June 30, 2015		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	$ 52,008	117,209	169,217	41,127	116,249	157,376
Health and labor insurance	3,996	7,126	11,122	3,307	6,822	10,129
Pension	2,067	4,107	6,174	1,767	4,225	5,992
Others	3,449	21,958	25,407	4,506	9,015	13,521
Depreciation	14,919	6,449	21,368	14,393	8,124	22,517
Amortization	364	4,220	4,584	670	4,789	5,459

	For the Six Months Ended June 30, 2016			For the Six Months Ended June 30, 2015		
By item	Operating Cost	Operating expense	Total	Operating Cost	Operating expense	Total
Employee benefit						
Salary	$ 98,287	239,914	333,201	81,482	232,562	314,044
Health and labor insurance	7,831	14,587	22,418	6,707	14,880	21,587
Pension	4,109	8,033	12,142	3,497	8,269	11,766
Others	7,346	37,938	45,284	8,704	18,281	26,985
Depreciation	29,231	15,906	45,137	28,900	16,308	45,208
Amortization	729	8,677	9,406	670	10,548	11,218

(2) Seasonality of operations:

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

(3) Others:

(a) The Group donated $20,340 and $34,050 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, 2016 and 2015, respectively.

(b) TSH Biopharm Co., Ltd. signed a grant agreement, "Industrial Technology Development Program-TUNEX Phase III Clinical Trial Program", with the Institute for Information Industry in September 2013. The total budget for the program amounted to $81,867, and the period was from May 1, 2013, to April 30, 2016. The grant for the program amounted to $16,373. Grant funds of $12,254 had been received, and the actual expenditure amounted to $12,254 as of June 30, 2016.

(c) TSH Biopharm Co., Ltd. signed a grant agreement, "TRIA11 Osteoporosis Treatment Biopharmaceutical Program", with the Institute for Information Industry in October 2014. The total budget for the program amounted to $90,000, and the period was from May 1, 2014, to January 31, 2017. The grant for the program amounted to $22,500. Grant funds of $20,058 had been received, and the actual expenditure amounted to $14,593, as of June 30, 2016.

13. ADDITIONAL DISCLOSURES

(1) Information on significant transactions

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" for the Group for the six months ended June 30, 2016:

(a) Loans extended to other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of lender	Name of borrower	Financial statement account	Related party	Highest balance of financing to other parties during the period (Note 4)	Ending balance (Note 5)	Amount actually drawn	Interest rate	Nature of financing (Note 1)	Transaction amounts	Reason for short-term financing	Allowance for bad debt	Collateral		Financing limit for each borrowing company (Note 2)	Maximum financing limit for the lender (Note 3)
													Item	Value		
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd.	Receivables from related parties	YES	92,792 CNY18,663	90,422 CNY18,663	90,422 CNY18,663	0.5%	2	-	Operating capital	-	-	-	252,497 CNY50,549	252,497 CNY50,549
1	Worldco International Co., Ltd.	The Company	Receivables from related parties	YES	97,500 USD3,000	77,460 USD2,400	77,460 USD2,400	0.8%	2	-	Operating capital	-	-	-	100,999 CNY20,220	100,999 CNY20,220
2	Xudong Haipu International Co., Ltd.	The Company	Receivables from related parties	YES	322,750 USD10,000	322,750 USD10,000	322,750 USD10,000	0.8%	2	-	Operating capital	-	-	-	609,675	609,675

The exchange rate of USD to NTD as of the reporting date was 1:32.275, and the average exchange rate of USD to NTD as of the reporting date was 1:32.717.

The exchange rate of CNY to NTD as of the reporting date was 1:4.845, and the average exchange rate of CNY to NTD as of the reporting date was 1:4.995.

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, 2016.

Note 5: The amounts were approved by the board of directors.

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

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

(c) Securities held as of June 30, 2016 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/Thousand Shares)

Name of holder	Category and name of securities	Relationship with the security issuer	Recorded account	Ending balance				Note
				Shares	Carrying value	Holding percentage	Fair value	
The Company	Lumosa Therapeutics Co., Ltd.	Note	Available-for-sale financial assets – non-current	1,600	116,000	1.90%	116,000	-
TSH Biopharm Co., Ltd.	Lumosa Therapeutics Co., Ltd.	Note	Available-for-sale financial assets – non-current	4,200	304,500	4.99%	304,500	-
TSH Biopharm Co., Ltd.	Pharmira Laboratories, Inc.	-	Financial assets carried at cost	2,625	26,250	2.66%	-	-

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

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

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

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

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

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

(i) Trading in derivative instruments: None.

(j) Business relationships and significant intercompany transactions:

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	Xudong Haipu International Co., Ltd.	1	Interest expense	1,312	By contract	0.07%
0	〃	〃	1	Short-term loans	322,750	〃	3.59%
0	〃	Worldco International Co., Ltd.	1	Other receivables	122,554	〃	1.36%
0	〃	〃	1	Commission income	3,468	〃	0.19%
0	〃	〃	1	Other payables	34,069	〃	0.38%
0	〃	〃	1	Short-term loans	77,460	〃	0.86%
0	〃	〃	1	Interest expense	334	〃	0.02%
0	〃	TSH Biopharm Co., Ltd.	1	Other receivables	48,175	〃	0.54%
0	〃	〃	1	Sale	57,233	〃	3.06%
0	〃	〃	1	Rental income	1,779	〃	0.10%
0	〃	〃	1	Other revenue	2,475	〃	0.13%
0	〃	〃	1	Accounts receivable	9,852	〃	0.11%

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	The Company	American Taiwan Biopharma Phils Inc.	1	Accounts receivable	6,174	By contract	0.07%
0	〃	〃	1	Other receivables	3,733	〃	0.04%
0	〃	〃	1	Sale	3,128	〃	0.17%
1	Worldco International Co., Ltd.	Worldco Biotech Pharmaceutical Ltd.	3	Other receivables	90,422	〃	1.01%

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; relative transactions which were more than NT$1,000 thousand were not disclosed additionally.

(2) Information on investees

The following is the information on investees for the six months ended June 30, 2016:

(In Thousands of New Taiwan Dollars/Thousand Shares)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2016			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2016	December 31, 2015	Shares	Percentage of ownership	Carrying value			
The Company	Xudong Haipu International Co., Ltd.	Cayman Is.	Investing activities	303,998	303,998	25,000	100.00%	1,500,268	(23,919)	(23,919)	Subsidiary
〃	Worldco International Co., Ltd.	Hong Kong	Selling chemical medicine	158,254	158,254	39,600	100.00%	246,151	1,275	1,275	Subsidiary
〃	American Taiwan Biopharma Phils Inc.	Philippines	Selling chemical medicine	32,904	32,904	459	87.00%	2,339	157	136	Subsidiary
〃	TSH Biopharm Co., Ltd.	Taiwan	Selling chemical medicine	227,449	227,449	21,687	56.48%	734,827	130,948	73,960	Subsidiary
〃	PharmaEngine, Inc.	Taiwan	Developing chemical medicine	371,070	371,070	19,701	19.29%	607,051	164,685	31,774	Investments accounted for using equity method
The Company	American Taiwan Biopharm	Thailand	Selling chemical medicine	2,966	2,966	380	40.00%	190,247	33,242	13,297	Investments accounted for using equity method
〃	Gligio International Limited	Hong Kong	Selling chemical medicine	2,685	2,685	620	40.00%	16,379	19,024	7,610	Investments accounted for using equity method

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of June 30, 2016			Net income (losses) of investee	Share of profits/losses of investee	Note
				June 30, 2016	December 31, 2015	Shares	Percentage of ownership	Carrying value			
〃	CY Biotech Co., Ltd.	Taiwan	Selling functional food	57,000	57,000	5,700	27.84%	36,287	(24,505)	(6,205)	Investments accounted for using equity method
TSH Biopharm Co., Ltd.	Pharmira Laboratories, Inc.	Taiwan	Developing biotechnology	-	70,000	-	- %	-	-	20	Note

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

(3) Information on investment in Mainland China

(a) Information on investees in Mainland China:

(In Thousands of New Taiwan Dollars/Foreign Currencies)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2016	Investment flows		Accumulated outflow of investment from Taiwan as of June 30, 2016	Net losses of the investee	Holding percentage	Investment losses (Note 2)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow						
Worldco Biotech Pharmaceutical Ltd.	Marketing consulting regarding chemical medicine	329,205 USD 10,200	2	323,433	-	-	323,433	(1,307) CNY(262)	100%	(1,307) CNY(262)	(107,977) CNY(22,286)	-
Chengdu Shuyu Pharmaceutical Co., Ltd.	Selling chemical medicine	57,656 CNY 11,900	2	97,530 CNY 20,130	-	-	97,530 CNY 20,130	(461) CNY (92)	100%	(461) CNY (92)	53,953 CNY 11,136	-

The exchange rate of USD to NTD as of the reporting date was 1:32.275, and the average exchange rate of USD to NTD as of the reporting date was 1:32.717.

The exchange rate of CNY to NTD as of the reporting date was 1:4.845, and the average exchange rate of CNY to NTD as of the reporting date was 1:4.995.

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

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

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

(b) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of June 30, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
NTD 423,982	1,508,146 (USD 46,728)	NTD 3,209,054

(c) Significant transactions: None.

14. SEGMENT INFORMATION

(1) General information

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

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

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

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

	Oncology Business Unit	TTP	Anti-Infection Business Unit	Domestic Cardiovascular and Gastrointestinal Drugs Business Unit	China Medicine Business Unit	Other Segment	Adjustment and elimination	Total
For the Three Months Ended June 30, 2016								
Revenue:								
Revenue from external customers	$ 642,363	48,166	124,004	137,614	4,006	3,828	-	959,981
Intersegment revenues	20,834	-	-	-	-	-	(20,834)	-
Total revenue	$ 663,197	48,166	124,004	137,614	4,006	3,828	(20,834)	959,981
Reportable segment profit (loss)	$ 339,341	17,811	46,533	81,134	10,027	(376)	(50,978)	443,492
For the Three Months Ended June 30, 2015								
Revenue:								
Revenue from external customers	$ 423,050	52,601	77,792	138,766	41,966	2,346	-	736,521
Intersegment revenues	37,332	-	-	-	-	-	(37,332)	-
Total revenue	$ 460,382	52,601	77,792	138,766	41,966	2,346	(37,332)	736,521
Reportable segment profit (loss)	$ 171,917	10,206	22,207	35,061	(24,488)	(187)	6,305	221,021
For the Six Months Ended June 30, 2016								
Revenue:								
Revenue from external customers	$ 1,236,064	101,409	236,125	259,112	31,839	8,036	-	1,872,585
Intersegment revenues	60,701	3,128	-	-	-	-	(63,829)	-
Total revenue	$ 1,296,765	104,537	236,125	259,112	31,839	8,036	(63,829)	1,872,585
Reportable segment profit or loss	$ 601,091	39,940	94,918	145,023	(21,559)	153	(51,452)	808,114
For the Six Months Ended June 30, 2015								
Revenue:								
Revenue from external customers	$ 859,080	121,753	141,650	267,686	60,899	4,586	-	1,455,654
Intersegment revenues	72,947	1,622	-	-	-	-	(74,569)	-
Total revenue	$ 932,027	123,375	141,650	267,686	60,899	4,586	(74,569)	1,455,654
Reportable segment profit (loss)	$ 263,162	28,305	30,274	47,230	(34,129)	(945)	13,853	347,750
Reportable segment assets								
June 30, 2016	$ 8,029,102	463,369	183,743	1,503,891	1,801,356	16,526	(3,005,290)	8,992,697
December 31, 2015	$ 7,812,675	444,063	171,036	1,461,230	1,912,181	13,767	(3,010,238)	8,804,714
June 30, 2015	$ 6,385,138	386,006	149,010	1,150,759	1,373,150	11,771	(1,903,640)	7,552,194